



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**EMPLOYEE JOB MOTIVATION AND ITS INFLUENCE  
ON SERVICE QUALITY AT COMMERCIAL BANK OF  
ETHIOPIA-HEAD OFFICE**

**BY**

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**JUNE , 2018  
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL  
OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTERS OF  
BUSINESS ADMINISTRATION**

**JUNE , 2018  
ADDIS ABABA, ETHIOPIA**

**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
FACULTY OF BUSINESS**

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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the supervision of Alula Tessema (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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**June , 2018**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduates Studies for examination with my Approval as a University Advisor.

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Advisor

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**June , 2018**

## **ACKNOWLEDGEMENTS**

First, I would like to thank Almighty God for his faithfulness and protection to do my study and to encounter challenges . I would like to extend my gratitude to my advisor Alula Tessema (PhD) for his dedicated support and guidance that he offered me throughout my research process. My thanks and appreciation also goes to CBE Head office staff members who took their time to respond to the survey question and participated in the interview protocol.

Finally, I would like to express my appreciation, love and indebtedness to my family, specially my Husband and beloved Children's for giving their time and also my friends who were helped me with morale, support and encouragement to complete my study successfully.

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## **LIST OF ACRONYMS**

ATM : Automatic Teller Machine

CBE : Commercial Bank Of Ethiopia

IB : Internet Banking

IFB : Interest Free Banking

MB : Mobile Banking

SPSS 20 : Statistical Package for Social Science Version 20

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## **ABSTRACT**

Work place job motivation plays a key role to ensure workplace productivity and better service quality of employees. The purpose of this study is to identify how and to what extent job motivation can influence employees service quality at Commercial Bank of Ethiopia Head office. The research design and approach used for this study were descriptive and a mixed qualitative and quantitative data collection methods were used. This study used 349 sample size and stratified random sampling technique, which helps to get high precision and provide us a sample that is highly representative of the population being studied. SPSS version 20 data analysis and interpretation software were used to analyze and measure the percentage, mean and standard deviation of returned questionnaire and also used to describe respondents profile such as age, gender, year of service in the bank and their perception on motivation. The findings of the study confirm that promotion, salary and benefit, recognition, achievement, work content and company policy were identified as major factors to influence employee productivity. The research result would help the bank to work on adjusting the existing salary and benefit structure, to set and implementing clear promotional and motivational policy, providing proper recognition for employees for their achievement and accomplishments to forward employees to exert more and to improve employees job excellence.

***Key words: Intrinsic Motivation, Extrinsic Motivation, Service Quality***

# CHAPTER ONE

## INTRODUCTION

This chapter contains background of the study, background of the organization, statement of the problem, general and specific objectives of the study, definition of key terms, significance of the study, scope of the study, limitation of the study and organization of the paper. The researcher were identify employee job motivation and its influence on service quality in the case of Commercial bank of Ethiopia.

### 1.1 Background of the Study

The concept of motivation is complex as numerous researches carried out and various theories put forward in order to explain and attempt to understand it. Currently, motivation is a source of frequent debates and is an issue of great significance and concern for both employees and employers. Rue and Byars (1992) positioned that motivation comes from Latin word *Movere*, which means to move. Several definitions are given for the term. Such as aim, desire, end, impulse, intention, objective and purpose. These definitions normally include three common characteristics of motivation. First, motivation is concerned with what activates human behavior. Second, motivation is concerned with what activates human behavior toward a particular goal. Third, Motivation is concerned with how this behavior is sustained. Other researcher Pinder (1998) describes work motivation as the set of internal and external forces that initiate work related behavior, and determine its form, direction, intensity, and duration. Work motivation is a middle range concept that deals only with events and phenomena related to people in a work context. The definition recognizes the influence of both environmental forces (e.g. organizational reward systems, the nature of work being performed) and forces inherent in the person (e.g. individual needs and motives) on work related behavior (Devadass, 2011).

According to Jones and George (2009), Motivation is defined as psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence in the face of obstacles. *The direction of a person's behavior* refers to the many possible behaviors that a person could engage in. *Efforts* refers to how hard people work. It explain employees level of effort to provide superior customer service. *Persistence* refers to whether, when faced with roadblocks and obstacles, people keep trying or give up.

Motivation can come from intrinsic and extrinsic sources. Intrinsically motivated behavior is a behavior that performed for its own sake; the source of motivation is actually performing the behavior, and motivation comes from doing the work itself. Many managers are intrinsically motivated, they derive a sense of accomplishment and achievement from helping the organization to achieve its goal and gain competitive advantage. Extrinsically motivated behavior is a behavior that is performed to acquire material or social rewards or to avoid punishment; the source of motivation is the consequences of the behavior, not the behavior itself. They also argue that whether workers are intrinsically motivated, extrinsically motivated, both depends on a wide variety of factors (1) workers own personal characteristics such as their personalities, abilities, values, attitudes and needs, (2) the nature of their jobs such as whether they have been enriched and (3) the nature of the organization (such as its structure, its culture, its control system, its human resource management system and the ways in which reward such as pay are distributed to employees) (Jones and George, 2009).

Motivation increases the willingness of the workers to work, thus increasing effectiveness of the organization . A highly motivated person will work hard towards achieving performance goals. With adequate ability and understanding of the job, such a person will be highly productive. According to Thakur, Burton and Srivastava (1997), motivation deals with the ways that people behave. *Motivation* may be defined as those forces that cause individuals to behave in particular ways. Motivation encompasses all those pressures and influences that trigger, channel, and sustain human behavior. Managers are required to work with and through people, so they must acquire at least some understanding of the forces that will motivate the people they are to manage. What motivates one worker or one work group may not motivate another. Most successful managers have learnt to better understand the concept of human motivation and are able to use that understanding to achieve high standards of subordinate work performance. Motivation leads or energize employees to give high quality service to customers due to their satisfaction.

Jun and Cai (2010) identifies the importance of the satisfaction of employee as internal customers in the organization and their significant influence at the quality of internal services. Workers within any service provider organization have a major role in the effective and evaluate the quality of internal services. Employees are considered customers within the organization, which in some researchers work is seen that the

internal customer's in the organization is the final judge of the quality of service provided. Kuei (1999) found out that there is also evidence for the link between increased satisfaction among employees, improving the product quality and increase customer satisfaction. This is due to the existence of a positive correlation between internal service quality, satisfaction of employees and retain customers.

To increase the quality of services within the organization it must be organized to improve the efficiency of its employees by training and rehabilitation, and to improve their behavior, and achieve the common cooperation among workers in the organization as a team without internal conflict that may affect at the service provided. This therefore, can maintain a high level of internal service and leads to a high level of services provided to customers (Bellou and Andronikidis , 2008).

The intense competition between banks confirmed that the importance of customer satisfaction to pursue perfect services and increase profit. This outcome depends on the quality in internal service and on the behavior of workers providing service to customers that leads to customer satisfaction (Bellou and Andronikidis, 2008). Malhotra and Mukherjee (2004) identify that service provider organizations are looking to be effective and distinctive depends on the degree of satisfaction of its users or customers who are the main objective of these organizations.

Whilst reliable information systems and the latest technology are important, in today's expanding service industry, employees remain the most precious assets in any organization. How well employees perform and their commitment at work are crucial factors to the success of their organization; and in today's modern work, where there is increasing competition worldwide, organizations simply cannot afford to have a demotivated workforce or even lose good employees to poor motivation. Therefore, motivation of such employees is an essential role of any manager, yet, it is also amongst the most challenging tasks to perform effectively. Managers must clearly understand and be aware of the factors that define motivation of their workforce because, by doing this, they are able to evaluate employees' efforts to work efficiently and effectively to achieve desired goals of the business. Managers must also be aware of the fact that there are individual difference with unique character among employees.



Hence, managers should take account of these variations when motivating them. Motivated employees are more productive, more engaged and invest their full capacity in their work (Malhotra and Mukherjee, 2004).

## **1.2. Background of Commercial Bank of Ethiopia**

The history of Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia. Commercial Bank of Ethiopia was established in August 1942 G.C as a State Bank of Ethiopia with charter under the general notice no. 18/1943 with the aim of providing commercial banking service to the public. The bank also functioned as the principal commercial bank in the country, engaged in all commercial banking activities. But a year later, in addition to its commercial banking functions, the bank was entrusted with three basic duties as a central bank i.e controlling the issuance of currency, holding the foreign reserves of the country and acting as fiscal agent of the government (Belay,1987).

Since its establishment up to 1963 G.C, CBE combined these official and private functions acting as a central bank to deposit bank operation in the country. Commercial Bank of Ethiopia (S.C) was incorporated as a share company in December 1963 G.C, per proclamation no.207/1955 to take over the commercial Banking activities of the former state bank of Ethiopia and to carry out all types of banking business and operations. In 1974, Commercial Bank of Ethiopia merged with the privately owned Addis Ababa Bank. Since then, the bank plays a catalytic role in the economic progress and development of the country (Belay,1987).

Currently, CBE carries a comprehensive banking business such as, providing different types of loans, Internet Banking (IB), Mobile Banking (MB), ATM/Visa card, Interest free banking (IFB), different types of saving deposits, providing local and foreign money transfer and facilitating domestic and international trade in and between the country with the help of its above 1235 branches and around 35,365 employees all over the country as of march 31, 2018 .

The CBE is expected to play a pivotal role in financing the development efforts of the country in national priority areas. Driven by the ambitious and ever-growing demand of stakeholders, the bank has been working hard to become a world class commercial bank that meets the expectation of all stakeholders. To this end, CBE has reengineered its business process and transformed from a functionally- oriented bank into a process

based institution that strives for efficient and effective service delivery. This paradigm shift has radically changed the bank in general and its human resources management system in particular.

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

Ethiopia has shown a progressive growth in the expansion of banking industry especially in introducing new type of bank products. Commercial Bank of Ethiopia (CBE) is the pioneer Government owned bank among the private banks established in the country and has several type of products with competent and skilled manpower. CBE has a vision of becoming a world class commercial bank (CBE Website). This vision will be fulfilled through competent, experienced and well motivated employees. Employees are an asset for an organization to its existence. So, for an organization to meet its goals, employees should be motivated enough. In today's competitive and challenging business environment, the management must try to acquire or retain a well educated, motivated and experienced workers to be competitive and profitable financial organization.

The factors responsible for low employee motivation and high turnover, as revealed through the preliminary research, are low salary, restructuring and job insecurity, increased employment opportunities elsewhere, issues of personal safety and security, lack of respect and appreciation, lack of development opportunities and work culture within the workplace. The working environment additionally contribute to the difficulty of retaining motivated and skilled personnel and further responsible to high staff turnover rate in Commercial bank of Ethiopia. Working under stress such us high work load, uncomfortable working environment and inequality in salary payment demotivated employees in order to execute their job effectively (Elshaday, 2016).

Even though Commercial bank of Ethiopia having an entirely human resource department and have been coordinating the human resource issues like salary and benefit, promotion, reward, learning and growth, carrier development and other financial and non financial problems caused employee dissatisfaction which has an adverse effect on productivity and service quality. It cannot be left entirely to personnel experts in human resource department but also line managers in the various departments have to be involved in the delivery and derive of human resource policies.

According to previous study, Elshaday (2016) conducted a research on the assessment of motivational practice of CBE, she stated on her study that the bank is not exercising any formal motivational techniques and strategies to enhance employees' work motivation. So, from the previous study and researcher's judgment currently general problem inherent in CBE, is lack of consistent motivational scheme, irregular promotional structure, unable to consider previous role of employee position and lack of recognition of workers achievements. All these reduce workers morale and consequently affect their efficiency or performance to give quality service and this leads to decrease productivity and increase employees' turnover.

However, it is not known what types of financial or non- financial motivational scheme were used to determine employees motivation to influence their service quality at commercial bank of Ethiopia. It is, therefore, this study sought to address the gap by enquiring on the influence of job motivation on employees service quality at commercial Bank of Ethiopia Head office.

#### **1.4. Research Questions**

The study will answer the following research questions:

1. What policy and procedures does CBE follow to provide motivational schemes to employees?
2. How does intrinsic and extrinsic motivation factors affect employee service quality at CBE?
3. Is there any relationship between employees motivational factors and service quality?
4. Is the bank management transparent in motivating employees based on clarity set performance criteria which is known by employees?
5. What improved ideas can you provide on employees' job motivation to influence their service quality?

#### **1.5. Objective of the Study**

The objective of this study is to assess employee job motivation and its influence on service quality at Commercial Bank of Ethiopia Head office.

### **1.5.1 General Objective**

The General objective of this study is to find out the intrinsic and extrinsic motivational factors that persuade employee job motivation and its influence on service quality in the case of Commercial Bank of Ethiopia.

### **1.5.2 Specific Objectives**

1. To identify extrinsic and intrinsic motivational factors that affect employees service quality and productivity.
2. To find out any relationship between motivational factors and service quality of staff of Commercial Bank of Ethiopia.
3. To find out whether motivation has any effect on service quality of bank employees.
4. Forward suggested solution to top management of CBE based on findings

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

The results of this study expected to help the executives of human resource management and line managers of Commercial Bank of Ethiopia to understand different issues of employees motivational schemes and strategies that could satisfy and motivated staffs to ensure productivity and service quality to customers. The study also used as an input for bank stakeholders and a benchmark for future researchers.

### **1.7. Scope/Delimitation of the Study**

Although there are many branches of Commercial Bank of Ethiopia all over the country and in Addis Ababa, the study is bordered to head office of CBE so as to make information being easily and accurately available. Head office is selected due to time and financial constraint face by the researcher to cover the whole population.

The study is conceptually constrained to examining job motivation and its influence on service quality given by CBE head office staffs by considering intrinsic and extrinsic motivational factors specifically selected types of motivational factors such as Achievement, Work content, Recognition, Promotion, Payment/salary and Company policy.

## 1.8. Operational Definition of key Terms

**Motivation:** refers to it is a psychological process within an individual that drives a certain behavior to achieve set goals. It is the result of processes, Internal or external to the individual that arouse enthusiasm and persistence to pursue a certain course of action. Motivated employees are willing to exert a particular level of effort that is intensity for a certain amount of time; Persistence toward a particular goal; direction (Shanne and Glinow, 2008).

**Service Quality:** According to Parasuraman, Zeithaml, and Berry (1988) Service quality can be defined as an overall judgment similar to attitude towards the service and generally accepted as an antecedent of overall customer satisfaction. Parasuraman *et al.* (1988) have defined service quality as the ability of the organization to meet or exceed customer expectation.

**Intrinsic motivation:** is motivation that comes from within an employee himself. It is self generated factors that persuade people to behave in a particular way or direction. Intrinsic motivation factors include responsibility, autonomy (freedom to act) , opportunities to achieve and advance, and scope to use and develop their skills and abilities. Employees are intrinsically motivated to work when the work itself motivates them. It is a motivation by the work itself (Armstrong and Taylor, 2014).

**Extrinsic motivations:** are external factors that causes an employee to act toward fulfillment of a task or goal. It occurs when things are done to or for people in order to motivate them. They are usually punishments or rewards. A punishment motivates an employee to act in order to avoid the punishment, while rewards motivate an employee to act in order to receive the reward. This includes rewards, such as increased pay, praise or promotion, and punishments such as disciplinary action (Armstrong and Taylor, 2014).

**Working Environment:** includes stresses, influences and competitive situation, civilizing, demographic, political, regulatory, and environmental factors that affect the survival of operations and development of an organization.

## **1.9 Organization of the Paper**

The study will be organized into five chapters. Chapter one deals with introduction, back ground of the study, statement of the problem, research questions, objective of the study, significance of the study and definition of key terms. Chapter two focus with a review of related literature, the theoretical and empirical study and conceptual framework of the study. The third chapter cover the research design and methodology, data sources and types, data collection methods and sampling technique. Chapter four cover data analysis of the study, discussion and presentation of the results. The fifth chapter present summary of major findings, conclusion, recommendation

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

This chapter reviews the literature of important concepts of motivation, Types of motivation: Intrinsic motivation and Extrinsic motivation, two motivation theories Need theories of motivation its component; Maslow's theory of need, Alderfer ERG theory, McClelland's theory of need, Herzberg's theory of Hygiene, and Process theories of Motivation; Expectancy theories, Goal setting theory, Equity theory, Cognitive evaluation theory, Empirical review of intrinsic and extrinsic motivation,

#### 2.1 Theoretical Review

##### 2.1.1 Concept of Motivation

Motivation is the force that energizes, directs and sustains behavior. A motive is a reason for doing something. Well-motivated people who are those with clearly defined goals, prepared to exercise discretionary efforts who take action that they expect will achieve those goals and high performance (Armstrong and Taylor, 2014) .

According to Armstrong and Taylor (2014) the term 'motivation' derives from the Latin word for movement (*movere*). Motivation is the strength and direction of behavior and the factors that influence people to behave in certain ways. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal and a valued reward – one that satisfies their needs and wants. The term 'motivation' can refer variously to the goals that individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behavior. Locke and Latham (2004: 388) cited by Armstrong and Taylor (2014) observed that: 'the concept of motivation refers to internal factors that impel action and to external factors that can act as inducements to action.' As described by Arnold *et al* (1991) the three components of motivation are: Direction– what a person is trying to do; Effort- how hard person is trying; Persistence - how long a person keeps on trying.

According to Hiriyappa (2009) motivation is the term used to describe the forces within the individual that account for the level, direction, and persistence of effort expended at work. Rue and Byars (1992) positioned that motivation comes from Latin word *Movere*, which means to move. Several definitions are given for the term, such words as aim, desire, end, impulse, intention, objective and purpose.

These definitions normally include three common characteristics of motivation. First, motivation is concerned with what activates human behavior. Second, motivation is concerned with what activates human behavior toward a particular goal. Third, motivation is concerned with how this behavior is sustained. To Bruce (2003) motivation is about cultivating the human capital. The challenge does not lie on the work itself, but on the managers, the person who creates and manage the work environment.

According to Jones and George (2009), motivation is defined as psychological forces that determine the direction of a person's behavior in an organization, a person's level of effort, and a person's level of persistence in the face of obstacles. *The direction of a person's behavior* refers to the many possible behaviors that a person could engage in. For example, employees should do whatever is required to meet customers' needs and don't have to ask permission to do something to provide superior customer service. Effort refers to how hard people work. *Persistence* refers to whether, when faced with roadblocks and obstacles, people keep trying or give up .

Motivation is central to management because it explains why people behave the way they do in organizations. Motivation can come from intrinsic and extrinsic sources. Intrinsically motivated behavior is a behavior that performed for its own sake; the source of motivation is actually performing the behavior, and motivation comes from doing the work itself. Many managers are intrinsically motivated, they derive a sense of accomplishment and achievement from helping the organization to achieve its goal and gain competitive advantage. Jobs that are interesting and challenging are more likely to lead to intrinsic motivation than are jobs that are boring or do not use a person's skills and abilities (Jones and George, 2016).

Extrinsically motivated behavior is a behavior that is performed to acquire material or social rewards or to avoid punishment; the source of motivation is the consequences of the behavior, not the behavior itself. Jones and George (2016) also argue that whether workers are intrinsically motivated, extrinsically motivated, both depends on a wide variety of factors;(1) workers own personal characteristics (such as their personalities, abilities, values, attitudes and needs) , (2) the nature of their jobs such as whether they have been enriched and (3) the nature of the organization (such as its structure, its culture, its control system, its human resource management system and the ways in which reward such as pay are distributed to employees).



Regardless of whether people are intrinsically or extrinsically motivated, they join and are motivated to work in organizations to obtain certain outcomes. Some outcomes such as autonomy, responsibility, a feeling of accomplishment, and the pleasure of doing interesting or enjoyable work result in intrinsically motivated behavior. Other outcomes such as pay, Job security, benefits result in extrinsically motivated behavior (Jones and George, 2016).

Well-motivated people engage in positive discretionary behavior – they decide to make an effort. Such people may be self-motivated, and as long as this means they are going in the right direction to attain what they are there to achieve, then this is the best form of motivation. But additional motivation provided by the work itself, the quality of leadership, and various forms of recognition and reward, builds on self-motivation and helps people to make the best use of their abilities and to perform well (Armstrong and Taylor, 2014).

## **2. 2 Types of Motivation**

According to Armstrong and Taylor (2014) there are two types of motivation: Intrinsic Motivation and Extrinsic Motivation.

### **2.2.1 Intrinsic Motivation**

Intrinsic motivation can come up from the self generated motivational factors that influence people's or employees' behavior. Intrinsic motivation is not created by external incentives. It can take the form of motivation by the work itself when individuals feel that their work is important, challenging and interesting and that it provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. Deci and Ryan (1985) suggested cited by Armstrong and Taylor (2014) that intrinsic motivation is based on the need to be competent and self-determining (that is, to have a choice). Michael Sandel (2012: 122) cited by Armstrong and Taylor (2014), remarked that: ‘When people are engaged in an activity they consider intrinsically worthwhile, offering money may weaken their motivation by “crowding out” their intrinsic interest or commitment’. Intrinsic motivation can be enhanced by job design. Katz (1964) suggested that jobs should in themselves provide sufficient variety, complexity, challenge and skill to engage the abilities of the worker.

According to Hackman and Oldham (1974), cited by Armstrong and Taylor (2014) emphasized that the importance of five core jobs dimensions that result in intrinsic motivation, namely: skill variety, task identity, task significance, autonomy and feedback.

### **2.2.2 Extrinsic Motivation**

Extrinsic motivation exist when things are done to or for people to motivate them. Extrinsic motivation include rewards such as incentives, increased pay, praise or promotion; and punishments such as disciplinary action. Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. When people are motivated extrinsically such as pay or recognition, the aim is to make a direct impact on individual performance. The intrinsic motivators, which are concerned with the 'quality of working life' are likely to have a deeper and long term effect because they are inherent in individuals and their work and are not forced from outside in such forms as incentive pay (Armstrong and Taylor, 2014).

## **2. 3 Theories of Motivation**

### **2.3.1 Needs Theories of Motivation**

Theories of motivation mainly fall into one of two categories: Needs or content theories and process theories. Needs theories explain the types of needs that must be met in order to motivate individuals and employees. Process theories help us to understand the actual ways how individuals can be motivated. Its emphasis is on the psychological or mental processes and forces that affect motivation. Needs theories includes Maslow's hierarchy of needs, Alderfer's ERG theory, McClelland's theory of need and Herzberg's motivation hygiene or two factor model theory.

### **2.3.2 Maslow's Hierarchy of Needs Theory**

According to Armstrong (2006) the most famous and best known theory of motivation is Abraham Maslow's hierarchy of needs theory that is formulated by Maslow (1954).

He suggested that there are five major need categories that apply to people in general, starting from the fundamental physiological needs and leading through a hierarchy of safety, social and esteem needs to the need for self fulfillment, the highest need of all. Maslow's hierarchy is as follows:

**1. Physiological** – the need for oxygen, food, water and sex.

**2. Safety**– the need for protection against danger and the deprivation of physiological needs.

**3. Social**– the need for love, affection and acceptance as belonging to a group.

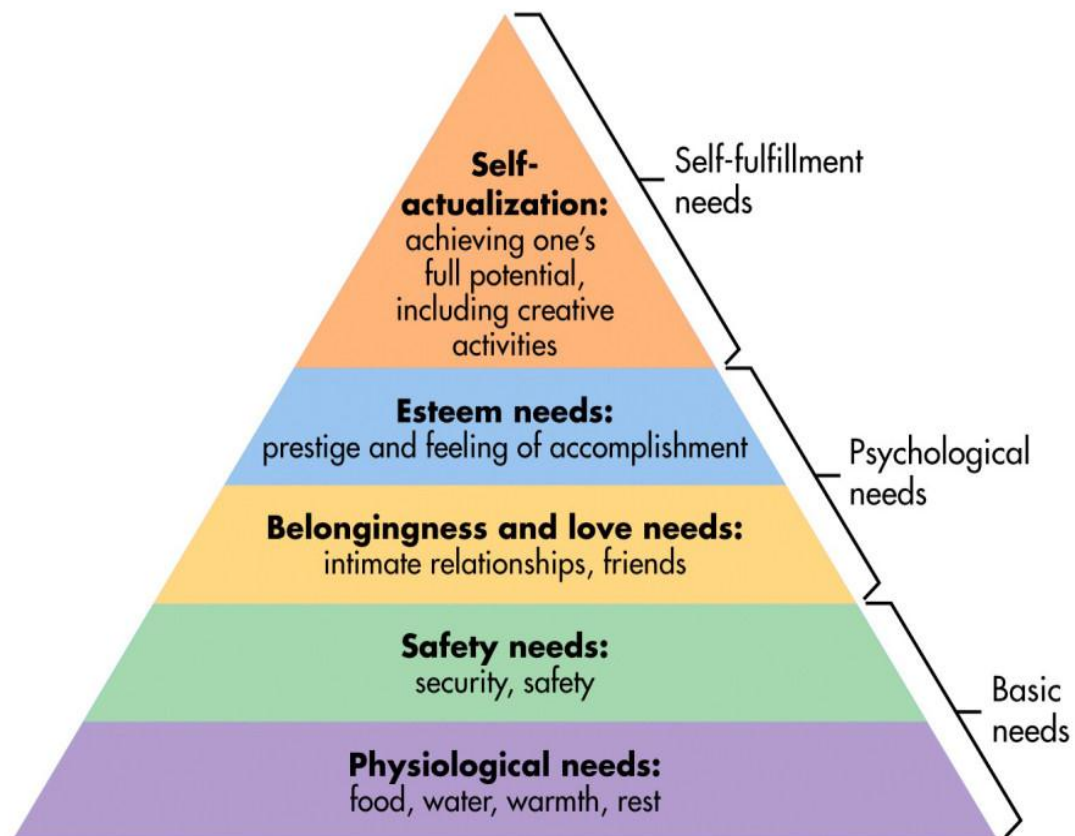
**4. Esteem**– the need to have a stable, high evaluation of oneself (self-esteem) such as self respect, autonomy and achievement and external esteem factors such as the desire for reputation recognition and attention.

**5. Self-fulfillment (self-actualization)** – the need to develop potentialities and skills, to become what one believes one is capable of becoming.

Maslow's theory of motivation states that when a lower need is satisfied the next highest need becomes dominant and the individual's attention is turned to satisfying this higher need. As shown in Fig. 2.1, a person moves up the steps of the needs hierarchy to satisfy individual needs.

According to Maslow's, if we want motivate someone, we need to understand what level of the hierarchy that person is currently on and focus on satisfying the needs at or above that level. The need for self fulfillment, however, can never be satisfied from the perspective of motivation. 'Man is a wanting animal'; only an unsatisfied need can motivate behavior and the dominant need is the prime motivator of behavior. Psychological development takes place as people move up the hierarchy of needs, but this is not necessarily a straightforward progression. The lower needs still exist, even if temporarily dormant as motivators, and individuals constantly return to previously satisfied needs. One of the implications of Maslow's theory is that the higher-order needs for esteem and self-fulfillment provide the greatest impetus to motivation – they grow in strength when they are satisfied, while the lower needs decline in strength on satisfaction.

Maslow's needs hierarchy has an intuitive appeal and has been very influential. It is easy to understand. But it has not been verified by empirical research such as that conducted by Wahba and Bridwell (1979), cited by Armstrong and Taylor (2014), and it has been criticized for its apparent rigidity. Different people may have different priorities of their needs and it is difficult to accept that people's needs progress steadily up the hierarchy. In fact, Maslow himself expressed doubts about the validity of a strictly ordered hierarchy.



**Fig 2.1 Maslow's Hierarchy of Needs**  
[www.Abraham Maslow's hierarchy of needs](http://www.AbrahamMaslow.com)

Maslow's proposed that there is a hierarchy of human needs which must be satisfied. Some of these needs are more dominant than other needs. Maslow's argue that other needs have little effect on an individual behavior until the most powerful needs are satisfied. We satisfy the most powerful needs first and move to the less powerful ones. when one need is satisfied and it is less important to us, other needs come up and becomes motivator of our behavior ( Joshi, 2013) .

### 2.3.3 Alderfer ERG Theory

Maslow's hierarchy of needs theory has been criticized for being difficult to distinguish the level of importance of needs. Alderfer (1969) argued that Maslow's hierarchy of needs can be modified to overcome these criticisms and grouped under three needs: *Existence, Relatedness and Growth*, referred to as ERG theory. Existence needs comprise Maslow's psychological and safety needs. Relatedness needs cover all Maslow's social needs and some of the esteem needs. Growth needs are similar to Maslow's self-actualization needs where individual potentials are realized fully. Alderfer believes that it is not necessary for one level of needs to be satisfied before other needs to emerge. He suggests that different needs can be active simultaneously due to the complex nature of individuals. However, Alderfer's ERG theory is not tested empirically beyond his own efforts and the universality of his theory remains to be proven (Senyucel, 2009).

Alderfer (1972) cited by Armstrong and Tylor (2014) produced a more convincing and simpler theory, which postulated three primary categories of needs. They are Existence needs such as hunger and thirst – pay, fringe benefits and working conditions are other types of existence needs. Relatedness needs, which acknowledge that people are not self-contained units but must engage in transactions with their human environment – acceptance, understanding, confirmation and influence are elements of the relatedness process. Growth needs, which involve people in finding the opportunities to be what they are most fully and to become what they can. This is the most significant need.

### 2.3.4 McClelland's Theory of Needs

An alternative way of classifying needs was developed by McClelland (1961), who based it mainly on studies of managers. He identified three needs of which the need for achievement was the most important:

- **The need for achievement** - defined as the need for competitive success measured against a personal standard of excellence.
- **The need for affiliation** - defined as the need for warm, friendly, compassionate relationships with others.
- **The need for power** - defined as the need to control or influence others.

Some people have a convincing drive to succeed. They are striving for personal achievement not the rewards of success.

They have a desire to do something better or more efficiently than it has been done before. This drive is the need for achievement. The need for power is the need to control or influence others. It is the desire to have impact , to be influential and to control others. They prefer to be placed in competitive and status oriented situations and more concerned to get prestige gaining influence over others than with effective performance. The third need stated by McClelland is affiliation. Individuals with a high affiliation motive strive for friendship, prefer cooperative situation rather than competitive one (Robbins, 2005).

### **2.3.5 Herzberg's Two-Factor Model**

Frederic Herzberg assert his theory to find out a two factor theory of Motivation. The two-factor model of motivation developed by Herzberg (1957, 1966) was based on an investigation into the sources of job satisfaction and dissatisfaction of accountants and engineers who were asked what made them feel exceptionally good or exceptionally bad about their jobs. According to Herzberg, this research established that there were two factors that affected feelings of satisfaction or dissatisfaction. Motivating factors or 'satisfiers' relate to the job content and consist of the need for achievement, the interest of the work, responsibility and opportunities for advancement. These needs are the intrinsic motivators. He summed this up in the phrase 'motivation by the work itself'. Hygiene factors relate to the job context, including such things as pay and working conditions. 'Hygiene' is used in the medical use of the term, meaning preventative and environmental. In them-selves hygiene factors neither satisfy nor motivate and they serve primarily to prevent job dissatisfaction, while having little effect on positive job attitudes. Pay is not a satisfier but if it is inadequate or inequitable it can cause dissatisfaction. However, its provision does not provide lasting satisfaction (Armstrong and Taylor ,2014).

According to Senyucel (2009) Herzberg (1966) bases his ideas of motivation on two factors: hygiene and motivator. Hygiene factors are extrinsic and they determine the environment that work takes place. When these factors that include money, status, conditions of work, job security, quality of management emerge on a continuum they determine the adequacy (where employees are satisfied) or inadequacy (where employees are dissatisfied) of the work place (McLean et al. 1996) cited by senyucel (2009).

Hygiene factors do not produce job satisfaction; they simply produce good working conditions that provide good hygiene. However, motivational factors are intrinsic, thus different for each individual that includes recognition, acknowledgement, development, and they are associated with work itself. In their absence work is regarded as unsatisfactory and when they are present work is regarded as satisfactory. One should note that if motivational factors are absent, employees may not necessarily be dissatisfied, because the opposite of satisfaction is not dissatisfaction; it is simply no satisfaction (Rollinson, 2008).

According to Wehrich and koontz (1993) Herzberg and his associates found out two factor theory of motivation. In the first group of needs it includes things as company policy and administration, Supervision, working conditions, Interpersonal relation, salary, job security, status and personal life. These are found by Herzberg as dissatisfiers and not motivators. Herzberg called these factors hygiene or job context factors. Herzberg listed in the second group certain satisfiers and therefore motivators that are related to job content. They include achievement, advancement, recognition, challenging work and growth in the job. The existence of these factors will yield feeling of satisfaction or no satisfaction (not dissatisfaction). The first group of factors that are dissatisfiers will not motivate people in an organization, they must be present or dissatisfaction arise. Herzberg found that the second group or the job content factors to be real motivators because they have the potential of yielding a sense of satisfaction.

## **2.4 Process Theories of Motivation**

Need theories are focus on identify the different needs that could be used to motivate individuals, while process theories focus on how someone can set about motivating another individual. In process theory, the emphasis is on the psychological or mental processes and forces that affect motivation, as well as on basic needs. It is also known as cognitive theory because it refers to people's perceptions of their working environment and the ways in which they interpret and understand it. The main process theories are concerned with reinforcement, expectancy, goals, equity, and cognitive evaluation.

### **2.4.1 Reinforcement Theory**

Reinforcement theory is the oldest and least complex of the process theories. Armstrong and Taylor (2014), cited and suggested that, It is based on ‘the law of effect’ as formulated by Thorndike (1911), which states that over time people learn about the relationships between their actions and the consequences of them and this understanding guides their future behavior. In other words, if they believe that something has worked previously then they will do it again. It was later developed by Hull (1943, 1951).

### **2.4.2 Expectancy Theory**

According to Jones and George (2016) Expectancy theory, formulated by Victor H. Vroom in the 1960's, posits that motivation is high when workers believe that high levels of effort lead to high performance and high performance leads to the attainment of desired outcomes. Expectancy theory is one of the most popular theories of work motivation because it focuses on all three parts of the motivation equation: inputs, performance, and outcomes. Expectancy theory identifies three major factors that determine a person's motivation: expectancy, instrumentality, and valence.

Expectancy theory states that motivation will be high when people know what they have to do in order to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile. According to Armstrong and Taylor (2014), The concept of expectancy was originally contained in the valency-instrumentality-expectancy (VIE) theory that was formulated by Vroom (1964). Valency stands for value; instrumentality is the belief that if we do one thing it will lead to another; and expectancy is the probability that action or effort will lead to an outcome. The strength of expectations may be based on past experiences (reinforcement), but individuals are frequently presented with new situations a change in job, payment system, or working conditions imposed by management where past experience is an inadequate guide to the implications of the change. In these circumstances, motivation may be reduced.

According to Robbins (2005), the three factors of expectancy theory stated below

#### **Effort performance relationship**

the effort performance relationship is commonly called expectancy. It refers to the individual's perception of how probable it is that exerting a given amount of effort will lead to good performance (Robbins, 2005).



### **Performance reward relationship**

the performance reward relationship is commonly called instrumentality. It refers to the individual's perception of whether performing at a particular level will lead to the attainment of a desired outcome (Robbins, 2005).

### **Reward-personal goals relationship**

The reward personal goals relationship is commonly called valence. It refers to the degree to which organizational rewards satisfy an individual's personal goals or needs and the attractiveness of those potential rewards for the individual (Robbins,2005). According to expectancy theory, employees are motivated to perform at a high level only if they think high performance will lead to or is instrumental for attaining outcomes such as pay, job security, interesting job assignments, bonuses, or a feeling of accomplishment. In other words , Instrumentalities must be high for motivation to be high. In this circumstances when low instrumentality contributes to their low motivation to be succeed.

### **2.4.3 Goal Setting Theory**

Goal theory as developed by Latham and Locke (1979), cited by Armstrong and Taylor (2014), following their research states that motivation and performance are higher when individuals are set specific goals, when goals are demanding but accepted, and when there is feedback on performance. Goals must be clearly defined. To Armstrong and Taylor (2014), Participation in goal setting is important as a means of getting agreement to the setting of demanding goals. Feedback is vital in maintaining motivation, particularly towards the achievement of even higher goals. According to Jones and George (2016), Goal setting theory focuses on motivation workers to contribute their inputs to their jobs and organizations. The goals organizational members strive to attain are prime determinants of their motivation and subsequent performance. When managers set goals for their subordinates, goals must be specific and their subordinates must accept the goals or agree to work toward them: also, they should be committed to them or really want to attain them. This theory help managers can ensure that organizational members focus their inputs in the direction of high performance and the achievement of organizational goals.

#### **2.4.4 Equity Theory**

Equity theory, as defined by Adams (1965), cited by Armstrong and Taylor (2014), is concerned with the perceptions people have about how they are being treated as compared with others. He proposed that employees assess the fairness or otherwise of their rewards (outcomes) in relation to their effort or qualifications (inputs) and that they do this by comparing their own input/output ratio against that of other individuals. If the input/output ratio is perceived to be unfavorable, they will feel that there is reward inequity.

Jones and George (2016) positioned Equity theory as its focus on the fair distribution of outcomes in organizations to foster high motivation. It refers to an employee's perception of the fairness of the distribution of outcomes (such as promotions, pay, job assignments, and working conditions) in an organization. Employees are more likely to be highly motivated when they perceive distribution is high rather than low. When equity exists, employees are motivated to continue contributing their current levels of inputs to their organizations to receive their current levels of outcomes. If employees wish to increase their outcomes under conditions of equity, they are motivated to increase their inputs.

#### **2.4.5 Cognitive Evaluation Theory**

According to Armstrong and Taylor (2014), Cognitive evaluation theory contends that the use of extrinsic rewards may destroy the intrinsic motivation that flows from inherent job interest. It was formulated by Deci and Ryan (1985). Referring to their research, they stated that: 'Rewards, like feedback, when used to convey to people a sense of appreciation for work well done, will tend to be experienced information and will maintain or enhance intrinsic motivation. But when they are used to motivate people, they will be experienced controlling and will undermine intrinsic motivation.'

### **2.5 The Power of Motivation Influencing Employees Service Quality**

#### **2.5.1 Service Quality**

Service quality has been defined in literature as an overall assessment of service by the customer. Perceived service quality is believed to be resulting from comparison between customers' prior expectations about the service and their perceptions after actual experience of service performance (Parasuraman, Zeitham & Berry, 1985).

Service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman *et al.* 1988). Ladhari (2008) supported the role of service quality and stated that it is considered as an important tool for a firm's struggle to differentiate itself from its competitors. Parasuraman *et al.* (1985) defined service quality as a function of the differences between expectations and performance along the quality dimensions.

Parasuraman, *et al.* (1985) defined service quality as “the degree and direction of discrepancy between consumer’s perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior.” After making a purchase, customers compare the service they expected to get with what they actually receive. They decide how satisfied they are with service delivery and outcomes, and they also make judgments about quality. Following a service encounter, customers may evaluate their levels of satisfaction or dissatisfaction and may use this information to update their perceptions of service quality.

Along with perception, personality, attitude and learning, motivation is an important part of understanding behavior. defines motivation as, “a process that starts with a physiological deficiency or need that activates a behavior or drive that is aimed at a goal incentive”. state that in a system sense, motivation consists of these three interacting and interdependent elements, i.e., needs, drives, and incentives. It is a firm belief of management researchers that, organizational goals are unattainable without enduring commitment of the members of the organization. Motivation is a human psychological characteristic that contributes to a person's degree of commitment. Motivation refers to the resolution of achieving a goal, marked by a goal directed behavior. When we refer to someone being motivated, we imply that the individual is trying hard to perpetrate a certain task. However, motivation alone can't suffice what we require to consummate that task with utmost efficiency. Ability having the skill and knowledge to perform that task is also significant in this regard. Sometimes it becomes the determinant of effectiveness (Nurun Nabi , 2017).

Employees are always directly influenced by motivation to satisfy their esteem, physiological safety, social safety, psychological and self-actualization levels. Herzberg

in (Nurun, 2017) defined job satisfaction as recognition, responsibility, and opportunity for advancement as employee motivation factors.

For any organization, the main reason for running business is to achieve organizational goals, a level of performance set up in terms of different factors. Organizational performance plays the principle role in attaining such goals. Some believe it is simply how content an individual is with his or her job, in other words, whether they like the job or individual aspects or facet of jobs, such as nature of work or supervision. Meeting personal goals help an employee stay motivated and feel about them to continue to produce (Nurun Nabi, 2017).

## **2.6 Bank Employees Motivational Methods in Some Developed Countries**

Motivational strategies are important in offering new ideas for running expanding organizations and motivation insures that employees will work hard enough to see these ideas through to success. To some extent, a high level of employee motivation is derived from effective management practices. To develop motivated employees a manager must treat people as individuals, empower workers, provide an effective reward system, redesign jobs and create a flexible work place. Motivational incentives are driving forces which compel a worker to be dedicated and diligent in his/her work. It is a drive to satisfy an unsatisfied need. It encourages people to achieve goals, influence output and helps to achieve organizational objectives. A well motivated worker will perform optimally and increase his/her productivity. Motivational strategies have been considered as a very important tool in enhancing workers efficiency, productivity and organizational goals (Omilani and Akintolu, 2017).

Increasing motivation in the workplace can help improve performance, raise morale and boost productivity. While different motivators work for different types of employees, there are several common techniques for getting employees excited and energized.

According to McQuerrey L.(2018) there are seven techniques' increasing employee motivation in the work place .

## **Create a Positive Work Environment**

Motivate employees by offering an upbeat, positive work environment. Encourage teamwork and idea-sharing, and make sure staffers have the tools and knowledge to perform well. Be available when employees need to be a sounding board or a dispute mediator. Eliminate conflict as it arises, and give employees freedom to work independently when appropriate (McQuerrey, Lisa, 2018).

## **Set Goals**

Help employees become self-motivated by helping establish professional goals and objectives. Not only does this give employees something to strive for, but it can give business benefits when goals are tied to corporate contributions. Make sure goals are reasonable and achievable so employees don't get discouraged. Offer encouragement when workers hit notable milestones (McQuerrey, Lisa, 2018).

## **Provide Incentives**

Increase motivation by providing incentives to work toward. It can be create individual incentives for each employee or team incentives to motivate employees as a group. Financial incentives can include cash prizes, gift cards or restaurant gift certificates. Nonfinancial incentives can include extra vacation days, compressed work weeks (McQuerrey, Lisa, 2018).

## **Recognize Achievements**

Celebrate employee achievements through employee-of-the-month or star performer awards. Make a big deal out of accomplishments by celebrating at staff meetings. Print certificates or engrave plaques, issue a press release or post a notice on the company website. Recognize team accomplishments as well as individual efforts (McQuerrey, Lisa, 2018).

## **Share Profits**

Motivate employees with the incentive of a profit-sharing program. In this way, employees increase earnings while helping the business income rise. This approach simultaneously promotes collective goal-setting and teamwork. It also gives employees

a sense of pride in ownership and can improve performance and reduce turnover as well as raise morale (McQuerrey, Lisa, 2018).

### **Solicit Employee Input**

Regularly survey employee satisfaction by conduct anonymous polls or hire an independent party to conduct a formal focus group. This will help to catch potential morale breakers before they get out of hand. Soliciting employee input also shows that to take care about the opinions of workers and want to continually improve working conditions (McQuerrey, Lisa, 2018).

### **Provide Professional Enrichment**

Encourage employees to pursue additional education or participate in industry organizations. Provide tuition reimbursement or send employees to skills workshops and seminars. If an employee is motivated to an upward career path, offer mentoring and job shadowing opportunities. Promote from within whenever possible and create opportunities to help employees develop from a professional standpoint (McQuerrey, Lisa, 2018).

## **2.6.1 The Experience of Germany**

In Germany, the primary source of law for the compensation and benefits of executives, executive employees and regular employees are the individual employment agreements or management service agreements, In addition, benefit plans and policies that apply to certain groups of employees are also common, for example, equity related compensation plans, bonus schemes, pension schemes and company car policies. Moreover, for non executive employees, employee benefits are often provided for in collective bargaining agreements or shop agreements. Certain specific rules apply to executives in the banking and insurance industries. Such regulations are provided for in legal ordinances that have been established by the German Ministry of finance. Most common benefits are cash bonuses that are paid annually. Long-term incentive schemes are also becoming more and more common. In listed companies, it is common to grant stock options or restricted stock. A strict limit on the amount of incentive compensation only exists for the banking industry, where variable compensation must not exceed 100 percent or 200 percent, if there is a corresponding shareholders' resolution of the fixed compensation of the respective executive or employee (Hoefs and Bockenheimer, 2017).

## **2.7 Empirical Studies**

Several studies are conducted on issues related to employee job motivation and service quality at different times in many countries. The studies shows the nature of motivation is very complex and it is not simple to know what motivates employees mostly.

Omilani and Akintolu (2017), conducted a research on the title effectiveness of motivational strategies on productivity of employees of the selected Financial Institutions in Nigeria i.e, First Bank of Nigeria and Union Bank of Nigeria. The main objective of this study is to examine the effectiveness of motivational strategies on productivity in some selected financial institutions. The result found that there is positive relationship between motivational strategies and employees' productivity. The result demonstrated that both the financial strategies available to employees are leave allowances, bonus and fringe benefits paid when due, availability and accessibility of medical insurance, pension fund scheme and the non-financial strategies are promotion as at when due, training and friendly work environment contribute immensely to high productivity of employees. The finding indicated that motivational strategies have significant influence on productivity of workers as the motivational scheme satisfied their financial and psychological needs.

According to Odukah (2016) on his study of Factors Influencing Staff Motivation among Employees: A Case Study of Equator Bottlers (Coca Cola) Kenya. Findings of this study indicated that 54.34% of employees either felt valued and appreciated to a high or very high extent compared to that 43.35% of the employees who had not been recognized by the organization. Moreover, 58.93% of employees said that they felt a sense of belongingness and ownership to their work to a high extent. On the other hand, 53.6% of employees who reported that their work had not been recognized and also reported low motivation to work. This study showed that the organization should invest more in recognizing employees so that it could boost levels of motivation resulting from employee recognition. On the other hand, most of employees in the study who rated the compensation and rewards as very poor were also motivated to a low or very low extent. These findings show that there is a positive association between compensation and motivation, it shows that improved work home balance was associated with motivation at work. This study shows that to improve working

conditions in order to enhance employee motivation as well as work performance in the long run would be a good incentive for the company productivity.

The findings also indicate that there was a significant association between the friendliness or interpersonal relationship with which the supervisors picked and responded to the communications of employees and the motivation of those employees. The finding also implies that improvements on the nature and practices of supervision can contribute to improving employee motivation and organizational performance that leads to giving quality service.

Akinyi (2015) conducted a study to assess the effect of motivation on employee performance of Kenya Commercial Bank in Migori County. From her study a majority of the respondents felt that monetary reward was truly a motivator. Monetary rewards significantly affect the performance of employees in the organization. This was because majority of the respondents felt that they were more motivated by monetary rewards than other forms of rewards. According to the findings, many respondents felt that high job remuneration was very crucial when it came to motivation. Most of them felt they had job security and that was clearly a motivator. The study also shows that another factor that affect employee motivation is training of employees. So, a majority of the respondents felt that job training was very crucial for all employees and it was seen as a great motivator for employees. Again a majority felt that team building was a very good motivation strategy and it worked very well on achieving its objectives and enhance better working relationship among employees.

Loretta (2016) conducted a research on the title 'effects of motivation on the performance of employees at Eco bank Ghana' with regard to the research objective "Identify how employees are motivated at Eco bank". The results of the study revealed that, 86.7% of the respondents said that they are motivated to work due to various motivational packages available for being present and perform their best through the year. This goes in line with Herzberg's idea on performance. Besides, the majority (60%) of the respondents believed that their job is a secured one. The findings also showed that employees believed that salaries as most important followed by promotion. Also, the majority of employees believed that, motivational packages influence them to report to work early; it influences them to stay on the job; it brings about delight to



customers; it results to respect amongst colleagues; it brings about inner satisfaction and as well bring about employees' loyalty to the bank.

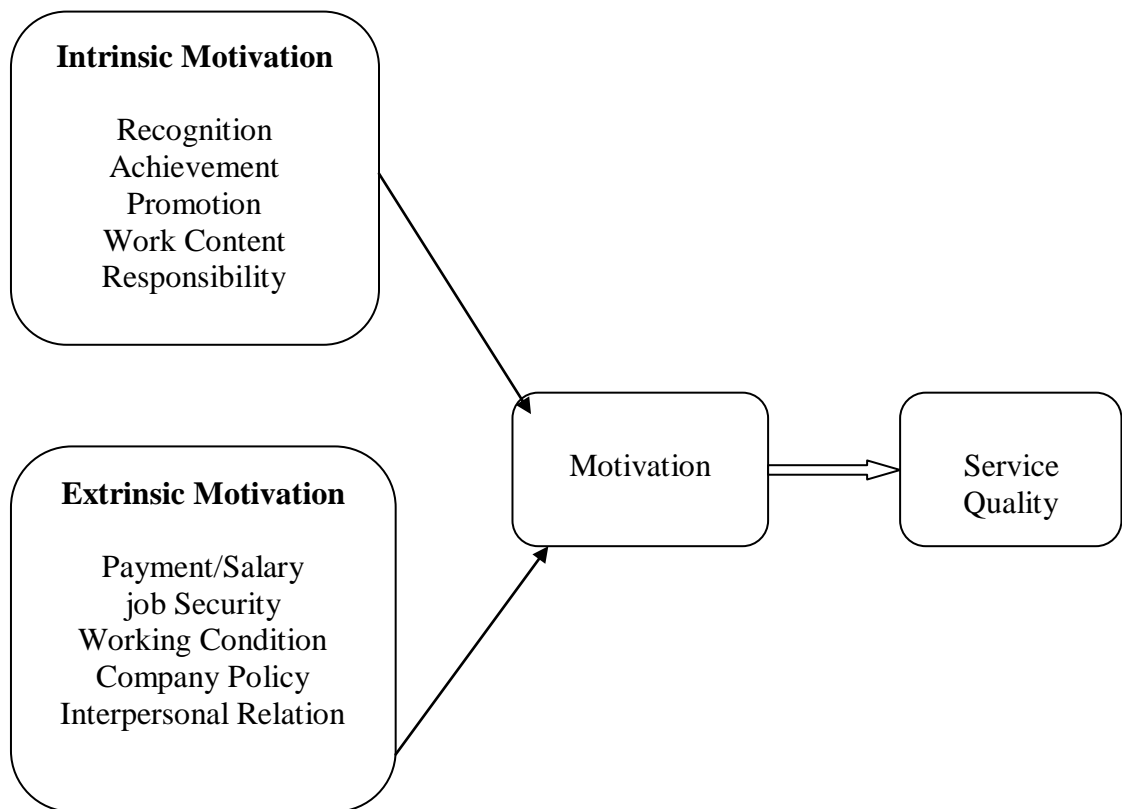
Again, the study found that majority (76.7%) of employees are incorporated in the preparation of the motivational packages. Finally, the majority (80%) response implies that packages were adequate to motivate employees to give out their best. It can be said from the above that motivational packages are extremely essential but it must be formulated by involving and including the ideas of the employees in order for it to be efficient and effective. Another findings of the study revealed that, there is direct relationship between motivation and performance as majority (93%) of the employees admitted the fact that packages affect their work output.

Boamah (2014) performed a research on the effect of motivation on employees performance in education directorate that examined the effect of motivation of employees and to identify factors that motivates employees. The study also conduct to assess the effect of motivation on employees performance in Asuafo North Municipal Education directorate. The study revealed that opportunity for advancement and promotion are the major motivational factors and the study has also exposed that motivation level is low in the area of pay and salaries.

## 2.8 Conceptual Framework

A Motivational practice of an organization reflected by what an organization looks as important. The motivational factors in conceptual framework are adopted from Herzberg's two factor theory. Employee Job motivation is the independent variable and will be examine through two of its factors that are Intrinsic and Extrinsic motivational factors. On the other hand the dependent variable is Service quality.

**Fig. 2.2 Conceptual Framework**



Source: Herzberg's Motivation and Hygiene Factor Theory and Modified by the researcher Edrak et al(2013) International Journal of Business and Social Science,pp.99,vol 4,No 9

According to Herzberg's motivation and hygiene factor theory, there are two different group of factors which are the motivator factors (intrinsic) and hygiene factors (extrinsic) that influences employees service quality. Theories are fundamental to conduct research because they give a frame work for the research. In this model motivation consider as independent variable and employees service quality as dependent variable.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter describes the methodology used for the study. The main issues discussed here are the research design, research population, sample and sampling technique, sources of data and data collection methods, procedures of data collection, method of data analysis, Ethical considerations and reliability test.

#### **3.1 Research Design**

Descriptive research design is applied for this study as it can describe the characteristics of a particular phenomenon. (C.R Kothari,2004). According to Shajahan (2006) a research design is the specification of methods and procedures for acquiring the information needed to structure or to resolve problem. It is overall operational pattern or framework of the project that specify what information is to be collected, from which sources and with what procedure to be collected. Descriptive research is concerned with conditions or relationships that exist between or among two or more selected variables. By gathering data on a large group of people, descriptive research design enables the researcher to describe the average performance of a member of a particular group being studied. By using descriptive research design, the researcher can effectively design a pre-structured open ended and closed ended questions.

The researcher used both qualitative and quantitative data collection approach that are important to measure objectives and perform statistical analysis of numeric data to understand and explain a phenomenon.

#### **3.2 Sample and Sampling Technique**

This Study were carried out in Commercial Bank of Ethiopia at Addis Ababa-Head Office and the researcher interested to find out about what motivational factors could determine or affect service quality of employees.

Sampling essentially involves a system of selecting a population representation from the general population depending on the objective of the study, availability of finance, time, and effort in gathering research data (David,2005). Based on this we may define sampling as a way of identifying, selecting, and gathering data from the individuals that will represent population in order to attain the purpose of research with the proper utilization of money, time, and effort.

In choosing the research participants, stratified simple random sampling techniques is applied in determining the participants that enabled the researcher to answer the research questions and to meet the research objectives. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts, we get a better estimate of the whole (Kothari,2004).

Stratified sampling results is more reliable and detailed information. Random sampling is a process of selecting sample cases of subset of sample cases from a population giving all the sampling units have equal chances of being included as a sample (David,2005). Each individual has the same probability of being chosen at any stage during the sampling process.

In conducting a research it is not possible to gather data by considering the entire population of the organization in terms of time cost and availability of resources. Therefore, this research decided to take sample from the entire population. The total number of people forming the population is three thousand three hundred thirty nine (3339). Clerical workers (secretaries) and Service workers like messengers, janitors technical workers were excluded since they are not directly participate on customer handling. So, the target population becomes 2719. Therefore from different methods of sample size calculation, a simplified formula by Taro Yamane (1967) sample size determination is used to calculate the sample size. Accordingly, the sample size for the research by using 0.05 sampling error and 95% confidence level have a sample size of 349. Data will be collected from CBE Head office.

**Yamane's formula for sample size determination is:-**

$$* n = \frac{N}{1+N(e)^2}$$

Where \* n= Sample Size

N= Total Population

e = Sampling of error ( generally 0.10, 0.05 and 0.01 acceptable error.)

The researcher uses for the study 0.05 sampling error and 95% confidence level.

$$n = \frac{2719}{(1+2719(0.05)^2)}$$

$$n = \frac{2719}{7.78}$$

$$n = 349$$

Stratified random sampling technique is used when the population is heterogeneous with respect to the variable or characteristics under study, to get more efficient results (Shajahan, 2006).

According to Cooper and Schindler (2003) there are three causes that why a researcher chooses a stratified random sampling. These are (1) to enlarge a sample statistical efficiency (2) to provide adequate data for analyzing the various subpopulation and the third one is to enable different research methods and procedures to be used in different strata. Simple random sampling technique is used to choose respondents from each stratum and combined them into overall sample in order to attain balanced representation.

The total sample size determination of staffs' presented on Table 3.1

**Table 3.1 Sample Size determination in Number**

No	Job Classification	Total number of Employees	Sample size
1	Executive Managers	13	2
2	Senior Managers	27	3
3	Middle Level Managers	124	16
4	Operative Level Managers	137	17
5	Experienced Professional	1321	169
6	Professionals	836	108
7	Junior level	261	34
	<b>Total</b>	<b>2719</b>	<b>349</b>

Source : Survey, June 2018

$$n_h = (N_h/N) * n$$

where,

$n_h$  - is the sample size for stratum  $h$

$N_h$  - is the population size for stratum  $h$

$N$  - is total population size

$n$  - is total sample size

Proportionate number of staff is represented of each job classification in the sample size. For example, employees under Executives job classification accounts less than 1% of the total population. Majority of staffs are under Experienced professional and professional job classification .

### **3.3 Source of Data**

While the goal of the data collection is to capture reliable information, the researcher used both primary and secondary data. Administering of structured and semi-structured survey questions, a face-to-face interview to managers and document review of the organization data, the techniques that were used as a source of primary data and past studies, organizational profile, governmental policy, the Bank's archive and database were used to collect secondary data in order to obtain some reliable literature and empirical findings that can be applied in order to have a better understanding. The researcher uses a survey questions to collect data from employees with the five point of Likert scale that has five different levels of Conformity. In order to get an insight on what management has done in regards to employee motivation and to get their independent opinion, interview method is also used.

The study were rely on both qualitative data collection method such as open-ended questionnaires, interviews and quantitative data collection methods such as survey. primary data will be collected from the senior management, senior staff, employees of CBE through questionnaires. Secondary data was collected from books, journal articles, peer reviewed articles, publications from CBE like quarterly reports, text books, Journals, newspapers, internets and other published documents.

### **3.4 Data Collection Procedure**

After getting the approval of the proposal and a support letter to CBE from dean of the university, the researcher were clarified the purpose of the research to respondents and gets their voluntary participation to the study. The researcher will fix appointments to distribute and collect survey questions and schedule time and date for a face to face interview.

When developing a questionnaire the researcher has done through related theories and comp up with a lot of questions that are believed to be useful in obtaining appropriate response from the targeted sample size. A sample questionnaire is attached to Appendix 1. In order to get their independent opinion what Senior management has done in regards to employees motivation and service quality, interview method is also used. Sample Interview questions attached to Appendix 2.

### **3.5 Methods of Data Analysis**

In this study the researcher used descriptive statistics to analyze the collected data in data analysis process. A descriptive statistics is a summary statistic that quantitatively describes or summarizes a collection of information. Descriptive statistics such as frequency and percentage are used to describe the respondents characteristics. Descriptive statistics is distinguished from inferential statistics or inductive statistics, in that descriptive statistics aims to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. So, descriptive data is more appropriate for data analysis method than others because descriptive statistics, unlike inferential statistics, is not developed on the basis of probability theory. The data collected through questionnaires to be analyzed with descriptive statistics using Statistical Package for Social Science (SPSS version 20). Frequencies, arithmetic mean, standard deviation and percentages were computed to generate the required result.

### 3.6 Reliability and Validity

#### 3.6.1 Reliability

Reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to be measured. Reliability is the degree to which an assessment tool produces stable and consistent results. It is a measure of consistency between different items of the same construct.

Cronbach's alpha is a measure of internal consistency, designed by Lee Cronbach in 1951 (Bhattacharjee, 2012). Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of test score for sample of examinees. The closer Cronbach's Alpha coefficient to 1.0, is the greater the internal consistency of the items in the scale. For testing the reliability of the data instrument, Cronbach's alpha was calculated to test the reliability of the research instrument.

The below Table 3.2 result shows that the overall motivation and service quality have obtained score of 0.932, which indicates that the scale has excellent internal consistency of reliability.

**Table 3.2 Reliability Test**

Reliability Statistics	
Cronbach's Alpha	N of Items
.932	42

Source : Survey, June 2018

#### 3.6.2 Validity

Validation of questionnaire items were carried out through initial consultation of experts to judge the research instrument. It indicates the degree to which an instrument measures what it is supposed to measure. To check the validity of the research the study used reliable resources.



To ensure data quality data will collected using standardized questionnaires from the employees of CBE. Questionnaires' was checked thoroughly for its validity before it was distributed to respondents. At the time of data collection, filled questionnaires will checked for completeness and consistency of information by the researcher. Data will also checked for uniformity and completeness before entry into computer software for analysis.

### **3.7 Ethical Consideration**

The research were conducted based on the ethical consideration of not to produce falsify data, research procedure, or data analysis, respect the accuracy of research subjects. Willingness of the participants in the data gathering process is a prerequisite for the research, particularly to keep respondents right to information privacy, The information provided were treated utmost confidentially and to being informed that the purpose of the research is only for academic purpose and types of activities in which they were asked to engage, and not to take or use published data of others without acknowledgment or unpublished data without both permission and acknowledgment.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

This chapter presents analysis and discussions of collected data through distributed questionnaires to respondents. Descriptive analysis findings presented and followed by Correlation analysis. SPSS version 20 is used to analyze the quantitative data. The qualitative data was also thoroughly discussed in relation to the objectives of the study.

#### 4.1 Response Rate

As explained in the methodology part of this study, for a total population of 2719, a sample size of 349 was taken and questionnaires were distributed accordingly. However, out of the total questionnaire 315 completed and collected which makes the response rate 90% which is acceptable to conduct this study accurate and comprehensive.

Thus the research was conducted using of 315 respondents.

#### 4.2 Demographic Characteristics of Respondents

Presentation of respondents profile gives readers a chance to analyze the background information of respondents in terms of age, sex, educational status and work experience of the respondents.

**Table 4.1. Frequency Distribution of Demographic Variables**

<b>Respondents Profile</b>			
<b>Demographic Characteristics</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Gender	Male	179	56.8
	Female	136	43.2
	<b>Total</b>	<b>315</b>	<b>100</b>
Age	20-30 years	155	49.2
	31-40 years	136	43.2
	41-50 years	22	7
	51-60 years	22	0.6
	<b>Total1</b>	<b>315</b>	<b>100</b>

<b>Demographic Characteristics</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Educational qualification	College diploma	11	3.5
	First Degree	212	67.3
	Master's degree	82	26
	Others	10	3.2
	<b>Total</b>	<b>315</b>	<b>100</b>
Experience	Less than 2 years	27	8.9
	2-5 years	83	27.2
	5-10 years	107	35.1
	Above 10 years	80	26.2

**Source: Survey, June 2018**

Table 4.1 shows that from a total of 315 respondents, 179 (56.8%) were male and 136 (43.2%) were female respondents. From this data one can conclude that the bank gives more employment opportunity for male employees than female counterparts.

As shown in Table 4.1 regarding respondents age category confirms that 155 (49.2%) of respondents are between the age of 20-30 years, 136 (43.2%) are between age of 31-40 years, 22 (7%) respondents are between age of 41-50. The remaining 22(0.6%) are between age of 51-60. From this one can easily understand that majority of employees are between age of 20-30 and 31-40 years. shows that 155 (49.2%) about half of the population are in their productivity age to accomplish the objective of the organization successfully.

Regarding to the educational qualification of employees, 212 (67.3%) of respondents are 1st degree holders while 82 (26%) are 2nd degree holders. 11 (3.5%) are college diploma holders. From this, one can conclude that majority of employees educational qualification is first degree and masters. With this regard employees taken as subjects of the study are capable of understanding and answering the questions provided to them.

Table 4.1 also represents the distribution of work experience of respondents. 107 (35.1%) of respondents have work experience between 5 -10 years. 83 (27.2%) of the respondents have been worked in the bank between 2 - 5 years. 80 (26.2%) of respondents have working experience of above 10 years. While the remaining 27 (8.9%) of respondents have been working for less than 2 years.

From this one can conclude that the bank's majority of employees have working experience of between 5-10 years and above 10 years. This shows that the bank mainly staffed with mid and high level experienced employees.

### 4.3 Descriptive Analysis of Employees Response

In order to grab the general perception of respondents on the issue of job motivation and its influence on service quality, the researcher has included the measures stated the frequency, percentage for each response which is analyzed and interpreted.

#### 4.3.1 Employees Achievement and Service Quality

**Table 4.2. Employees Response on Career Advancement -Achievement**

Particular	Level of Agreement	Frequency	%	Mean	Std. Deviation
I am proud to work in this organization because it recognizes my achievement	Strongly Agree	40	12.7	3.31	1.106
	Agree	121	38.4		
	Neutral	68	21.6		
	Disagree	70	22.2		
	Strongly Disagree	16	5.1		
	<b>Total</b>	<b>315</b>	<b>100</b>		
I feel I have contributed towards my organization in a constructive manner	Strongly Agree	72	22.9	4.01	.804
	Agree	198	62.9		
	Neutral	28	8.9		
	Disagree	10	3.2		
	Strongly Disagree	7	2.2		
	<b>Total</b>	<b>315</b>	<b>100</b>		
I will choose career advancement rather than monetary incentives	Strongly Agree	38	12.1	3.37	1.061
	Agree	133	42.2		
	Neutral	60	19		
	Disagree	75	23.8		
	Strongly Disagree	9	2.9		
	<b>Total</b>	<b>315</b>	<b>100</b>		

<b>Particular</b>	<b>Level of Agreement</b>	<b>Frequency</b>	<b>%</b>	<b>Mean</b>	<b>Std. Deviation</b>
There is enough chance in my organization to do something that makes use of my ability	Strongly Agree	42	13.3	3.28	1.169
	Agree	118	37.5		
	Neutral	68	21.6		
	Disagree	60	19		
	Strongly Disagree	27	8.6		
	<b>Total</b>	<b>315</b>	<b>100</b>		

**Source : Survey, June 2018**

As shown on table 4.2, the respondents were asked to give answers to questions related to their career advancement and achievement practice of the bank. The first question being employees perception of recognition of their achievement ; 86 (27.3%) of the respondents disagree and strongly disagree or they don't think that they are provided recognition for their achievement.68 (21.6%) of respondents respond neutral. 121 (38.4%) and 40 (12.7%) of respondents agree and strongly agree with the statement of the organization recognizes my achievement. The mean (3.31) and SD (1.106) show that more than half of the respondents (51.5%) are agree and strongly agree. Expectancy theory states that motivation is high when workers believe that high levels of effort lead to high performance and high performance leads to the attainment of desired outcomes. And this shows that employees needs recognition for their achievement; which means providing recognition has significant effect on the service quality of the organization.

Respondents were asked to rate their feeling whether they have contribution to their organization . 72 (22.9%) and 198 (62.9%) of respondents are strongly agree and agree respectively with the question they asked. 28 (8.9%) were neutral to the statement and the remaining 10 (3.2%) and 7 (2.2%) of the respondents disagree and strongly disagree respectively. The mean (4.01) and SD (0.804) shows that majority of respondents believe that they have major contribution to their organization. This shows that majority of employees have a sense of belongingness to the organization and it leads to give quality service.

Employees expect that they believe they are asset of organization and they perceive they have contribution to their organization with a sense of belongingness and it is parallel to organizational goals and the number above confirm to this study.

The respondents asked whether they prefer career advancement than money incentives and majority of respondents which are 171 (54.3%) agree and strongly agree with the question. 60 (19%) of respondents were neutral to the statement. The remaining 75 (23.8%) and 9 (2.9%) of respondents were disagree and strongly disagree respectively. The mean (3.37) and SD (1.061) shows that employees prefers advancement of their career , knowledge and progress in their job rather than money incentives. According to McClelland's theory of needs, the need for achievement is most important for some people it defined as the need for competitive success measured against a personal standard of excellence.

As shown in the table 4.2 above the respondents asked that to rate if there is enough chance in the organization to do something that makes use of their ability in the bank. 42 (13.3%) respondents are strongly agree, 118 (37.5%) agree with the statement. 68 (21.6%) respondents were neutral to the question. The remaining 60 (19%) and 27 (8.6%) are disagree and strongly disagree with the statement. The mean (3.28) and SD (1.169) shows that more than half of employees believe there is enough chance to do something that makes use of their ability in the bank and this implies that employees encouraged to innovation and it brings the bank to give quality service.

### 4.3.2 Job Promotion and Service Quality

**Table 4. 3. Employees Response about job Promotion**

<b>Particular</b>	<b>Level of Agreement</b>	<b>Frequency</b>	<b>%</b>	<b>Mean</b>	<b>Std. Deviation</b>
Promotion in my organization is done based on individual performance or one's work contribution	Strongly Agree	30	9.5	3.17	1.163
	Agree	117	37.1		
	Neutral	82	26		
	Disagree	49	15.6		
	Strongly Disagree	37	11.7		
	<b>Total</b>	<b>315</b>	<b>100</b>		

<b>Particular</b>	<b>Level of Agreement</b>	<b>Frequency</b>	<b>%</b>	<b>Mean</b>	<b>Std. Deviation</b>
Everyone has an equal chance to be promoted	Strongly Agree	16	5.1	2.85	1.106
	Agree	87	27.6		
	Neutral	83	26.3		
	Disagree	92	29.2		
	Strongly Disagree	37	11.7		
	<b>Total</b>	<b>315</b>	<b>100</b>		
The organization's promotion policy is clearly communicated to all employees	Strongly Agree	30	9.5	3.30	1.097
	Agree	141	44.8		
	Neutral	54	17.1		
	Disagree	72	22.9		
	Strongly Disagree	18	5.7		
	<b>Total</b>	<b>315</b>	<b>100</b>		
There are opportunities to advance to a better position	Strongly Agree	17	5.4	3.08	1.096
	Agree	120	38.1		
	Neutral	80	25.4		
	Disagree	67	21.3		
	Strongly Disagree	31	9.8		
	<b>Total</b>	<b>315</b>	<b>100</b>		

**Source: Survey, June 2018**

As the table 4.3 shows in the above, when respondents asked promotion is given in CBE based on performance; 30 (9.5%) and 117 (37.1%) of respondent respond they are strongly agree and agree respectively on performance based promotion while 82 (26%) respondents were neutral in the statement. The remaining 49 (15.6%) and 37 (11.7%) of respondents disagree and strongly disagree respectively or they do not believe that promotion is done based on employee performance. The mean (3.17) and SD (1.163) shows that even though majority of respondent agreed on performance based promotion; there are large number of respondent also disagree or they don't believe that promotion is made based on performance.

In order to know their perception about equal chance to all employees to be promoted, 16 (5.1%) and 87 (27.6%) of respondents strongly agree and agree respectively or they believe that equal chance to be promoted. 92 (29.2%) and 37 (11.7%) of respondents disagree and strongly disagree with the statement. The remaining 83 (26.3%) were neutral to the question. The mean (2.85) and SD (1.106) shows that majority of the respondents which is 129 (40.9%) have a perception of not everyone has an equal chance to be promoted. If fairness is not perceived in the promotion process, it will lead to workplace demotivation. Employees' expect equity when being rewarded, if not it may lead to negative workplace attitude directly affecting employees job motivation and productivity of the organization.

As the above table 4.3 indicates that, the respondents were asked if there is clear promotion policy in the bank; 30 (9.5%) and 141 (44.8%) respondents strongly agree and agree respectively with the statement or they perceive that there is clear promotional policy in the organization. 54 (17.1%) of respondents were neutral to the statement. The remaining 72 (22.9%) and 18 (5.7%) are disagree and strongly disagree/ they don't believe that there is clear promotional policy in the bank. The mean score of (3.30) and SD (1.097) respectively showing that even if majority of respondents believe that there is a clear promotional policy structure in the bank, a number of respondents don't believe that there is clear promotional policy in the organization. Communication of the promotion policy of an organization plays a significant role in the work morale of employees. Employees perform well when they know what will follow accordingly and it helps to know their career advancement which is important to motivate employees.

Respondents were asked to rate their agreement/ disagreement whether there is enough opportunities to promote to a better position in the bank, 17 (5.4%) strongly agree, 120 (38.1%) of respondents agree with the statement. 67 (21.3%) and 31 (9.8%) of respondents show their disagree and strongly disagree respectively with the question. The remaining 80 (25.4%) were neutral to the statement. The mean (3.08) and SD (1.096) also indicates that majority of respondents have a positive perception on the career advancement opportunities in the bank. Employee perform well when they think that they have the perception that a reward will follow, if this expectation meet employees may exert their full potential for the work they perform and it leads to high productivity and service quality to the bank. Promoted employees benefit the organization and themselves through providing their knowledge without hesitation.



They have a greater sense of purpose in their jobs and lives, and their involvement translates directly into continuous improvement in the work place systems and processes. Employees who gain promotion are encouraged to bring their best ideas and initiatives to the workplace with a sense of ownership, excitement, and pride. Highly talented people like to work in empowered environments.

### 4.3.3 Motivating Employees with Salary and improving Service quality

**Table 4.4. Employees Response about Payment/ Salary**

Particular	Level of Agreement	Frequency	%	Mean	Std. Deviation
I believe I am being paid a fair amount of salary for the work I do	Strongly Agree	6	1.9	2.52	1.174
	Agree	85	27		
	Neutral	50	15.9		
	Disagree	100	31.7		
	Strongly Disagree	74	23.5		
	<b>Total</b>	<b>315</b>	<b>100</b>		
I am encouraged to work harder because of my salary	Strongly Agree	10	3.2	2.53	1.115
	Agree	66	21		
	Neutral	66	21		
	Disagree	113	35.9		
	Strongly Disagree	60	19		
	<b>Total</b>	<b>315</b>	<b>100</b>		
Salary increments are made based on the performance results of workers	Strongly Agree	13	4.2	2.61	1.141
	Agree	73	23.2		
	Neutral	60	19.2		
	Disagree	113	36.1		
	Strongly Disagree	54	17.3		
	<b>Total</b>	<b>313</b>	<b>100</b>		

Source: Survey, June 2018

As shown on table 4.4 , the respondents were asked to give answers to the questions related to payment or salary practice of the bank. The first question is being employees perception of fair amount of salary for the work they do; 100 (31.7%) of respondents disagree or don't think that they are paid a fair amount of salary for the work they do. In addition, 74 (23.5%) of respondents strongly disagree with the idea of fair payment or salary. 50 (15.9%) of the respondents were neutral and 85 (27%) and 1.9% of respondents agree and strongly agree with the statement of being paid a fair amount of salary for the work done. The mean score (2.52) and SD (1.174) show that more than half of the respondents disagree that they are being paid a fair amount for the work they perform. Equity theory states that employees expect fairness when being rewarded indicated that if this fairness is not provided to employees, it may lead to employee lack of job motivation and will affect productivity of the organization. This directly or indirectly puts a negative influence on the service quality of the bank.

The respondents were also asked if the current salary encourages them to perform hard. 113 (35.9%) of respondents disagree or don't believe that their salary encourages to work hard. 60 (19%) of respondents strongly disagree / didn't find the current salary motivating them to work hard. 21% of respondents were neutral to the statement. The remaining 21% and 3.2% of respondents are agree and strongly agree respectively to the statement. The mean score of (2.53) and the SD (1.115) shows that more than half of the respondents didn't find the current salary or payment motivating them enough to perform well or work hard. Employees expect being rewarded if they perform well. If the reward not provided to them it leads employees to dissatisfaction and affects their productivity.

Respondents were asked their perception whether salary increment is made based on performance results of workers. The study shows 113 (36.1%) of respondents disagree with the statement and 54 (17.3%) of respondents strongly disagree with the issue of salary increment is based on performance. 19.2% of respondents were neutral to the questions and the remaining 73 (23.2%) and 13 (4.2%) of respondents are agree and strongly agree respectively with the statement or they believe that salary increment is made based on performance of workers in the bank. The mean (2.61) and the SD (1.141) results shows that more than half of the respondents didn't believe that salary increment is made based on employees performance. This leads to lack of motivation on employees and decrease the productivity of the organization.

### 4.3.4 Employees Motivation and Service quality

**Table 4.5 Employees Response about Service Quality**

<b>Particular</b>	<b>Level of Agreement</b>	<b>Frequency</b>	<b>%</b>	<b>Mean</b>	<b>Std. Deviation</b>
Employees job satisfaction are top priorities in the bank	Strongly Agree	19	6	3.00	1.093
	Agree	101	32.1		
	Neutral	84	26.7		
	Disagree	82	26		
	Strongly Disagree	29	9.2		
	<b>Total</b>	<b>315</b>	<b>100</b>		
The Bank places emphasis on the service quality it provides to customers through its motivated employees	Strongly Agree	32	10.2	2.97	1.703
	Agree	91	28.9		
	Neutral	58	18.4		
	Disagree	80	25.4		
	Strongly Disagree	58	16.8		
	<b>Total</b>	<b>315</b>	<b>100</b>		
The bank works on to improve its service quality based on its satisfied employees	Strongly Agree	23	7.3	3.07	1.117
	Agree	107	34		
	Neutral	84	26.7		
	Disagree	70	22.2		
	Strongly Disagree	31	9.8		
	<b>Total</b>	<b>315</b>	<b>100</b>		
I am empowered to give quality service to customers when I get motivated	Strongly Agree	65	20.6	3.69	1.028
	Agree	148	47		
	Neutral	47	14.9		
	Disagree	49	15.6		
	Strongly Disagree	6	1.9		
	<b>Total</b>	<b>315</b>	<b>100</b>		

**Source: Survey, June 2018**

As shown on table 4.5 , the respondents were asked to give answers to the questions related to service quality. The first question is 'employees satisfaction is top priority in the bank ' and 19 (6%) and 101 (32.1%) of respondents were strongly agree and agree respectively with the statement. 84 (26.7%) of respondents were neutral with the question. The remaining 82 (26%) and 29 (9.2%) of employees disagree and strongly disagree with the statement. They believe that employees satisfaction is not top priority in the bank. The mean score (3.00) and SD (1.093) shows that 35.2% of respondents believe that the bank does not give attention for employee satisfaction .When there is employee dissatisfaction, it brings lack of motivation and this affects productivity and poor service quality.

Respondents also asked to give their response to the question that the bank emphasize on service quality through its motivated employees. The result shows ,80 (25.4%) and 58 (16.8%) of respondents disagree and strongly disagree respectively with the statement. 18.4 % of respondents were neutral to the questions and 91 (28.9%) and 32 (10.2%) were agree and strongly agree respectively with the statement. The mean 2.97 and SD 1.703 shows the result that majority of respondents believe that the bank don't give emphasize on service quality through its motivated employees. If employees are well motivated and rewarded they exert more on their job and address customers' needs through quality service.

In addition to the above questions employees were asked to give their level of agreement in relation to improving service quality through satisfied employees; 7.3% and 34% of respondents strongly agree and agree respectively with the question. 22.2% and 9.8 % of respondents disagree and strongly disagree with the statement respectively. They don't believe that the bank work on improving service quality by attaining its employees satisfaction. The remaining 26.7% of respondents were neutral with their response. The mean score (3.07) and SD (1.117) shows that even if majority of employees believe the banks work on improving service quality through satisfied employees, 32% of respondents don't believe the bank try to full fill employees' satisfaction and attaining its organizational goal through service excellence.

Respondents were asked the question whether they are empowered to give quality service when they get motivated ; the study shows that 65 (20.6%) of employees strongly agree, 148 (47%) of respondents agree with the statement. 47 (14.9%) were neutral with the statement and only 15.6% and 1.9% of respondents were disagree and strongly disagree with the question respectively. The mean (3.69) and SD of (1.028) implies that majority of respondents strongly agree/ believe that they are empowered to give quality service when they get motivated. when employees' get motivation adequately, they are ready to work hard and devoted for their job and this leads to attain organizational goals increase productivity .

### 4.3.5 Employee Recognition

**Table 4.6. Employees Response about Recognition**

Particular	Level of Agreement	Frequency	%	Mean	Std. Deviation
I receive adequate recognition from my supervisor for the job well done	Strongly Agree	24	7.6	3.20	1.077
	Agree	129	41.0		
	Neutral	67	21.3		
	Disagree	76	24.1		
	Strongly Disagree	19	6.0		
	<b>Total</b>	<b>315</b>	<b>100</b>		
My supervisor always thanks me for the job well done	Strongly Agree	70	22.2	3.79	.975
	Agree	154	48.9		
	Neutral	52	16.5		
	Disagree	32	10.2		
	Strongly Disagree	7	2.2		
	<b>Total</b>	<b>315</b>	<b>100</b>		

**Source: Survey, May 2018**

As shown in the above table 4.6, the respondents were asked to rate their level of agreement in relation to questions about employees recognition; the first question were whether employees receive adequate recognition from their supervisor for the job well done; 129 (41.0%) and 24 (7.6%) of respondents agree and strongly agree with the statement respectively. 67 (21.3%) of respondents were neutral with the question.

The remaining 76 (24.1%) and 19 (6.0%) of employees give their response as disagree and strongly disagree respectively. The mean (3.20) and SD (1.077) shows that majority of respondents believe that they get adequate recognition from their supervisor for the job well done. This shows that most employees would be motivated and exert more if they get acknowledgement for their accomplishment.

Respondents also were asked to respond the question whether they get recognition always from their supervisor; 154 (48.9%) and 70 (22.2%) of respondents agree and strongly agree with the statements. 52 (16.5%) were neutral to their level of agreement. Only 32(10.2%) and 7(2.2%) respondents don't believe that they get recognition always from their supervisor. The mean 3.79 and SD 0.975 shows that majority of respondents believe that they get adequate recognition always from their supervisor. When employees always gets appreciation for their job they are motivated to perform well and increase productivity.

### 4.3.6 Correlation Analysis Test

**Table 4.7 Correlation Matrix of Service quality, Achievement, Promotion and Salary**

		Service quality	Employees achievement	Job promotion	the bank paid fair salary	work environment
Service quality	Pearson Correlation	1	.196**	.182**	.264**	.244**
	Sig. (2-tailed)		.000	.001	.000	.000
	N	315	315	315	315	313
Employees achievement	Pearson Correlation	.196**	1	.189**	.042	.320**
	Sig. (2-tailed)	.000		.001	.458	.000
	N	315	315	315	315	313
Job promotion	Pearson Correlation	.182**	.189**	1	.322**	.245**
	Sig. (2-tailed)	.001	.001		.000	.000
	N	315	315	315	315	313
the bank paid fair salary	Pearson Correlation	.264**	.042	.322**	1	.338**
	Sig. (2-tailed)	.000	.458	.000		.000
	N	315	315	315	315	313
work environment	Pearson Correlation	.244**	.320**	.245**	.338**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	313	313	313	313	313

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

\* . Correlation is significant at the 0.05 level (2-tailed).

The results in Table 4.7 reveals the correlation among variables; it summarizes the values of Pearson Coefficient of correlation and their significance. It is quite evident from the results that service quality is strongly positively correlated with employees' achievement as value of Pearson Correlation Coefficient 0.196 and the relation is significant at 95% confidence level ( $p < .05$ ).

The relationship between service quality and job promotion is also positive and significant as Pearson Correlation Coefficient is 0.182 and p value is less than 0.05. this means when employees are promoted the quality of service is improved significantly. Since promoted employees take the work as his base for job promotion and works to deliver quality service.

When we see the relation between salary and service quality there is positive and strong correlation between them with the value of Pearson Correlation Coefficient 0.264. In general, the relationship is significant as well ( $p < .05$ ) between those independent variables are positively and significantly correlated with service quality.

#### **4.4 Managers' Motivation Perception At CBE**

The role of managers is to help employees to identify their welfare with that of the organization. When this happens, employees will naturally feel motivated to work hard, because it is in their best interest to do so. In this regard motivation is intrinsic and It's what drives us to achieve our desired ends. Whatever we do, it is always because we believe it will fulfill some present or future personal goal or desire (Bruce, 2003).

Accordingly, among the sample respondents, managers asked Interview questions about what factors are using to motivate their staffs' .

- Majority of respondents among managers are agreed that there is no motivational scheme policy structures that are well known by employees. so this is also get agreement by employees and this needs the attention of the organization to set clear motivational policy to motivate employees and to attain the required goal of the organization and increase productivity.

- As the result of the interview managers respond that there is compensation and benefit packages used to motivate employees. This includes different types of allowances and training and development opportunities given to employees also consider as employees benefit.
- On the other hand most managers believes that salary and benefit has more effect on employees job motivation and leads to better service quality, among the listed motivational factors like good relationship, recognition, achievement, and delegation of authority but employees needs recognition and career advancement in addition to financial incentives.
- Majority of managers believes that service quality is influenced by job motivation. When employees are well motivated they are encouraged to exert more and perform their job. This result also revealed through the survey.
- Majority of managers suggest that the bank supposed to work on both financial/ extrinsic and non-financial/ intrinsic motivational factors, and set clear promotional and motivational policy, adjust the current salary and benefit structure as per performance of employee and give adequate recognition to employees to enhance their productivity and ensure service quality.



## **CHAPTER FIVE**

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

This chapter summarizes the major findings of the data analysis, give conclusion based on findings, research questions and specific objectives of the study and made recommendation based on the data analysis and interpretation presented in the chapter four.

#### **5.1 Summary of Major Findings**

In this study, employees job motivation and its influence on service quality in CBE under head office organs analyzed through questionnaire. Among the questions which raised and trying to investigate to the respondents response are job promotion, recognition, service quality, the level of achievement, payment or salary, working environment and company policy towards motivation.

- (51.5%) of the respondents believe that the bank recognizes their achievement and career advancement. And this shows that employees needs recognition for their achievement; which means providing recognition has significant effect on productivity and service quality of the organization.
- 85.8% or majority of respondents believe that they have major contribution to their organization. This shows that majority of employees have a sense of belongingness to the organization and it leads to increase productivity and better service quality.
- 27.3% of respondents do not believe that promotion is done based on employee performance .
- Among respondents 28.6% of respondents don't believe that there is clear promotional policy in the CBE. 31.1% of respondents don't believe that there are enough opportunities to promote to a better position.
- Majority of the respondents (55.2%) don't believe that they are being paid a fair amount of salary for the work they are doing. 54.9% of the respondents don't feel that the existing salary encouraged to work hard and to perform well.

- 53.4% of the respondents don't agree that the salary increments are made based on the performance result of employees'. This creates lack of motivation and affect employees productivity.
- 40.9% of the respondents don't believe that the bank provide equal chance to all employees for career advancement.
- Among the respondents 27.3% of respondents don't agree that the bank recognizes employees achievements.
- 35.2% of respondents don't believe that the bank gives priorities for employees job satisfaction.
- 67.6% of respondents have a perception that they are empowered to give quality service If they get motivated. If employees rewarded based on performance they put forth more on their productivity.
- 42.2 % of respondents don't agree that the bank emphasize to provide quality service to customers through its motivated employees.
- Majority of respondents 71.1 % are believe that they get adequate recognition from their supervisor for the job well done.

Most respondent's response shows their dissatisfaction in the bank because of various reasons which includes lack of transparency and participatory approach during job promotion, lack of clear company promotional policies and uncompetitive salary in the industry. Because of these and other reasons majority of respondent response shows loss of their confidence to the bank. These may result to damage in the service quality of the bank.

## **5.2 CONCLUSION**

The following conclusion are given based on major findings of the study and , address the research questions and specific objectives.

- Employees of Commercial bank of Ethiopia believes that the bank recognizes their achievement and career advancement. And this shows that employee needs acknowledgments for their achievement and accomplishments. This leads to motivate them and perform well. This shows employees are motivated not only extrinsically but they need intrinsically motivated.

- Employees of CBE believe that they have major contribution to their organization. This shows that majority of employees have a sense of belongingness to the organization and it leads to increase productivity and better service quality.
- Employees of commercial bank of Ethiopia are not satisfied with the current payment/ salary they are paid and it is not motivating them to exert more for the job they perform. CBE is highly suggested to examine further this issue and take immediate action accordingly. The bank should work on to improve the existing salary structure of the Bank.
- Employees of CBE respondents don't believe that there is clear promotional policy in the CBE. They are not satisfied with the current promotional practice of the organization. respondents don't believe that there are enough opportunities to promote to a better position they feel unfairness in the banks advancement opportunities which leads to negative perception among employees.
- Employees are not satisfied with the current employee benefit arrangement of the bank. The benefit package arrangement of the organization need improvement.
- Employees are believed that there is no clear motivational practice in the bank and they are not satisfied and motivated with the current motivational practice of the organization.
- Employees are satisfied in relation to recognition from their supervisor to do job well done and to exert more.
- Employees don't believe that the bank gives priorities for employees job satisfaction. This leads to employee dissatisfaction and affect productivity and service quality.

- The study shows that Employees have a perception that they are empowered to give quality service If they get motivated. If employees rewarded based on performance they put forth more on their productivity.
- Employees don't believe that the bank emphasize to provide quality service to customers through its motivated employees. They are not satisfied and motivated with the current motivational practice carried out by the bank it revealed that they are mostly not satisfied with the promotion and employees benefit practice of the bank. The result of this study gives us privilege to conclude that the existing motivational practice of the case organization fail to satisfy the need of employees.

### **5.3 Recommendation**

The researcher having all the findings the base for recommendations to improve the case organization's motivational factors so as to increase its employees' job motivation and productivity, the study gives the following recommendation.

- As the result of the findings most of the respondent are dissatisfied with the current promotion criteria and it needs attention by the organization to make the necessary corrective actions so as to improve employees job motivation. The bank be supposed to craft and implement appropriate promotional policy. This can be done by recognizing employees performance and making it the basis for reward, recognition and promotion.
- As the study revealed that, majority of employees disagree that they are paid a fair amount of salary for the work they perform and they believe that their salary don't encourage them to work hard. So, CBE ought to work on adjusting current salary and benefit packages. This can be done by using key performance indicator such as balanced score card. When employees get the necessary reward/ pay for the work they perform, it is motivated to increase their productivity and encourage to work hard. The bank need to be translate its corporate vision into measurable operational goals and communicate it to employees link them to individual performance.

- The study shows that even if employees of Commercial bank of Ethiopia believes that the bank recognizes their achievement and career advancement, the organization supposed to analyze, draft and implement clear and appropriate career advancement procedures that could be applied consistently. The current career path trend should be evaluated and redesigned by considering the competencies of employees. Establishing fair, workable and consistency administered promotion policy and procedures. This done by facilitating by providing employees career coaching, helping managers develop clear selection criteria.
- The study revealed that majority of respondents agree there is no clear motivational policy in the bank that are known by employees. So the bank ought to implement appropriate motivational technique that help employees to motivate and perform well that leads to productivity. This can be done by recognized employees adequately, reward them for their achievement and based on promotion. Assessing employees interest to get an information as to what motivates them and bring about that put into practice. Knowing its employees will allow the bank what will actually motivate them.
- As the result of the findings even if majority of employees of CBE believe that they get adequate recognition from their supervisor for the job well done, the bank ought to incorporate formal and informal employee recognition programs to avoid dissatisfaction of employees leads to demotivation. Continuous motivation of employees , proper and timely recognition should be part of the system of the organization. This can be done by being specific when giving recognition, being specific helps employees relate the recognition to their behavior , encouraging them to continue strong performance and show employees their reward is personalized to them.

#### **5.4 Limitation of the Study**

The researcher were encounter the following challenges including shortage of related literatures and a problem of finding necessary information from Commercial Bank of Ethiopia related to motivational system and compensation and benefit package, shortage of time to conduct the research and lack of willingness of respondents' to give appropriate responses to fill out and return all survey questions on time due to their tight schedule.

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# APPENDICES



## Appendix 1: Survey Question

**Dear Respondents,**

The main purpose of this questionnaire is to collect data on "**Employee Job Motivation and Its Influence on Service Quality**" at Commercial Bank of Ethiopia Head office in partial fulfillment of the requirement for the degree of Master of Business Administration from St. Mary University.

I kindly request you to provide reliable information and your genuine response will only be used for academic purpose. The information you provided will also be treated with utmost confidentiality. Should any harm happened on the respondents because of participation with this study, the researcher will be liable.

Sincerely,

Woinshet Asrat  
Tel: 0911-16-51-67

## Instructions

- I. All the questions are closed ended questions and you are required to put ✓ mark on the options of the letters or as instructed
- II. All information given will remain confidential and to maintain secrecy no names are required but for the ease of analysis please indicate your personal detail as presented in the questionnaires.

### Part I: Demographic Characteristics

1. Department: \_\_\_\_\_

2. Job Title: \_\_\_\_\_

3. Gender

a) Male

b) Female

4. Age

a) 20-30 years

c) 41-50 years

b) 31-40 years

d) 51-60 years

5. Educational Status

a) certificate

c) Degree

e) others

b) college diploma

d) Masters

6. How long have you been working in the bank?

a) less than 2 years

d) 5-10 Years

b) 2 -5 years

d) above 10 years

**Part II. Opinion Survey**

The questions concerns about Hygiene and Motivational factors

Please read the questions and answer by putting ✓ mark which best corresponds to your opinion. It is important that you respond to all the questions.

*5=Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly Disagree*

	Questions	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
	<b>Questions concern about Achievement</b>					
1.	I am proud to work in this organization because it recognizes my achievement					
2.	I feel I have contributed towards my organization in a constructive manner					
3.	I feel satisfied with my job because it gives me feeling of accomplishment					
4.	I will choose career advancement rather than monetary incentives					
5.	There is enough chance in my organization to do something that makes use of my ability					
	<b>Questions concern about work content</b>					
6.	I feel that my work is valued and appreciated					
7.	My job allow me to learn a new skill for career advancement					
8.	My job is exciting and I have a lot of Variety in tasks that I do					
9.	I am empowered enough to do my job					
10.	My job allow me to improve my experience, skills and career					
	<b>Questions concern about Recognition</b>					
11.	I receive adequate recognition from my supervisor for the job well done					
12.	I feel satisfied at work because of my relationship with my supervisor					

	Questions	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
13.	My supervisor always thanks me for the job well done					
14.	I have a good working relationship with my colleagues					
15.	The recognition I get for my accomplishment will make me exert more					
	<b>Questions concern about Promotion</b>					
16.	Promotion in my organization is done based on individual performance or one's work contribution					
17.	There are opportunities to advance to a better position					
18.	Everyone has an equal chance to be promoted					
19.	The organization's promotion policy is clearly communicated to all employees					
20.	I am proud to work in my organization because I feel I have personal growth		-			
21.	There is equal access to a variety of learning opportunities in the bank					
	<b>Questions concern about Payment/ salary</b>					
22.	I believe I am being paid a fair amount of salary for the work I do					
23.	The amount of salary is competitive relative to the industry's average					
24.	I am encouraged to work harder because of my salary					
25.	I feel that the existing benefits motivates me to perform my job					
26.	Salary increments are made based on the performance results of workers					
	<b>Questions concern about company policy</b>					
27.	I am proud to work for this organization because the policy is suitable for its workers					
28.	There is a clear employee motivational policy provided by the Bank that are known by employees					
29.	The Bank has a clear promotional policy that are well known by employees					
30.	I am happy with the duties and responsibilities assigned to me					

	Questions	Strongly Agree <b>5</b>	Agree <b>4</b>	Neutral <b>3</b>	Disagree <b>2</b>	Strongly Disagree <b>1</b>
31.	I believe my job is secure					
32.	I feel satisfied because of the comfort I am provided at work					
33.	I am proud to work for my organization because of the pleasant working condition					

**Part III. Service quality. Please answer by putting ✓ mark which best corresponds to your opinion.**

	Questions	Strongly Agree <b>5</b>	Agree <b>4</b>	Neutral <b>3</b>	Disagree <b>2</b>	Strongly Disagree <b>1</b>
34.	Employees job satisfaction are top priorities in the bank					
35.	The Bank has a clear Job motivational practice that leads employees to give quality service					
36.	The Bank places emphasis on the service quality it provides to customers through its motivated employees					
37.	The bank works on to improve its service quality based on its satisfied employees					
38.	I am empowered to give quality service to customers when I get motivated					

**Thank You for your time!!**

## **Appendix 2: INTERVIEW QUESTIONS FOR MANAGERS**

1. Is there any motivational scheme policy structures that are well known by employees?
2. In your experience as a Manager, what motivational factors are most important for the staffs to increase their service quality? Please give reasons for each of your alternative answer?
  - a) Good relationship
  - b) recognition at work place
  - c) high salary and benefits
  - d) Delegating of authority
  - e) Achievement
3. What is your opinion regarding employees Service quality at the head office?
4. Are employees motivated to the extent it could influence them to improved service quality?
5. Do you think that employee service quality is influenced by motivation? If your answer is yes, how? and if your answer is No, why?
6. What are the major obstacles of the bank to motivate employees in order to increase their service quality?
7. What is your opinion why service quality is not satisfactory?
8. What would you recommend to the bank's future consideration to improve employees financial, non-financial incentives and improvement employees work environment to influence their job satisfaction to ensure service quality?