

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES



THE IMPACT OF MOTIVATION-HYGIENE FACTOR
ON EMPLOYEES' PERFORMANCE: THE CASE OF
COMMERCIAL BANK OF ETHIOPIA

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Addis Ababa, Ethiopia

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ON EMPLOYEES' PERFORMANCE**

**BY
MELAKU GEBREMEDHIN**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF
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DECLARATION

I, Melaku Gebremedhin, hereby declare that “the impact of motivation-hygiene factors on the performance: the case of commercial bank of Ethiopia” is my own work, that it has not been submitted for any degree or examination at any other institution of higher learning in Ethiopia, and that all references have, to the best of my knowledge, been correctly reported. This study is being submitted for the partial fulfillment of master degree in business administration at St. Mary’s university school of graduate studies.

Name

St Mary’s University, Addis Ababa

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June, 2017

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examinations with my approval as a university advisor.

Advisor

St Mary's University, Addis Ababa

Signature

June, 2017

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List of Abbreviation/Acronyms

CBE: Commercial Bank of Ethiopia

SPSS: Statistical Package for Social Sciences

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ABSTRACT

Many theories of HRM claim that when workers are given a particular level of motivation, it results in increasing their level of performance. The study assessed the impact of motivation-hygiene factors on employee performance. The study relied on primary data which was collected through a structured questionnaire from 367 respondents. Survey was carried out at 36 CBE Grade 4 and 3 branches respondent employees. With the support of IBM SPSS statistics 20 software system, descriptive (frequency and percentage) and inferential (correlation) analysis was conducted to generate results. The study found that motivation factors have a moderate effect and positive relationship with employees' performance of CBE. Moreover, hygiene factors dominantly affect and have a positive relationship with CBE employees' performance. Finding of the study suggested that by offering motivation-hygiene factors, CBE can boost the performance of its employees. The study found that when employees are offered motivation-hygiene factors, they become more motivated and perform to their best. Recommendations are drawn that appropriate motivational packages should properly be planed and implemented, CBE should give appropriate recognition to its employees.

Keywords: Motivation Factors, Hygiene Factors, Employees' Performance Commercial Bank of Ethiopia.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Good remuneration has been found over the years to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organizations productivity. Also, with the present global economic trend, most employers of labor have realized the fact that for their organizations to compete favorably, the performance of their employees goes a long way in determining the success of the organization. On the other hand, performance of employees in any organization is vital, not only for the growth of the organization, but also for the growth of individual employees (Meyer and Peng 2006). An organization must know who are its outstanding workers, those who need additional training and those not contributing to the efficiency and welfare of the organization. Also, performance on the job can be assessed at all levels of employment such as: Personnel decision relating to promotion, job rotation, job enrichments etc. And, in some ways, such assessments are based on objective and systematic criteria, which include factors relevant to the person's ability to perform on the job. Hence, the overall purpose of performance evaluation is to provide an accurate measure of how well a person is performing the task or job assigned to him or her. Based on this information, decisions will be made affecting the future of the individual employee. Therefore, a careful evaluation of an employee's performance can uncover weak-nesses or deficiencies in a specific job skill, knowledge, or areas where motivation is lacking. Once identified, the deficiencies may be remedied through additional training or the provision of the needed rewards (Meyer and Peng 2006).

Huczynski and Buchanan (2007) argued that "Motivation" is "A combination of goals towards which human behavior is directed; the process through which those goals are pursued and achieved and the social factors involved". Luthans (1992) says, "Motivation is a combination of needs, drives and incentives. Motivation is defined as the process that starts with physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or incentive". Mullins (1999) says, "The underlying concept of motivation is some driving force within individuals by which they attempt to achieve some goal in order to fulfill some need or

expectation”. Mullins also distinguishes between extrinsic motivation related to tangible rewards such as money; and intrinsic motivation related to psychological rewards such as the sense of challenge and achievement.

According to McCornick and Tifflin (2007), Motivation can be either *extrinsic or intrinsic*. *Extrinsic* motivations are those that are external to the task of the job, such as pay, work condition, fringe benefits, security, and promotion, contract of service, the work environment and conditions of work. While *Intrinsic* motivation, on the other hand, are those rewards that can be termed psychological motivations and examples are opportunity to use one’s ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. All these issues call for research efforts, so as to bring to focus how an appropriate reward package can jeer up or influence workers to develop positive attitude towards their job and thereby increase their productivity.

Banking is one of the most important and significant businesses all over the world. It plays a very essential role in strengthening the entire financial structure of the economy. It also contributes towards the development of overall economy of a country, and Ethiopia is not exception from this scenario. One of the major concerns of financial institutions including banks in this competitive environment is motivating employees and enhancing their job involvement in order to get the desired results. The best way for the financial institutions, to achieve such objectives is motivating their employees in addition to formal training and workshops (Mohsan, et al., 2012).

Commercial Bank of Ethiopia (CBE) is the biggest commercial bank in Ethiopia which was established in 1942 GC. As a leader in the banking industry in Ethiopia, it has gone through several reforms and expansions to provide services for its customers. As a result, for the last five years, it opened more than 600 new branches and employed more than 10,000 new employees in order to improve saving culture of the society, increase its accessibility and changing un-banking society to banking. CBE has set a vision to become world class commercial bank by 2025. Despite the flourishing of private commercial banks, CBE has remained in the lead in terms of assets, deposits, capital, customer base, and branch network and branch sizes (<http://www.combanketh.com>).

Being aware of the fact that strengthening human resources is central to organizational success, the CBE made an agreement for the preparation of its human resources development strategy with the Frankfurt School of Finance and Management on January 1, 2011 (Annual report 2010/11). Based on the information from HRD, the strategy document was prepared as per the agreed schedule and it is now under the implementation phase.

CBE believes that its success rests not only on the ability to identify opportunities and manage risks, but also on the quality of its staffs. Indeed, the Bank believes that its staffs are committed to help it maintain its leadership position, and are self-confident to fully satisfy its highly esteemed customers. Employees are core to the Bank's service commitment hence are valuable assets. On the other hand, the organizational structure and its business processes show that, CBE is supervised by Board of Directors under the Government Financial Institution Supervisory Agency. The management of the bank is entrusted to the President. Since 2008/09, the bank has been implementing the recommendation of the Business Process Reengineering (BPR) study, which organize the bank through process oriented corporate structure (Annual report 2010/11).

1.2 Statement of the Problem

The performance of organizations and employee motivation has been the focus of intensive research effort in recent times. How well an organization motivates its workers (Intrinsic or Extrinsic) in order to achieve their mission and vision is of paramount concern. Employers in both private and public organizations are becoming increasingly aware that motivations increases productivity. From the foregoing, and looking at today's economic trend, it is evident that the pace of change in our business environment presents fresh challenges daily (Petri & Govern, 2004).

Employees' performance, like all other systems, they do not function when their components do not work together smoothly and efficiently. Thus, understanding relationship between the organization, its employees, and what motivates them is the key to improve the organization's ability to move through change effectively. Organizations need to understand the factors that affect employees' performance because such insight helps them make decisions that inculcate improved performance from the employees and to an extension the overall performance of the organization (Collis and Montgomery, 1995).

One of the indicators in enhancing and improving the services industry is job performance. Like other organizations CBE is one of those service providing organizations for the public which relies on the performance of its qualified employees. By the year 2025, it is expected to be a world class bank which is capable of providing world class banking services being equipped with modern work process, organizational structure, and qualified and competent workforce (Annual report 2010/11).

According to the Annual report of 2010/11 of CBE, the bank faces the challenges of employee retention, high cost of recruitment and training, low salaries, irregular promotional structure and lack of recognition of workers achievements, increased competition, and high rate of technological growth. Furthermore, the employees' of Commercial Bank of Ethiopia also feel de-motivated and overworked. All these tend to dampen workers morale and consequently affect their productivity. Identifying factors that affect employees' performance can help improve recruitment, retention, and organization performance (Mohammed and Nimalathanan, 2011).

The aim of this research therefore, was to find out the type of motivational factors that needs to be given to employees and whether employees, given the right motivational factors, can put to their best to contribute to the productivity and growth of the bank to achieve the corporate plan of becoming a world class bank by the year 2005 having qualified and competent workforce. This was the essence of this study and to this effect; this study attempted to empirically analyze how hygiene motivation tools can be used by CBE to effectively boost employee performance.

1.3 RESEARCH QUESTIONS

This research focused on the impact of motivation-hygiene factors on the performance of employees in Commercial Bank of Ethiopia and it has addressed the following specific research questions.

1. What are the factors that increase motivation of employees in CBE?
2. What are the motivational needs of employees of the bank?
3. What is the impact and relationship between motivation-hygiene factors on employees' performance?
4. What are the motivation-hygiene factors that the bank currently uses to increase its employees' performance?
5. How do alternative motivation factors improve the bank's employees' performance?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study was to investigate the impact of motivation-hygiene factors on the performance of employees in Commercial Bank of Ethiopia.

1.4.2 Specific Objectives

Specific Objectives were:

1. To determine the factors that increase motivation of employees in CBE
2. To assess the motivational needs of employees of the bank
3. To examine the impact and relationship between motivation-hygiene factors on employees' performance
4. To address the motivation-hygiene factors that the bank currently uses to increase its employees' performance
5. To find out alternative motivation factors to improve the bank's employees' performance

1.5 Hypothesis

The following hypothesis had been formulated for testing:

H 1: There is no significant relationship between motivator factors and performance in CBE

H 2: There is no significant relationship between hygiene factors and performance in CBE

1.6 Significance of Study

The results of this study could hopefully be significant in the sense that it could enable both the management and the labor union to better understand how the various incentive packages could be harnessed to inspire staff to increase and sustain productivity.

This study could help Commercial Bank of Ethiopia to realize more appropriate ways of motivating its workforce to induce high performance, as well as forming policies or decision schemes to motivate employees in order to have increased performance within the company. This work could equally assist in facilitating further studies by other researchers who are

interested to know much on the link between motivation-hygiene factors and performance. Furthermore, it could also assist the management and employees at Commercial Bank of Ethiopia to obtain a broader knowledge on motivation at work. This research intended to break new grounds on the link between motivation and performance within Commercial Bank of Ethiopia and how this knowledge can be useful within other companies or organizations.

1.7 Scope of the Study

The relationship between the bank and its employees is governed by what motivates them to work and the fulfillments they derive from it. The manager needs to understand how to elicit the cooperation of staff and direct their performance to achieving the goals and objectives of the organization. This study was delimited to CBE and its grade 3 and 4 branches in Addis Ababa. The work force covered within the context of the research included permanent management and non management staffs.

1.8 Organization of Study

Chapter one introduced the study with the Background, statement of the problem, objectives, significance, and scope of the study. Chapter two reviewed literature on both the theoretical and empirical findings of employees' motivation, motivational theories, types and effects of employees' motivation. Chapter three dealt with the methodology that has been used in the study and chapter Four, on the other hand, addressed result and discussion of the finding. Finally, chapter five discussed about the summary, conclusion, and recommendation of the finding.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 THEORETICAL FRAMEWORK

2.1.1 Introduction

Motivation is quite complex to comprehend thus placing awareness to the fact that several factors influence employees performance in a particular organization. Reason being that, what motivates one worker will not definitely motivate the other employee within the same company. McShane et al defines motivation as “...a factor that exist in an individual which has the potential to affect the way, strength and eagerness of behaving towards work” (McShane & Von Glinow, 2003). The above definition of motivation has been supported by Petri & Govern, “motivation is the thought that explains the propelling force in an individual that explains differences in intensity of behavior”. (Petri & Govern, 2004).

Motivated employees are willing to devote time to certain level of commitment for a particular objective in an organization. Certain actions which include changing jobs that employees perform, bringing down the levels of hierarchy and relegating many employees in the motivation process are significant enough to damage the levels of trust and commitment necessary for employees to perform above work requirements. Moreover, employee needs are changing as younger generations of employees have different expectations to their work than older workers. This is as a result of globalization which has made workforce variations to the complex issue of motivation. (McShane & Von Glinow, 2003)

Contrary to Maslow’s views, the short answer appears to be the fact that for the majority of people, money is clearly significant and a motivator at work. But to what extent is money a significant motivator and how important depends upon their individual circumstances and the other happiness they derive from work. The bottom line is definitely the extent to which money motivates people to work to the top of their abilities. Even though pay may still compose people tick, there are now a number of other significant influences on motivation. For a lot of people, the feeling of being recognized and valued appears more important than money in motivating them to keep on in a particular job. Therefore, motivation has been an issue of concern in the past and has established itself as an integral part in current organizational settings (Laurie, 2007).

2.1.2 Maslow's Hierarchy of Needs

Different scholars have put forth different explanations on how motivation can be achieved within a company or an organization. Prominent amongst them is Maslow with the theory of "Maslow's Hierarchy of needs". Consequently, Maslow in 1943 reasoned that human beings have an internal need pushing them on towards self actualization (fulfillment) and personal superiority. Maslow came up with the view that there are five different levels of needs and once we happen to satisfy a need at one stage or level of the hierarchy it has an influence on our behavior. At such level our behavior tends to diminish, we now put forth a more powerful influence on our behavior for the need at the next level up the hierarchy.

Firstly, individuals are motivated by *Psychological needs*: By Maslow this psychological needs forms the basic need for survival and this may include food, warmth, clothing and shelter. When people are hungry, don't have shelter or clothing, there are more motivated to fulfill these need because these needs become the major influence on their behavior. But on the other hand when people don't have a deficiency in those basic needs (psychological needs), their needs tend to move to the second level where it is equally seen by Maslow as the higher order of needs. The second level is seen as the *security needs*: Security tends to be the most essential need to people at this level. This is expressed in safety in the employee's health and family. The third level of needs by Maslow was the *social needs*. When feeling secured and safe at work, employees will now place job relations as their focus that is trying to build up a good friendship, love and intimacy. As we keep moving up the ladder, we will have *self-esteem needs*: This fourth level of needs by Maslow presents the recognition to be accepted and valued by others. The highest or last level of Maslow's need is *self-actualization needs*: Self actualization was to develop into more and more what one is to become all that one is competent of becoming (Srivastava, 2005).



Figure 1 Maslow's five hierarchy of needs

Source: Maslow A. (1954)

2.1.3 Herzberg's two factor theory

Herzberg had the notion that those factors which cause job satisfaction are the opposite to those that causes job dissatisfaction. Herzberg survey was carried from a group of accountants and engineers. Herzberg in his studies came up with the conclusion that employees are influenced by two factors that are; the *motivators and hygiene factors*. *Motivators* create job satisfactions which include achievement, recognition, autonomy and other intrinsic aspects when there are fulfilled. On the other hand he came up the *hygiene factors* which will enhance dissatisfaction when they are not fulfilled. *Motivators* are those factors which provide feeling of job satisfaction at work. These factors influence the ways of work in a company; for example giving responsibility to carry an enlarge task within an organization and providing the person with the necessary conditions will lead to growth and advancement to higher level tasks. Motivators are those factors which come from within an individual that is *intrinsic*. These factors could be achievements, interest in the task, responsibility of enlarge task, growth and advancement to higher level. *Herzberg hygiene factors* create a suitable work environment though not increase in

satisfaction. For instance low pay can cause job dissatisfaction which will affect employees' performance. Hygiene factors are essential to make sure that the work environment does not develop into a disgruntle situation. Typical hygiene factors are salary, working condition, status, company policies and administration (Saiyadain, 2009).

2.1.4 Fifty-Fifty Theory

The fifty-fifty theory was developed by John Adair as a motivational factor that could influence company performance. From his perception fifty percent of motivation comes from within a person and the remaining fifty percent comes from the environment, mainly from people around us. This rule is not used to declare the exact proportions, but it tries to explain that, fifty per cent of our motivation comes from within us and fifty per cent from an external influence, that is, from our environment, particularly from the people around us. These observations are indicative rather than mathematical and they may differ from person to person. Within these important external factors the nature and quality of the leadership present is essentially important. Hence the tough link between leadership and motivation becomes vital to determine employee's motivation. The Fifty-Fifty rule does have the benefit of reminding leaders that they have a key role to play for the success or failure in the motivation of employees at work. Fortunately or unfortunately not all the cards are in their hands, for they are dealing with people who are self motivating in various degree. These are the challenges that confront the HRM to galvanize employee motivation with the work environment (John, 2007).

2.1.5 Vroom's Expectancy Theory

The concept of the expectancy theory was first develop by Victor Vroom and was published in 1964. Victor Vroom offered an expectancy approach to the understanding of motivation. As a result, motivation is a product of the anticipated value to a person in an action. He perceived probability that the person's goals would be accomplished as a product of the anticipated value in an action. Thus the Vroom' model is built around the concepts of value, expectancy and force. The concept of force is on the whole equivalent to motivation and may be shown to be the algebraic sum of the products of valences and expectations Thus,

$$\textit{Motivation (force)} = \textit{Valence} \times \textit{Expectancy}$$

Valence is the strength of an individual's preference for an outcome or goal. The strength may be negative (fear demotion or transfer to less important job) or positive (prospect for promotion). Expectancy is the probability that a particular action will lead to a required outcome. If the

employee has a particular goal, some behavior has to be produced to accomplish that goal. The employee has to weigh the likelihood of various behaviors that will accomplish the desired goals and select the most successful behavior. Thus the employee's motivation according to Vroom may be augmented by changing the perception or by boosting the expectancy level through better communication and augmenting the actual reward that will result. Vroom's theory clarifies the relationship between the employee and the organizational goals and recognizes the differences between employees in producing work motivation. Furthermore, this theory is consistent with the idea that a manager's job is to design an environment for performance, necessarily taking into account the differences in various situations. Thus Vroom's theory is quite consistent with management by objectives. However, this theory is difficult to research and is confronted with practical difficulties in its application (Bose, 2004).

Vroom tackles three beliefs and brings out with some clarity and applicability. Each of the beliefs deals with what employees think will happen if they put out effort to perform. The first (B1) comprises of the relationship between effort and performance, that is, (B1) is the employee's belief about the probability that effort will lead to performance. Another definition is that, (B1) is the expectation that effort will lead to success. (B1) can be seen as the employee's belief about whether or not what is expected can be done. The second (B2) comprises with the relationship between performance and outcomes, that is, the employee's belief about the probability that performance will lead to outcomes. (B2) can be stated in different ways, that is the employee's belief about the relationship between "what you do" and "what you get." It is the belief about outcomes following performance and the third (B3) looks at the relationship between outcomes and satisfaction. The third belief (B3) is the employee's belief about how satisfying or gratifying the outcomes will be. It is the belief about how fulfilling or worthwhile they will be. It is the belief about how much value the outcomes will have in the future when they are received, rather than what their value is now (Green, 1992).

2.1.6 Types of Motivation

I. Extrinsic Motivation

It is related to tangible rewards such as salary and fringe benefits, security, promotion, contract of service, the work environment and conditions of service. These are what need to be done to or for people to motivate them. They are often determined at the organizational level and may be

largely outside the control of the individual managers. Extrinsic motivators can have an immediate and powerful effect but will not necessary last long (Armstrong, Michael 2006).

Armstrong and Michael proposed the following are incentives for employees: Salary, Wages and Conditions of Service: To use salaries as a motivator effectively, personnel managers must consider four major components of a salary structures. These are the job rate, which relates to the importance the organization attaches to each job; payment, which encourages workers or groups by rewarding them according to their performance; personal or special allowances, associated with factors such as scarcity of particular skills or certain categories of information professionals or librarians, or with long service; and fringe benefits such as holidays with pay, pensions, and so on. It is also important to ensure that the prevailing pay in other library or information establishments is taken into consideration in determining the pay structure of their organization.

Akintoye (2000) asserts that money remains the most significant motivational strategy. As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success. Katz, in Sinclair, (2005) demonstrates the motivational power of money through the process of job choice. He explains that money has the power to attract, retain, and motivate individuals towards higher performance. For instance, if a information professional has another job offer which has identical job characteristics with his current job, but greater financial reward, that worker would in all probability be motivated to accept the new job offer. Banjoko (1996) states that many managers use money to reward or punish workers. This is done through the process of rewarding employees for higher productivity by instilling fear of loss of job (e.g., premature retirement due to poor performance). The desire to be promoted and earn enhanced pay may also motivate employees.

No matter how automated an organization may be, high productivity depends on the level of motivation and the effectiveness of the workforce. Staff training is an indispensable strategy for motivating workers. The library organization must have good training program. This will give

the librarian or information professional opportunities for self-improvement and development to meet the challenges and requirements of new equipment and new techniques of performing a task. One way managers can stimulate motivation is to give relevant information on the consequences of their actions on others (Olajide, 2000). To this researcher it seems that there is no known organization in which people do not usually feel there should be improvement in the way departments communicate, cooperate, and collaborate with one another. Information availability brings to bear a powerful peer pressure, where two or more people running together will run faster than when running alone or running without awareness of the pace of the other runners. By sharing information, subordinates compete with one another.

Firms often use hedonic goods or services as non-cash rewards; items that are associated with pleasurable experience rather than more instrumental or functional items (Dhar & Wertenbroch, 2000). When considering whether to exert additional effort in pursuit of a bonus award such as this, the employee must predict what the item offered is worth to them. The hedonic nature of the incentives triggers an affective reaction to the incentive that becomes a more salient attribute than the cash value of the incentive. Because these feelings are difficult to monetize, cognitive and motivational forces allow for the perceived value of the awards to be inflated. For example, research on motivated reasoning has found that people tend to imagine best-case scenarios when imagining the consumption utility of a hedonic reward (Kunda, 1990). This means that thoughts about a trip to Hawaii will be about lying on a beach with a Mai Tai rather than any possible negative aspects of the trip (e.g. stopping the mail, finding a pet-sitter, long flying time, or possible bad weather). Even though the thought of a cash bonus may be emotionally charged as well, the economic value of money is more easily calculated. This makes a cash award less prone to the biases which inflate the perceived utility of a hedonic nonmonetary award. When an item is evaluated on its affective value, its predicted utility is also more ambiguous than that of cash. Cognitive dissonance reductions suggests that if an employee is working hard to achieve the award, then he or she will attempt to convince themselves that the award is worth a great deal to them, bringing their beliefs in line with their actions (Bem, Festinger, Quattrone, 1967).

II. Intrinsic motivation

This is related to psychological rewards such as the opportunity to use one's ability and sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. Psychological rewards are those that can usually be determined by the actions and behavior of the individual managers (Mullins, 2005). Intrinsic motivators are concerned with the quality of work life, are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside (Armstrong, 2006).

2.1.7 Performance Management

Having an efficient performance management process and tools is essential for employee motivation for high performance. Yet this is not an adequate condition for effective performance management. The most vital issue with any performance management system is how seriously 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 extent of performance management is apparently very broad, which is why performance management must be viewed within an enterprise as a tool to improve on employee motivation for high performance (Cokins and gary 2009). The effective management of performance requires a solid understanding of the performance domain. That is, understanding the duty areas and tasks that are part of the job description within a company or organization. Once you have an adequate mastery of what the job requires, you have the basis for assessing and improving performance. This is the foundation for assessing and improving performance within a company. When this is lacking it results to a missing link in evaluating employee performance and the possibility of improving on the employee performance within the company or organization. Furthermore, there is also the missing link in assessing employee's performance in relation to other colleagues within the same job description (Robert, 2003).

2.1.8 Performance Parameters

Comparing performance measurement system to an instrument panel on a dashboard provides significant insights about the mix of financial and nonfinancial measures needed in a management control system. A single measure cannot control a complex system. (Anthony & Govindarajan, 2007) Performance measurement could be defined as "the regular measurement of the results (outcomes) and efficiency of ser-vices or programs." This entails the regular

measurement of progress towards precise outcome (it is a fundamental component of any effort at managing for results), a customer oriented procedure that focuses on maximizing benefits and minimizing negative cost for customers of service and programs. When performance is not measured or is measured inaccurately, those using the information will be misled and bad judgments will be likely followed. Therefore, the old saying “garbage in garbage out” provides more credence. (Hatry, 2006) Performance measurement offers general information that can be exploited for decision making purposes both for management and for all levels of employees. In this aptitude, the performance measurement system can become the instrument panel. This instrument panel is used for strategic maneuvering, day to day running of the organization and planning, implementing improvements and changes. (Andersen & Fagerhaug, 2002)

Conventional measures of organizational performance were financial and accounting based. Currently it has evolved into sophisticated systems which have several functions. Firstly, the financial measures as tools were used to control the financial resources of companies in order to support organizational objectives. Secondly, financial performance measures acted as barometers to indicate achievements against major organizational objectives. Thirdly, they also serve as motivators for future achievements. Furthermore, by providing a window of the past they were thought to be the influencing factors for future successes. Notwithstanding the merits of the financial and accounting measures in assessing performance, the fact that they were cost based and back ward looking provided little motivation. (Manzoni & Islam, 2009)

The insufficiencies of traditional finance based measure of performance prompted the search for enhanced metrics to measure performance. Financial specialists adopted measures such as; activity based cost, economic value added, the balance scorecard that has been happily welcomed and has drawn so much interest in the world of commerce as the most cited work in 1998, 2000 and 2002 at the performance measure association conference. (Manzoni & Islam, 2009) Economic profit, often referred to as *economic value added or EVA* can be described as the after tax operating profit remaining after deducting a charge for the capital employed in the business. (Savarese, 2001) EVA could also be defined as the profit that remains after deducting the cost of capital invested to generate that profit. (Gey, 2007) Economic Value Added is a specific form of economic profit that attempts to capture the true profit of an enterprise by

removing some distortions from accounting profit. Economic value added is net operating profit minus an appropriate charge for the opportunity cost of all capital invested in the enterprise, that is; $EVA = \text{Net Operating Profit After Taxes (NOPAT)} - (\text{Capital Employed} \times \text{Weighted Average Cost of Capital})$, EVA is considered to be a good proxy for value creation and with a positive EVA, the firm is view as creating value for shareholders; when negative, the firm is said to be destroying shareholder values (Spitzer, 2007).

Activity based costing is a methodology for understanding the activities, processes, services, and products of a business. The ABC highlights functional work areas that managers with timely actions will most likely have the greatest impact on profits or costs. Managers could attempt to reprise a product, which is raising prices for products that make heavy demands for support resources and lower prices to more competitive levels for the high volume products and services that have been subsidizing the lower volume products. They can search for ways to reduce overall resources consumption by decreasing the number of times activities are performed to achieve the same output or reducing the resources consumed to produce and service the existing mix of products and customers. This will mean applying productivity and continuous improvement programs to enhance quality, reduce setup time and improve factory layouts. When functional work area managers recognize that they have reached the point at which they can obtain the same output with either fewer staff members or fewer machines, they can simply reduce spending on those resources (Forrest, 1996). The Activity Based Costing allows the organization to determine the actual cost associated with each product and service produced by the organization. Instead of using broad arbitrary percentages to allocate costs, ABC seeks to make out the cause and effect relationship between costs and activities in order to assign costs more objectively. ABC can make out areas of excessively high overhead costs per unit for specific products, services or customers. Identifying costs that do not add values focuses attention on these activities so that hard work can be directed at reducing specific cost drivers rather than cutting costs across the board. As well identifying costs associated with 15 particular customers or customer segment, so that unprofitable customers can be stopped from draining resources (Spitzer, 2007).

However, the ABC is more costly to develop and maintain compared to traditional costing system. For example, an ABC system with 25 cost pools applied to 100 different products. The ABC in practice is used to develop the full cost of products. Full cost includes allocation of costs that are fixed (depreciation and supervisory salaries), the costs per unit generated by the ABC system does not measure the incremental costs needed to produce items, and incremental information is required for decision making (Khan & Jain, 2009). Investment is an initial pay of something we value in swap for the expected benefit of getting back more than we put in. The variation between what we put in and what we got back is the return. Therefore, companies invest in order to have a return on their investment. For financial assets return includes both the gain companies receive when they finally sell them to someone else or they mature, as well as the income earned between the purchase and sale. Return is a reward for giving up the use of the capital in the interim that is $ROI = (\text{Gain from investment} - \text{Cost of investment})$. For most investments at the outset we cannot be sure of the value of the income and gains we will receive. The spectrum of instruments we could invest in provides a varying degree of return uncertainty (Feibel, 2003). The most convincing approach to HRM evaluation is to compare the cost of HRM programs with the benefits derived from them. In most cases, the cost of HRM programs can be developed or monitored. Although confusion sometimes exists concerning ways to allocate specific costs, overall program costs can usually be pinpointed. (Phillips et al, 2001).

However, if there is underinvestment in ROI it can result in higher short-term gains but long-term decline, since ROI ignores events beyond the current period. ROI can be influenced by previous investments that have not been fully depreciated or amortized, thereby obscuring the impact of current period actions. Furthermore, ROI is not a reliable estimate for the discounted cash flow rate of return, both at individual and complete collections of company projects. (Carton & Hofer, 2008)

The *balance scorecard* is a set of various performance measures of a company. In addition to financial performance, a balance scorecard normally includes performance measures for customer services, innovation and learning, and internal processes. Performance measures for learning and innovation often rotate around a company's re-search and development efforts. For example, the number of new products developed during a year and the time it takes to bring new products to the market are performance measures for innovation. Performance measures for

learning could comprise the number of employee training sessions and the number of employees who are cross-trained in several skills. Performance measures for customer service consist of the number of customer complaints and the number of repeat customers. Customer surveys can also be used to get together measures of customer satisfaction with the company as compared to competitors. The performance measures of internal processes take account of the length of time it takes to manufacture a product. The amount of scrap and waste is a measurement of efficiency of a company's manufacturing processes. The number of customer returns is a performance measure of both the manufacturing and sales ordering processes. The financial measures include income from operations, rate of return on investment and residual income. (Warren et al, 2008).

2.1.9 Effects of Motivation on Performance

The performance of employees will make or break a company; this is why it is important to find a variety of methods of motivating employees. "Motivation is the willingness to do something," wrote Stephen Robbins and David A. DeCenzo in their book "Supervision Today." "It is conditioned by this action's ability to satisfy some need for the individual." The most obvious form of motivation for an employee is money; however, there are other motivating factors that must be considered. Every employee within a company is different and, therefore, is motivated to perform well for different reasons. Due to the differences within an organization, it is important for a manager to get to know her employees and understand what motivates their performance. "If you're going to be successful in motivating people, you have to begin by accepting and trying to understand individual differences," Robbins and DeCenzo report in their book "Supervision Today."

Money is the most important motivator for employee performance but it is important for 42 companies to find other ways to motivate. This involves getting to know their employees and what drives them, then making sure managers utilize appropriate motivational techniques with each employee. When appropriate motivation techniques are used, employee performance will improve.

2.1.10 Reward System for Employees

An employee reward system comprises of an organization's incorporated policies, processes and practices for rewarding its employees in harmony with their contribution, skills and competence,

and their market worth. It emerges within the framework of the organization's reward philosophy, strategies and policies. The reward systems of employees has arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. The reward system consists of financial rewards (fixed and variable pay) and employee benefits, which together comprise total compensation. The system also incorporates non-financial rewards (recognition, praise, achievement, responsibility and personal growth) and in many cases, performance management processes. (Armstrong, 2006)

An organization's reward system is the way by which it encourages and discourages certain characteristics of the employees. The most important machinery of the reward system includes salaries, bonuses and privileges. The reward system as a means to support innovation by employees is a fairly mechanical but nevertheless effective management technique. Once the members of an organization understand that they will be rewarded for such activities, they are more likely to work creatively. The initiative to provide financial and non-financial rewards to people and groups who develop innovative ideas is important for organizations. But it is equally vital to avoid punishing creativity when it does not result in highly successful innovation. (Griffin, 2006) Reward systems are necessary because they give preference to service over self-interest. It also means there need to be an equitable distribution of wealth. One test of equity is how well to affirm the fact that the success of the institution is in the hands of people at each level. An institution's wealth and value, in the broadest sense, is then a community creation. (Block, 2005)

2.1.11 Purpose of Reward

Reward system is very important in any organization as the process that is in command of human behavior within an organization. It helps to verify not only performance in relation to current goals but also influences the possibility of people joining and remaining in an organization. It also shapes the degree to which effort is directed in the development of the organization future capabilities. If correctly designed or administered, reward systems can lead to attractive behavior for a firm. On the other hand, if incorrectly designed or administered, reward systems can lead to the steady deterioration of an organization and why not its immediate demise (Flamholtz, 1996). Every company is in competition with other companies in similar businesses

or in other businesses for recruiting and retaining prolific employees. For instance, two professional sport organizations may seek good candidates for front-office jobs. Two fitness clubs may require good accountants. The managers in these circumstances must keep in mind that the potential candidates are employable in different kinds of organizations. An accountant may find lucrative jobs with a construction company, a law firm, a hospital, or a university. Therefore, the managers must guarantee that its reward structure is equivalent to the market rate. An effective reward system shall enable competitiveness with those of the other firms seeking a particular kind of competency and talent which is more striking to prospective candidates. According to Lawler Company, managers can design reward systems to diminish absenteeism by linking bonuses to levels of attendance. This strategy is particularly positive in compensation for low job content and poor working conditions that cannot be improved. Further-more, some of the jobs in facility management companies may be simple and routine and therefore may lack motivational properties. The facility manager may attempt to decrease such absenteeism by linking certain rewards to attendance. For example, the manager may set a policy of giving a monetary bonus or extra days of paid leave for an ideal or near-perfect attendance. Company's effectiveness is augmented through employee performance that in turn can be facilitated by an effective reward system. Porter and Lawler suggest that the linkage between performance and reward (that is intrinsic and extrinsic rewards) is a strong factor influencing subsequent performance (Chella-durai, 2006).

2.1.12 Financial Reward

Many types of financial inducement exist. Some directly provide the employee with cash. Bonuses based on performance against budget, quality or other standards may be used as immediate financial incentives. Management rewards by bonuses have become popular in some companies as a means of providing employees with an immediate buster for completion of a project or activity. While the number of companies delivering cash awards has increased, only 7 percent actually use such rewards at present (Ulrich & Lake, 1990). Most companies make use of financial compensation plan to motivate their employees. Sales contests are short term incentive programs that can be an effective motivational tool if they are cautiously and accurately designed. A sales contest should have a precise purpose, such as to increase in sales in short term sales of slow moving products or getting new customers. The design of the sales contest should take into consideration the following points: each salesperson has an equal opportunity to win,

use sales quotas and select either open ended in which unlimited number of salespersons can win. In addition to the above, closed ended contest could be use in which there are limited number of salespersons winning the contest. Prizes should be attractive, each consisting of cash prizes. At least 10 percent of the budget should be spent on sale contest, so there is an excitement in the company. Care should be taken in order that employees do not use undesirable methods such as using pressure tactics to attend their targets. In order to reduce the undesirable method is not to announce the contest period in advance (Havaldar & Cavale, 2007).

High level executives of most companies have separate compensation programs and plans. These programs anticipated to reward these executives for their performance and for the performance of the company. The senior executives collect their compensation in two forms. One is a base salary as the case maybe with the staff member or professional member of the company. The base salary is a definite amount that the employees will be paid. Above the base salary, most executives also receive one or more forms of incentive pay. The conventional manner of incentive pay for executives is in the form of bonuses. The bonuses in turn are generally determined by the performance of the company. Thus, at the end of the year, some fraction of a corporation profits may be diverted into a bonus pool. Senior executives then receive a bonus expressed as a percentage of this bonus pool. The chief executive officer and president are apparently likely to obtain a larger percentage bonus than a vice president. In addition to salary and bonuses, many executives receive other kinds of compensation as well; this could be in the form of stocks. Stock option plan was established to furnish senior managers the option to buy company stock in the future at a predetermined fixed price. The idea was that if the managers contribute to a high level of the company performance, then the company stock should increase in value. This implies that executives will be able to purchase stock at a predetermined price, which theoretically should be lower than the future market price (Griffin, 2006).

2.1.13 Nonfinancial Reward

Organizations with positive ambitions could make available a framework within which high levels of motivation could be accomplished through non financial reward systems by the provision of opportunities for learning and development. But personal management skills still have a key role to play in deploying their own motivating skills to get individual within their

organization to give their best performance by to making good use of the motivational systems and processes provided by the company. (Armstrong, 2008)

Recognition is appreciation of performance by the organization of an act done by the team or team member. In common language, it is some time expressed as “I caught you doing something right.” It is an approach of expressing gratitude for the special or extra effort done by an employee within an organization. Recognition has two essential goals: to encourage the employees or team to repeat or continue the behavior and to encourage others employees to do the same. Most team recognition plans fall into celebrating organizational objectives habitually as an event, designed to acknowledge the successful completion of important company goals. This is to create a greater awareness or to remind people of the importance of the goals achieved within the company. For instance, a division of large telecommunications company held an all hands meeting at an off-site facility to celebrate the accomplishment of their goals (Parker, 2003). Recognition, either informal (oral) or formal (written remarks and events), has been the most cost effective way to strengthen required actions for performance within an organization. However, when recognition is acting in isolation of compensation and equity rewards, it’s frequently loses much of its appeal (Wilson, 2003). Feedback in particular constructive criticisms is necessary for the expansion and development of the employee. Negative reinforcement such as indicating mistakes and threatening employees with job loss, causes employees to adjust their behavior just enough to avoid punishment. It may get to produce a positive result at the job but it won’t generate enthusiasm. Negative reinforcement produces responses like “That’s not my job” or “I don’t know.” On the other hand, periodic positive performance re-views generate extra or discretionary effort on the part of the employees. Positive feedback motivates the employees to function as a team. Employees will produce responses like “I don’t know but I will find out” or “That’s not my job but I will find someone who can help you.” Once a year discussions with employees will not produce extraordinary endeavors (Baum & Zablocki, 1996).

According to Herzberg, managers do not motivate employees by awarding employees higher wages, more benefits or status symbols. Rather, employees are motivated by their own inherent need to accomplish something at a challenging task. The manager’s job then is not to motivate employees to get their tasks achieved; rather, the manager should provide opportunities for

people to achieve their task so that they will become motivated. (Marchington & Wilkinson, 2005) Moving employees through a diversity of jobs, departments or functions is particularly an excellent approach to expose the employees to challenging task. This is very suitable to employees who have been on a job for a long time and are no longer challenged by the job but rather who have a strong need for activities or change. By open-handed the opportunity to change jobs, the manager has definitely exposed the employees to new challenges and it will enable the employees to put in their best in order to meet up to expectations (Stone, 2003). This therefore creates an enabling environment for greater motivation and performance within the organization.

2.2 EMPIRICAL FRAMEWORK

The fields of employee motivation and employee performance are solidly grounded in the researcher of Maslow, Taylor, and Herzberg, to name just a few. The concepts of motivation and performance are constructs within the larger organizational behavior model. While each of these constructs can be reviewed on their own, employee motivation is linked closely to employee performance. By conducting the search in this manner the resultant articles were specific case studies of employee motivation in various organizations. The resultant case studies looked at a range of topics on both employee motivation and employee performance and how these constructs can be connected. One particular study looked specifically at “the followers” of an organization and what key factors a leader needs to know about the various types of followers.

The case studies in this review expand upon the work of Maslow, Taylor, and Herzberg.

In ‘Beyond the Fringe’, Simms discusses how various organizations utilize tailored versions of “non-cash rewards” as employee incentives. Simms suggests that Herzberg’s view of salary as not being a motivator holds. The ability to hold up an incentive that doesn’t get absorbed by the employee’s monthly bills has a larger effect on employee motivation. He also suggests it may be more acceptable to boast about a special award or party rather than an employee’s salary raise. Simms then goes on to expand the discussion of non- cash rewards such as flex time, employee of the month, and tailored goal incentives. Simms argues it is important for employers to communicate these benefits to employees because many employees don’t understand their total compensation package. By communicating the total package, the employer reinforces their commitment to the employees and helps to motivate the employee. This motivation leads to greater employee satisfaction and performance (Simms, 2007).

The case study of the Harrah's Entertainment sales teams lays out the use of team incentives to increase sales across the various branches of the Harrah's Entertainment family of products. However, the core to the incentive packages, that Jakobson discusses, is the use of Merchandise Awards. Jakobson states that Merchandise Awards are even more effective than Top Seller Trips. Harrah's also uses simple employee motivation tactics such as recognition at weekly and monthly sales meetings of the top sales teams (Jakobson, 2007).

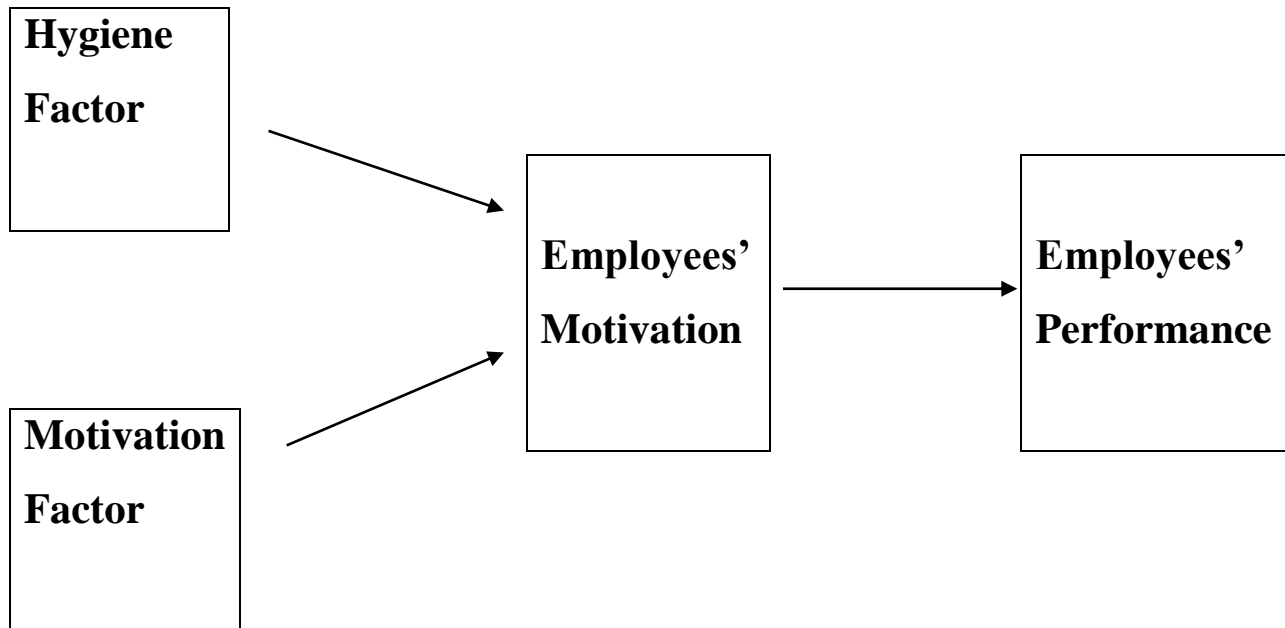
Whiteling (2007) looks at the cases of Reuters and supermarket giant Sainsbury's to show how important it is to create a culture where employees become directly involved in suggestions for change. By creating a culture where employee input is valued and utilized, the changes faced by the organization are better understood and receive the support of the employees. This also has the side effect of creating employee motivation to support and accomplish the organizations goals and change efforts (Whiteling, 2007). Silverman utilizes a similar strategy to create a high-performance workforce. Silverman suggests keeping employees engaged by working with storytelling. Employers can systematically ask employee's to tell their story for good or not-so good situations. In this way, an employee/employer relationship can be forged which can help foster mutual support and idea sharing (Silverman, 2006). Similar to Whiteling, Silverman suggests that the organizations culture needs to be developed around the concept of storytelling. Employees need to feel their stories are being heard, understood, and valued by those requesting the stories. By forging these relationships, the employee feels valued by the employer, supervisor, and organization as a contributor. This value translates into higher work performance and stake within the organization (Silverman, 2006; Whiteling, 2007).

Sharbrough's (2006) study looks at the correlations between leader's use of Motivating Language (ML) and employee job satisfaction and the perception of a supervisor's effectiveness. In both cases, there was a statistically significant correlation in this study between a leader's use of ML and employee job satisfaction and the perception of a supervisor's effectiveness. This correlation can be utilized by organizations to measure a leader's use of ML and determine levels of employee satisfaction as well as determine the perceived effectiveness of a supervisor 23

Kellerman(2007) has expanded the work of Zaleznik, Kelley, and Chaleff to create what he calls a level of engagement to classify the followers of an organization. This employee continuum ranges from “feeling and doing absolutely nothing” to “being passionately committed and deeply involved.” In this way, a leader can assess their subordinates and tailor a leadership approach to maximize the affect a particular effort will have on employee motivation.

A common thread of communication between employers and employees emerges as a requirement for employee motivation. Many of these case studies link high employee motivation with increased employee performance (Simms, 2007; Jakobson, 2007; Whiting, 2007; Silverman, 2006; & Sharbrough, 2006). By first utilizing Kellerman’s “level of engagement” classification, an organization can tailor the use of ML and motivational techniques in the organization. In this way, employee motivation can be maximized to increase employee performance by focusing the use of ML and motivational techniques.

2.3 Conceptual Framework



Source: Puwanenthiren (2011)

Figure 2 Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

In this chapter, it was discussed about the steps of the research process. Addressing the methodology, one can get a preview of the case and a way of analyzing it. The following points are described in the research design and methodology section. These are; research design which includes quantitative method of data analysis, sampling and sampling techniques, instruments of data collection, method of data collection, and method and techniques of analysis. The purpose is to highlight, investigate, and give answer to the research questions posed in chapter one. Hence, the research methodology signifying quantitative method of data analysis is applied as the sources will avail in numeric forms.

3.2 Research Design

According to John & Creswell (2009), there are different types of research designs: qualitative, quantitative and mixed research. Here, the researcher used quantitative and inferential research design to achieve the aims of this research.

3.3 Sampling Design

3.3.1 Study Population

The study aimed to examine the impact of motivation-hygiene factors on employee performance in CBE. CBE has 1,616 branches and more than 28,000 employees throughout the country. Out of these, the targeted respondents for this study were employees working in Addis Ababa city. Addis Ababa city has 302 branches and 7,290 employees as of December 31, 2016 and the level of branches in CBE are graded as Grade-1, Grade-2, Grade-3, and grade-4 based on number of customer, volume of transaction, deposit mobilization, and other criteria (Management Information system (MIS) of CBE, December, 2016). So, the relevant information was secured from purposively selected branches. The selected branches are opened before December 31, 2012. This is because no grade 1 and 2 branches has been upgraded to Grade 3 and 4 after 2012 G.C but expanding the number of branches to more than 1200 by 2016 (Bank's five year strategy, 2012). Grade 4 and 3 sample branches were selected due to their large composition of

employees, detailed job structure, and greater importance and are considered to provide valuable and relevant information to the study. The respondent employees from selected branches were of at least two years working experience. Grade 1 and 2 branches will be excluded due to their composition of small number of employees and simple level of branch structure.

Table 3.1 Number of branches and grade level

No.	Addis Ababa	Grade 4	Grade 3	Grade 2	Grade 1	Total
1	No of branches	23	13	134	132	302
2	No of sampled branches	22	10	—	—	32
2	No of employee	2032	672	3,219	1,367	7,290

Source: Management Information system (MIS) of CBE, December, 2016

3.3.2 Sample and Sampling Technique

Based on CBE structure and branch distribution, purposive stratified sampling was used to address 13 Grade 3 and 23 Grade 4 branches out of 302 branches found in Addis Ababa. On the other hand, simple random sampling technique was applied to collect the data amongst respondents in both branch grades. The number of employee in selected branches ranges from 57 up to 211 employees, whereas branches with number of employees ranging from 15 to 30 are excluded from the sample. Based on the Management Information system (MIS) of CBE, there are 23 Grade-4, 13 Grade-3, 134 Grade-2 and 132 grade-1 branch offices in the city of AA (branches under the domain of AA city located within the radius of 150 KM) as of , on December 31, 2016.

Research generalization is highly affected by sample size. Hence, determining the number of representative sample size is a pivotal concern of every researcher to a given population. In this study, sample size is determined based on “Small Sample Techniques” developed by the National Education Association (NEA) Research bulletin Vol. 30:99, 1960. Accordingly for a population size ranging from 7,000 up to 8,000 the guideline sets sample size of 367 that highlights representativeness and the researcher finds the guideline helpful in determining

sample size. Hence, the study took the maximum sample size of 367 respondents as the minimum number to whom questionnaires were distributed for data collection.

For the purpose of the study, the sample selection process considered grade level of the branches and employees working in the branches. Hence, Grade-3 and Grade-4 branches that have greater number of employees were purposively selected so as to collect relevant and reliable information from different level of job position of employees and purposively excluded grade 1 and 2 branch employees due to simple job structure and small number of employee in each branch. Once participating branches are selected, the number of respondents from the selected branches was proportional to the total population (number of employees in AA).

$$\text{Sample Size (n)} = \frac{\text{No of employees in given branch}}{\text{Total No of employees in selected branches}} \times 367$$

Finally, the researcher randomly selected individual respondents with the experience of more than one year from each selected sample branch.

Table 3.2 Sample Size of Selected Branches

Branch	Grade	N	n	Branch	Grade	N	n
Abakoran	4	87	12	Meskel Square	4	75	10
Addis Ababa	4	211	29	Nefas Silk	4	94	14
Addis Ketema	4	81	11	Selassie	4	90	12
Africa Avenue	4	86	12	SengaTera	4	84	11
Andinet	4	89	13	Teklehaimanot	4	97	14
Anwar Mesgid	4	69	9	TemenjaYaj	4	78	10
AradaGhiorgis	4	91	13	Airport	3	60	8
AratKillo	4	118	16	Akaki	3	62	8
Bole	4	90	13	Ayer Tena	3	76	10
Finfine	4	116	16	ECA	3	58	7
GofaSefer	4	72	9	Joseph	3	57	7
Gullele	4	78	10	Kolfe	3	64	8
KirkosKebele	4	81	11	MahtemeGhandi	3	79	11
Lideta	4	73	10	MehalKetema	3	71	10
Megenagna	4	69	9	Paulos	3	67	9
MehalGebeya	4	103	14	TheodrosSquire	3	78	11

Source: Management Information system (MIS) of CBE, December, 2016

3.4 Method of Data Collection

There are different types of data collection methods. The methods depend on the research objective and research design. Data collected from two or more sources can help to support and improve the quality of the research result. The goal of data collection is to gain a well composed data that suits to achieve the research objective. The study relied on primary data collected through structured questionnaires from the respondents. The use of structured questionnaire for employees' assisted in collecting data from varied groups.

The questionnaire was designed from a detailed literature review to assess the general approach of the impact of motivation-hygiene factors on employees' performance and point out the alternative motivational methods to improve employees' performance in CBE. The questionnaire assessed the general approach of motivation-hygiene factors through related questions and or statements encompassing the factors of motivation, its effective implementation, and its impact on employee performance.

The randomly selected individual respondents were Branch Managers, Customer Service Managers (CSM), Senior Customer Service Officers, Customer Service Officers (CSO), and Junior Officers. The questionnaire were distributed to and collected from the participants with the collaboration of Customer Service Managers of the participating branches in order to increase the validity of the response.

3.5 Data Analysis Technique

The main purpose of the study is to assess the impact of motivation-hygiene factors on employees' performance in CBE. Data processing consists of a number of closely related operations: the first one was checking the collected data to detect and/or correct errors or omissions. Moreover, the collected questionnaires were verified carefully for the completeness of the responses. Finally, the data was summarized and arranged for further analysis. The data analysis is done after collecting all the data from the respondents. Thus, the analysis of the study was consistent with the objective of the research. Moreover, the data gathered through distributing the structured questionnaires was analyzed using IBM SPSS statistics 20 software. Accordingly, descriptive (Frequency, Percentage) analysis was used to present the data with regard to the practices of motivation in the first place. Next, inferential statistics that is correlation analysis was employed to show the relationship between motivation-hygiene factor and employee performance.

3.6 Reliability Test

Reliability is defined as the extent to which a scale is free from random errors and thus yields consistent results (Hair et al., 1995). Calculating Cronbach's alpha is the most commonly used procedure to estimate reliability, and Nunnally (1978) recommends 0.7 as the accepted benchmark for Cronbach's alpha. According to Nunnally (1978), if the coefficient alpha is too low, the indication is that the items measuring the scale have very little in common. He noted that, in such a case, the researcher must return to the domain of the concept under investigation and select other items.

3.7 Validity

Validity is an important part of determining the usefulness and applicability of psychological test. Validity refers to how well a test measures what it is purported to measure (Nasir, 2005). Since the Questionnaire was adopted, the researcher did not test the validity of the Questionnaire.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

In this chapter, the collected data through questionnaires is presented, analyzed and interpreted. 367 questionnaires were distributed to the employees of Commercial Bank of Ethiopia, out of these questionnaire, 320 were filled properly. As a result, the overall response rate was 87 percent. The questionnaire was distributed and collected within one month.

First, the researcher presented the demographic distribution of the respondent; secondly, the researcher tested the reliability of the item through Cronbach’s alpha reliability analysis based on SPSS ver 20, descriptive statistics under consideration on the variable and finally, the U Manna-Whitney test is used in order to test the impact of motivation-hygiene factor on employee performance in Commercial Bank of Ethiopia.

4.1. Response rate

A total of 367 questionnaires were distributed and the response rate is indicated in the table below.

Table 4.1 Response Rate

Categories	Response Rate In Number	Percentage
Sample Size	367	100
Collected	349	95
Uncollected	18	5
Completely Filled	320	87.1
Disqualified	29	7.9
Total	367	100

Source: Researcher Survey, 2017

From the above table, out of 367 distributed questionnaire 349(95%) were collected while 18(5%) remain uncollected. Furthermore, from the collected questionnaire, 29 were not filled

properly and completely. Accordingly, the analysis is made based on the response obtained from 320 respondents.

4.2. Reliability Test

The reliability of the questionnaires is tested by Cronbach's alpha measurement in SPSS. The result is summarized as follow

Table 4.2 Reliability Statistics

Type of Questionnaires	Cronbach's Alpha	Number of item
Hygiene factor	0.901	12
Motivational Factor	0.848	14
Performance	0.859	6

Source SPSS VER 20 Cronbach's alpha analysis

As indicated in table 4.2, the reliability of hygiene factor related questionnaire is 0.901, concomitantly, the reliability of motivational factor related questionnaire is 0.848 and performance related questionnaire is 0.859. Since a rule of thumb suggested that the Cronbach's alpha value exceed 0.70, the item shows good reliability and strong internal consistency. The Cronbach's alpha values for all the variables considered are greater than 0.848 and this indicates the items in each of the domains are well understood by the respondents. The items have measured what they were designed to measure.

4.3. Demographic Profile of the Respondent

Below, the demographic profiles of the participant are analyzed based on the variable sex, age, level of education, term of employment, job position and service year.

Table 4.3 Demographic Distribution of respondents

Variable	Choices	Frequency	Percentage
Gender	Male	198	61.9
	Female	122	38.1
	Total	320	100
Age	21-35	226	70.6
	35-45	84	26.2
	45 and above	10	3.1
	Total	320	100
Education Background	Diploma	6	1.9
	BA/BSC	262	81.9
	Masters	52	16.2
	Total	320	100
Term of Employment	Full time	320	100
	Part time	0	0
	Total	320	100
Job Position	Junior Officer	43	13.5
	Customer Service officer (CSO)	185	57.8
	Senior CSO	69	21.5
	Customer Service Manager	15	4.7
	Branch Manager	8	2.5
	Total	320	100
Service Year	Less than a year	32	10
	1-2 years	90	28.1
	3-5 years	122	38.1
	Above five year	76	23.8
	Total	320	100

Source: Researcher Survey, 2017

As depicted in table 4.3 about 61.9 %(198) respondents are male and the rest 38.1% (122) are female. Based on this fact, male participant are by far majority when compared with female participant.

The other demographic variable to be considered in this study is age, in table 4.3 above 70.6% (226) respondent's age is between 21-35 years. This clearly shows most of the respondent are young, consequently, it is vital for the bank's incentive planners to design appropriate reward strategy in order to retain this young labor force to achieve organizational objective. On the basis of educational background, majority of the respondent 81.9% (262) are degree holders. This implies that most of the respondents are educated and have a good insight about reward system, the rest 6 (1.9 %) and 52 (16.2%) respondents were diploma and master holder respectively.

Table 4.3 reveals that Customer Service Officer dominate the sample with 57.8%(185) respondents showing that in Commercial Bank of Ethiopia's organizational structure, the majority of the worker fall in this job position. The length of service years reveals that majority of the employee have been working in the bank for more than three years.

4.4. Descriptive Statistics Analysis

4.4.1 CBE Employees' Perception to Hygiene Factors

Statements	Frequency /percentage	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Financial Reward motivates me most at work	Frequency	103	104	34	49	30	320
	Percentage	32.2	32.5	10.6	15.3	9.4	100
Bonuses should not be part of the company policy	Frequency	11	21	27	130	131	320
	Percentage	3.4	6.6	8.4	40.6	40.9	100
My company provide fair promotion opportunities	Frequency	8	23	26	136	127	320
	Percentage	2.5	7.2	8.1	42.5	39.7	100
Rewards should be based on performance	Frequency	114	114	32	36	24	320
	Percentage	35.6	35.6	10	11.2	7.5	100
Promotion should be based on performance	Frequency	114	118	29	35	24	320
	Percentage	35.6	36.9	9.1	10.9	7.5	100
Incentive are important for motivation of worker	Frequency	111	118	31	38	22	320
	Percentage	34.7	36.9	9.7	11.9	6.9	100
It seems that fat salaries are the best tools with which to motivate workers	Frequency	112	116	32	35	25	320
	Percentage	35.0	36.2	10.0	10.9	7.8	100
Workers will still perform well even if their salary is delayed	Frequency	8	25	24	133	130	320
	Percentage	2.5	7.8	7.5	41.6	40.6	100
Workers put to their best when they are placed on little or no incentive package	Frequency	10	23	25	136	126	320
	Percentage	3.1	7.2	7.8	42.5	39.4	100
Rewarding good work and excellence can contribute to more excellence and healthy competition	Frequency	115	116	32	35	22	320
	Percentage	35.9	36.2	10	10.9	6.9	100
Only monetary rewards can bring out the best in workers	Frequency	112	119	29	36	24	320
	Percentage	35.0	37.2	9.1	11.2	7.5	100
I am happy with my salary	Frequency	9	22	25	138	126	320
	Percentage	2.8	6.9	7.8	43.1	39.4	100

Table 4.4 CBE employee's Perception to Hygiene factors

Source: Researcher Survey, 2017

Table 4.4 summarizes the frequency and percentages of CBE employees' perception towards hygiene factors variable measurement on 5 point scale from strongly agree to strongly disagree.

The data reveals that significant portion of the respondents that is 207(64.7%) strongly agreed and agreed that Financial Reward motivates them most at work, about 34(10.6%) respondents are of neutral opinion and the rest 79(24.7%) respondents have strongly disagreed and disagreed that Financial Reward motivates them most at work. Regarding bonuses should not be part of the company policy, 32(8.9%) respondents strongly agreed and agreed that the Bonuses should not be part of the company policy, whereas, 261(81.5%) respondents strongly disagreed and disagreed that the Bonuses should be part of the company policy. Out of 320 respondents, 27(8.4%) respondents were not sure whether Bonuses should or should not be part of the company policy.

In terms of promotion opportunities, about 31(9.7%) respondents of commercial bank of Ethiopia employees strongly agreed and agreed that their company provide them with fair promotion opportunities, concomitantly, 263(82.2%) respondents strongly disagreed and disagreed that CBE doesn't, the rest 26(8.1%) respondents are neutral whether CBE provides them with fair promotion opportunities. More than 70% of the respondents believe Rewards should be based on performance. Table 4.4 also indicated that majority 232(72.5%) respondents strongly agreed and agreed that Promotion in CBE should be based on performance, however, 59(18.4%) of them strongly disagreed and disagreed that it should not be based on performance, the rest 29(9.1%) respondents were indifferent as if Promotion should be based on performance or not. In terms of Incentives, 229(71.6%) respondents strongly agreed and agreed that Incentives are important for motivation of workers , 31(9.7%) respondents perceived indifferent while,60 (18.8%) of them strongly disagreed and disagreed Incentives are important for motivation of worker.

In table 4.4, the number of respondents who strongly agreed and agreed that fat salaries are the best tools with which to motivate workers are 228(71.2%), about 60(18.7%) respondents strongly disagreed and disagreed that fat salaries are not the best tools with which to motivate workers. The remaining 32 (10.0%) respondents were neutral towards fat salaries. 33 (10.3%) strongly agreed and agreed that Workers still perform well even if their salary is delayed, about

263(82.2%) strongly disagreed and disagreed that they don't and the rest 24(7.5%) respondents remained indifferent. Respondents who believe Workers put to their best when they are placed on little or no incentive package are about 33 (10.3%), on the other hand, about 262(81.9%) respondents strongly disagreed and disagreed, and the rest 25 (7.8%) respondents had neutral opinion whether Workers put to their best when they are placed on little or no incentive package. Regarding to "Rewarding good work and excellence can contribute to more excellence and healthy competition", about 231(72.1%) strongly agreed and agreed, 32 (10%) of them had a neutral opinion, and about 57(17.8%) respondents disagreed and strongly disagreed that Rewarding good work and excellence can contribute to more excellence and healthy competition. Table 4.4 also indicated that majority 231(72.2%) respondents strongly agreed and agreed that Only monetary rewards can bring out the best in workers, however, 60(18.7%) of them strongly disagreed and disagreed, the rest 29(9.1%) respondents were with neutral opinion if only monetary rewards can bring out the best in workers. Regarding to the salary of CBE employees, 31(9.7%) respondents strongly agreed and agreed that they are happy with their salary , 25(7.8%) respondents perceived indifferent opinions with the statement, while 264(82.5%) of them strongly disagreed and disagreed that they are not happy with the salary scale the bank provides them.

4.4.2 CBE Employees' Perception to Motivator Factors

Statements	Frequency /percentage	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
I know how my success is measured	Frequency	54	101	53	73	39	320
	Percentage	16.9	31.6	16.6	22.8	12.2	100
Well-motivated staff has a positive attitude towards work	Frequency	156	111	49	4	0	320
	Percentage	48.8	34.7	15.3	1.3	0	320
My boss recognizes the extra effort I put at work	Frequency	28	70	83	81	58	320
	Percentage	8.8	21.9	25.9	25.3	18.1	100
I like more challenging task at work	Frequency	52	114	70	54	30	320
	Percentage	16.2	35.6	21.9	16.9	9.4	100
I am well aware of the company's comprehensive goals	Frequency	86	130	40	36	28	320
	Percentage	26.9	40.6	12.5	11.2	8.8	100
I am satisfied with the working condition	Frequency	34	51	62	97	76	320
	Percentage	10.6	15.9	19.4	30.3	23.8	100
The bank values my service	Frequency	48	85	93	63	31	320
	Percentage	15.0	26.6	29.1	19.7	9.7	100
It is essential for managers to empower employees	Frequency	134	140	26	12	8	320
	Percentage	41.9	43.8	8.1	3.8	2.5	100
My job is beneficial to my career	Frequency	82	128	51	41	18	320
	Percentage	25.6	40.0	15.9	12.8	5.6	100
My boss allows me to have my ability fully utilize	Frequency	30	61	83	91	55	320
	Percentage	9.4	19.1	25.9	28.4	17.2	100
CBE encourages me to work harder	Frequency	37	76	63	80	64	320
	Percentage	11.6	23.8	19.6	25.0	20	100
Inter-Personal relationship between top management and staff should be encouraged	Frequency	166	91	44	9	10	320
	Percentage	51.9	28.4	13.8	2.8	3.1	100
Staff work best when working equipment and facilities are adequately provided	Frequency	167	75	43	19	16	320
	Percentage	52.2	23.4	13.4	5.9	5.0	100
It's enjoyable to go to work	Frequency	57	94	64	55	50	320
	Percentage	17.8	29.4	20.0	17.2	15.6	100

Table 4.5 CBE Employees' Perception to Motivator Factors

Source: Researcher Survey, 2017

Table 4.5 presents the frequencies and percentage of CBE employees' perception toward motivator factors variable measurement on 5 point scale from strongly agree to strongly disagree.

The data reveals that 155(48.5%) of the respondents strongly agreed and agreed that they know how their success is measured, about 112(35%) respondents has strongly disagreed and disagreed that they don't know how their success is measured. About 53(16.6%) respondents are of neutral opinion. 267(83.5%) respondents strongly agreed and agreed that Well-motivated staff has a positive attitude towards work, whereas, 4(1.3%) respondents disagreed Well-motivated staffs don't have a positive attitude towards work. Out of 320 respondents, 49(15.3%) respondents were not sure whether Well-motivated staff has a positive attitude towards work or not.

In table 4.5, the number of respondents who strongly agreed and agreed that their boss recognizes the extra effort they put at work are 98 (30.7%), about, 139(43.4%) respondents strongly disagreed and disagreed. The remaining 83 (25.9%) respondents were with neutral opinion towards the recognition of their extra effort by their immediate supervisor. 166(51.8%) strongly agreed and agreed they like more challenging task at work, about 84 (26.3%) strongly disagreed and disagreed that they don't like more challenging task at work and the rest 70 (21.9%) respondents were of neutral opinion. On the other hand, about 216 (67.5%) respondents strongly agreed and agreed with the comprehensive goals of the bank, about 64 (20%) respondents strongly disagreed and disagreed, and the rest 40 (12.5%) respondents were neutral whether they are well aware of the company's comprehensive goals or not.

In terms of working condition, about 85 (26.5%) respondents of commercial bank of Ethiopia employees strongly agreed and agreed that they are satisfied with the working condition, concomitantly, 173 (54.1%) respondents strongly disagreed and disagreed that they are not, the rest 62 (19.4%) respondents have neutral opinion regarding the suitability of the working condition. Table 4.5 also indicated that majority 185 (41.6%) respondents strongly agreed and agreed that the bank values their service, however, 94 (29.4%) of them strongly disagreed and disagreed that the bank doesn't value their service and the rest 93 (29.1%) respondents were indifferent. In terms of empowering employees, 274 (85.7%) respondents strongly agreed and agreed that It is essential for managers to empower employees, 26 (8.1%) respondents perceived

indifferent while 20 (6.3%) of them strongly disagreed and disagreed that It is not essential for managers to empower employees”.

About 210 (65.6%) strongly agreed and agreed that their job is beneficial to their career, 51 (15.9%) of them had a neutral opinion, and about 59 (15.9%) respondents disagreed and strongly disagreed that their job is beneficial to their career. Table 4.4.1 also indicated that majority 146 (45.6%) respondents strongly disagreed and disagreed that boss allows them to have their ability fully utilized, 91 (28.4%) of them strongly agreed and agreed, the rest 83 (25.9%) respondents were indifferent that boss allows them to have their ability fully utilized. About 113 (5.4%) respondents strongly agreed and agreed that CBE encourages them to work harder, 63 (19.6%) respondents perceived indifferent, while 144 (45%) of them strongly disagreed and disagreed that CBE encourages them to work harder.

The data implies that 257 (80.3%) of the respondents strongly agreed and agreed that Inter-Personal relationship between top management and staff should be encouraged, about 19 (5.9%) respondents has strongly disagreed and disagreed that Inter-Personal relationship shouldn't be encouraged. About 44 (13.8%) respondents were of neutral opinion. About 242 (75.6%) respondents strongly agreed and agreed that Staff work best when working equipment and facilities are adequately provided, whereas, 35 (10.9%) respondents disagreed and out of 320 respondents, 43 (13.4%) respondents were not sure whether Staffs work best when working equipment and facilities are adequately provided or not. Lastly, about 151 (47.2%) respondents strongly agreed and agreed they enjoy going to work, on the other hand, about 105 (32.8%) respondents strongly disagreed and disagreed, and the rest 64 (20%) respondents had neutral opinion whether it is enjoyable to go to work or not.

4.4.3 Comparative Descriptive Analysis of Motivator and Hygiene Factor

In order to testify the above hypothesis and to address the objective(s) of the study, comparative analysis on the perceptions of commercial bank's employees' towards hygiene and motivation factor is very crucial.

As indicated in table 4.4, it is evident that 64.7% employees responded positively (strongly agreed and agreed) for that Financial Reward motivates them most at work, this is coincide with the claim that majority employees' perceived financial reward is the most dominant motivational factor than motivation factors. In terms of bonus, 81.5% employees perceived negatively (strongly disagreed and disagreed) that Bonuses should be part of the company policy" and from this it deduced that commercial bank employees' perception is tight towards bonus. In terms of promotion, 82.2% of commercial bank's employees perceived negatively (disagreed and strongly disagreed) and as a result one can infer that the bank does not provide fair promotion opportunities. Regarding reward and promotion, 71.2% and 72.5% respectively responded positively (strongly agree and agree). Accordingly, one can say that employees believe on performance and could perform well in order to earn reward and promotion. In relation to salary, most of employees 71.2% strongly agree and agree that fat salary is the best tool to motivate employees and about 82.2% disagreed that employees still perform well even if their salary is delayed. This indicates that employees demand a raise in their salary and it has to be paid on time without any delay.

About 89.9% perceived negatively (disagreed and strongly disagreed) that workers put to their best when they are placed on little or no incentive package". This implies the bank's employees' believe that they have to be placed on fair incentive package. Majority of the employees' (72.1%) perceived Rewarding good work and excellence can contribute to more excellence and healthy competition, about 72.2% believe Only monetary rewards can bring out the best in workers, and finally, 82.5% stated that they are not satisfied with their salary. This suggests there has to be some competitive salary adjustment so as to motivate and satisfy its employees' and achieve a higher performance.

According to the data on table 4.5, 31.6% of the total employees' agreed they know how their success is measured and 22.8% disagreed they don't. This shows that some are aware of the

measurement and some are not. For this reason, the bank has to pay a due attention to create the awareness of how one's success is measured to each employee. 83.5% of the employees believe Well-motivated staffs have a positive attitude towards work, 25.9% are neutral and 25.3% disagree that their boss recognizes the extra effort they put at work respectively. About 35.6% agreed that they like more challenging task at work, 54.1% replied negatively (disagree and strongly disagree) to their satisfaction with the working condition and as to this, the bank has to act to avail a conducive working climate to its employees.

85.7% of the bank's employees' perceive it is essential for managers to empower employees, 65.6% believe that their job is beneficial to their career, and 23.8% agrees and 25% disagreed, respectively, that CBE encourages them to work harder. Accordingly, one can see that CBE does not provide fair ground to encourage its employees' work harder and this has to be fixed so as to encourage its employees equally and gain the best out of them. About 80.3% respond positively (strongly agreed and agreed) that Inter-Personal relationship between top management and staff should be encouraged. This can be considered good for the employees to work as a team towards achieving organizational goal and end up with the desired performance. 75.6% agreed and strongly agreed that Staff work best when working equipment and facilities are adequately provided, and 29.4% agreed and 20% were neutral to the statement "It's enjoyable to go to work". From the above comparative analysis, majority of the respondents favored more of hygiene factors than motivator factors.

Table 4.6 below, shows the comparative analysis of hygiene and motivator factors. In general the study found that commercial banks of Ethiopia employees are more motivated by hygiene factors than the motivational factors. But out of the hygiene factors, salary and promotion is the most motivator of the employees' and out of the motivation factors, interpersonal relationship and empowerment of employee are the most motivator of employee.

4.4.3 Comparative Analysis of Hygiene and Motivator Factors

Hygiene Factor	Motivator Factor	Freq / %age	Response to Hygiene Factor (majority only)	Response to Motivator Factors (majority only)
Financial Reward motivates me most at work	I know how my success is measured	Freq	207(Agree)	155(Agree)
		%age	64(Agree)	48.5(Agree)
Bonuses should not be part of the company policy	Well-motivated staff has a positive attitude towards work	Freq	261(Disagree)	267 (Agree)
		%age	81.5(Disagree)	83.50 (Agree)
My company provide fair promotion opportunities	My boss recognizes the extra effort I put at work	Freq	263 (Disagree)	139(Disagree)
		%age	82.2(Disagree)	43.1(Disagree)
Rewards should be based on performance	I like more challenging task at work	Freq	228(Agree)	166(Agree)
		%age	71.2(Agree)	51.80(Agree)
Promotion should be based on performance	I am well aware of the company's comprehensive goals	Freq	232(Agree)	216(Agree)
		%age	72.5(Agree)	67.5(Agree)
Incentive are important for motivation of worker	I am satisfied with the working condition	Freq	229(Agree)	173(Disagree)
		%age	71.6(Agree)	54.1(Disagree)
It seems that fat salaries are the best tools with which to motivate workers	The bank values my service	Freq	228(Agree)	133(Agree)
		%age	71.2(Agree)	46(Agree)
Workers will still perform well even if their salary is delayed	It is essential for managers to empower employees	Freq	263(Disagree)	274(Agree)
		%age	82.2(Disagree)	85.7(Agree)
Workers put to their best when they are placed on little or no incentive package	My job is beneficial to my career	Freq	262(Disagree)	210(Agree)
		%age	81.9(Disagree)	65.6(Agree)
Rewarding good work and excellence can contribute to more excellence and healthy competition	My boss allows me to have my ability fully utilize	Freq	231(Agree)	146(Disagree)
		%age	72.1(Agree)	45.6(Disagree)
Only monetary rewards can bring out the best in workers	CBE encourages me to work harder	Freq	231(Agree)	144(Disagree)
		%age	72.1(Agree)	45(Disagree)
I am happy with my salary	Inter-Personal relationship between top management and staff should be encouraged	Freq	264(Disagree)	257(Disagree)
		%age	82.5(Disagree)	80.3(Disagree)
	Staff work best when working equipment and facilities are adequately provided	Freq		242(Agree)
		%age		75.6(Agree)
	It's enjoyable to go to work	Freq		151(Agree)
		%age		47.2(Agree)
Average of majority		Freq	242	191
		%age	75.41	59.9

Table 4.6 Comparative Analysis of Hygiene and Motivator Factor

4.5. Inferential Analysis

4.5.1 Pearson Bivariate Correlation between Motivator Factors and Performance

H 1: There is no significant relationship between motivator factors and performance in CBE.

This hypothesis is tested using the rating on the motivational factor and employee performance examined in table 4.7 below. The hypothesis was tested with a Pearson Product Moment Correlation Procedure. The result of the test is summarized in table 4.7 as follows.

Table 4.7 Pearson Bivariate Correlation between Motivator Factors and Performance

Variable	Description	Motivator Factors	Employee Performance
Motivational Factors	Pearson Correlation Sig(2-tailed)	1	.230** .000
Employee Performance	Pearson Correlation Sig(2-tailed)	.230** .000	1

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

Source SPSS VER 20 Pearson Correlation analysis

The Pearson bivariate correlation was done to assess the relationship between motivational factors and employee performance in Commercial Bank of Ethiopia. The study found a positive relationship between motivational factor and employee performance, $r = .230$, $P < .05$. This implies that at the 95% confidence interval, it is safe to state that when motivation increases, performance increase as well.

4.5.2. Pearson Bivariate Correlation between Hygiene Factor and Performance

H 2: There is no significant relationship between hygiene factors and performance in CBE.

This hypothesis is tested using the rating on the Hygiene factors and employee performance examined in table 4.8. The hypothesis is tested with a Pearson Product Moment Correlation Procedure. The result of the test is summarized in table 4.8 below.

Table 4.8 Pearson Bivariat Correlation between Hygiene Factors and Performance

Variable	Description	Hygiene Factor	Employee Performance
Hygiene Factor	Pearson Correlation Sig(2-tailed)	1	.928** .000
Employee Performance	Pearson Correlation Sig(2-tailed)	.928** .000	1

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

Source SPSS VER 20 Pearson Correlation analysis

The Pearson Bivariate correlation is done to assess the relationship between Hygiene factors and employee performance in Commercial Bank of Ethiopia. The study found a significant positive relationship between Hygiene factors and employee performance, $r = .928$, $P < .05$. This implies that at the 95% confidence interval, it is safe to state that when Hygiene factor increases, performance increase as well.

4.5.3 Comparative Correlation Analysis of Motivation & Hygiene Factor

Table 4.9 Comparative Correlation Analysis of Motivation-Hygiene Factor

Variable	Description	Hygiene Factor	Motivator Factors	Employee Performance
Hygiene Factor	Pearson Correlation Sig(2-tailed)	1	.253** .000	.928** .000
Employee Performance	Pearson Correlation Sig(2-tailed)	.928** .000	.230** .000	1

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

Source SPSS VER 20 Pearson Correlation analysis

From the above table, the Pearson correlation of hygiene factors and employee performance is 0.928 and the relation between motivational factors and employee performance is 0.230. This implies that at 95% confidence, it can be concluded that hygienic factors dominantly affect the performance of Commercial Bank of Ethiopia employees' as compared to motivator factors.

According to the above analysis, the two hypotheses were tested

H 1: There is no significant relationship between motivator factors and performance in CBE.

H 2: There is no significant relationship between hygiene factors and performance in CBE.

As to the Pearson correlation, the study rejected H 1: there is no significant relationship between motivator factors and performance in CBE and H 2: there is no significant relationship between hygiene factors and performance in CBE. So, one can conclude that both motivation and hygiene factors have a positive relation and direct impact on CBE employees' performance but the relation between hygiene factor and employee performance is dominant and stronger than the relationship between motivator factor and employee performance.

The result suggests that extrinsic hygiene factors of salary, fringe benefits, and promotion plays significant role to motivate the employees of commercial banks of Ethiopia in boosting its employees' performance.

4.6 Current CBE Incentive Mechanism

4.6.1. Fringe Benefits

The fringe benefits which are offered in CBE are medical insurance, fuel allowance and house allowance. In CBE employees are given an annual bonus which depends on how successful the bank is in that financial year and it differs from branch to branch based on their performance. The bonus is given to all employees following their monthly salary; it doesn't depend on employees' performance in the bank or branches. It is the most common type of reward. The decision regarding the amount of the bonus that should be given is decided by board of directors and top management. The labor union participates in the determinant of salary incremental.

4.6.2. Job Security

One hundred percent of employees in CBE feel secured in their job. All employees in CBE are permanent. Their employment security is still certified to the public sector regulation which makes difficult to be sacked.

4.6.3. Promotion and Career Development

In CBE, there is no clear promotion and career advancement. The promotion of the employee is done only when there is a vacancy in the bank; if there is no vacancy, then employees remain in the same position for years.

4.6.4 Training

Training is an important determinant of the bank's performance. A variety of human resource management practices are related to the development of the human resource of the bank. The bank's investments on both technical and nontechnical trainings are likely to have a positive impact on the extent to which the bank actually succeeds in developing the skill or knowledge of its employees. CBE offer on-the job training and off the job training.

4.6.5 Salary

CBE uses single salary system for both managerial and non managerial employees. All branches wherever they are located are being served by a single salary system.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

In this chapter the researcher presented the summary of major findings, the conclusions and recommends some options for commercial bank of Ethiopia concerned body(s) to improve the work motivational status of employees.

5.1. Summary of Major Finding

The data reveals that majority of the respondents 61.9% were male, while, 38.1% respondents were female. It is also evident from the demographic distribution most of the respondents 70.6% are aged between 21-35 years old. As also reveals from the demographic distribution majority of respondents 81.9% were degree holders. Furthermore, majority of the respondents 57.8% were customer service officers and almost half of the respondents were a service year between 1-5 years.

The findings of the study also shows that commercial banks of Ethiopia employees in Ethiopia value hygienic factors more than the motivational factor, it is evident that 75.4% employees of CBE employees agreed and strongly agreed (responded positively) to each hygienic factors however, about 59.9% employees of commercial bank of agreed and strongly agreed (responded positively) to motivational factors. The study also found out a significant positive relationship between hygienic factors and employee performance of Commercial Bank of Ethiopia.

The two categories of motivational strategies which are identified in CBE are namely hygiene and motivation package. The element identified hygiene factor enhances salary, fringe benefit (various allowance), car and mortgage loan and motivation factors are recognition, role and responsibility, training and development, growth and opportunity. The employee of CBE are interested in hygiene factor particularly enhances salary and fringe benefits. This show that the employees' desire short term reward to meet their physiological need and are satisfied when rewarded to steed on achieving their target.

The joy of every employee produces a conducive and friendly business environment for customer to be served. The inner satisfaction produces some high moral for the core employees

to give out their best in terms of service delivery. The service delivery time would be fast for the bank to make more profit since turnover rate for servicing customer is high.

The study conclude that motivational package had influenced employee to come to work early, stay longer to work, serve customers cheerfully with great joy. This reduces absenteeism and ensures that the daily activities of the bank are discharged with ease.

The majority of the respondent indicates that the office environment poses a good image about the bank to its customers. The good office equipment and atmosphere to do business attract more business and increase employee performance. The health and occupational hazard of worker is addressed by making the office attractive for work.

The ideas of employees' are considered in the decision making of the bank. Therefore, the bank is able to stress on their challenge in terms of motivational issue. Majority of the employee indicates that without hygiene package, the desired result to be achieved at the branch level and also at corporate level would be difficult.

5.2 Conclusion

The study was designed to assess the impact of Motivation- hygiene factors on employee performance in Commercial Bank of Ethiopia. Reward systems are one of the most studied and written subjects in the field of management and organizational behaviors; however, it remains one of the less understood terms. This study has been undertaken to compare the impacts of hygienic and motivational motivation factors on employees' performance. Therefore, based on the findings of the study, in light of the objective(s) and hypothesis, the researcher concluded that the employees' of Commercial Bank of Ethiopia are motivated more by hygiene factors than motivational factors.

It could, therefore, be concluded that CBE employees enjoy both hygiene and motivational package but the majority prefer more of the hygiene package which the bank should provide than motivational package.

There is a significant impact of hygiene motivational package on employee performance and if the hygiene motivation packages are withdrawn, there would be zero percent of employees' performance level. A change in the level of hygiene motivation will result almost the same proportional change in the level of performance.

The motivation-hygiene factors that the bank currently uses to increase its employees' performance are fringe benefit, job security, salary, promotion and career development. Accordingly, as long as majority of the bank's employees are motivated by hygiene factors, the bank should provide them with a fair and competitive salary and fringe benefit so as to gain the best out of them.

Management must ensure that most employee needs must be identified and satisfied to enhance performance. Besides that, every needed resource must be provided to the manager and ideas from employees should objectively be evaluated and if relevant, used to assist operations and push the branch to achieve its performance target and overall goals of the bank at large.

The researcher concluded that when employees are motivated, they are able to turn the fortune of the bank in terms of increased performance. A highly motivated employee's agility can effectively reduce operational cost without compromising service quality and profitability.

5.3. Recommendation

The following recommendations have been made based on the finding:

- The researcher suggested that in order to fulfilling the basic necessities of life of employees and to motivate employees better, both sector commercial bank incentive planner design appropriate benefit packages
- To improve work performance, top managers should ensure that the application of different motivation strategies should be done in such a way that staff do not get too use to it and value it less. In other words, it should be done intermittently with significant time interval. In most cases, revising salary and different allowances.
- The researcher suggested that the commercial bank management should give appropriate recognition to its employees, for instances, say "thank you" when an employee's has put an extra effort to accomplish his/her task(s). Rewarding exceptional new performance

also inspires colleagues to improve their contribution in the workplace. All these boil down to the point that employee recognition is, certainly, a vital element to motivate employees.

- The researcher also suggests that commercial banks of Ethiopia should ensure a safe, open and trusting work environment to motivate employees better.
- The bank should provide all the necessary resources (information, tools, equipment's etc.) to the employees to perform their duties efficiently and effectively. As the company expects the employees to perform their best, the company also should provide materials, spaces, and conducive work place that could help the employees to do so.
- Managers should recognize the effort of employees and appreciate their valuable performance towards organization as getting recognition from the manager gives employees more fulfillments.
- The majority of employee are customer service officers and thus, these employees should be motivated with meritorious promotion, job rotation and job enrichment to reduce boredom and challenge to be innovative
- The period for hygiene motivational package to long serving staff could be reviewed down or reduced so that meritorious staff with lesser period of service may also benefit from it.

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PART II: GENERAL QUESTIONS

Please answer the following questions by ticking only one appropriate box on the side of each question, where (SA) = Strongly Agree, (A) = Agree, (N) = Neutral, (D) = Disagree, (SD) = Strongly Disagree, which best corresponds with your opinion.

Hygiene Factors	Rating Scale				
	SA	A	N	D	SD
Financial Reward motivates me most at work?					
Bonuses should not be part of the company policy					
My company provide fair promotion opportunities					
Rewards should be based on performance					
Promotion should be based on performance					
Incentives are important for motivation of workers					
It seems that fat salaries are the best tools with which to motivate workers					
Workers will still perform well even if their salary is delayed					
Workers put to their best when they are placed on little or no incentive package					
Rewarding good work and excellence can contribute to more excellence and healthy competition					
Only monetary rewards can bring out the best in workers					
I am happy with my salary					
Motivational Factors					
I know how my success is measured					
Well-motivated staff has a positive attitude towards work					
My boss recognizes the extra effort I put at work					
I like more challenging task at work					
I am well aware of the company's comprehensive goals					
I am satisfied with the working condition					
The bank values my service					
It is essential for managers to empower employees					
My job is beneficial to my career					
My boss allows me to have my ability fully utilize					
CBE encourages me to work harder					
Inter-Personal relationship between top management and staff should be encouraged					
Staff work best when working equipment and facilities are adequately provided					
It's enjoyable to go to work					

Performance	Rating Scale				
	SA	A	N	D	SD
Reward contributes to a higher performance					
Employees are committed to their performance even if no reward is there					
Bonuses greatly affect employees' performance than other rewards					
Receiving credit for a good performance affects one's morale at work					
Workers' welfare should be a paramount issue of concern to top management who wish to have higher productivity					
The bank values my performance					

Thank You!