



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

**A COMPARATIVE STUDY ON IMPACT OF EMPLOYEES MOTIVATION  
SCHEMES ON EMPLOYEES PERFORMANCE: A CASE OF COMMERCIAL  
BANK OF ETHIOPIA AND BANK OF ABSSINIYA HEAD OFFICE**

**BY**

**NETSANET FANTU DURESSA**

**JUNE, 2020**

**ST MARY'S UNIVERSITY**

**ADDISS ABABA, ETHIOPIA**



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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST  
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**ST MARY'S UNIVERSITY  
ADDISS ABABA, ETHIOPIA**

## **STATEMENT OF DECLARATION**

I, the undersigned, hereby declare that this thesis entitled “A comparative study on impact of employee’s motivation schemes on employee’s performance: a case of commercial Bank of Ethiopia and bank of Abyssinia” is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been acknowledged.

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

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## **List of Acronyms**

**BOA:** Bank of Abyssinia

**CBE :** Commercial bank of Ethiopia

**SPSS:** Statistical package for social science.

## **Abstract**

*This study aims to assess the impact of employee's motivation schemes on employee's performance in the case of commercial Bank of Ethiopia and Bank of Abyssinia bank in comparative way. To answer research questions, the study used explanatory design and mixed approach. Questionnaires and interviews were used to collect primary data. The data was analyzed by employing various statistical descriptive measures such as mean, standard deviation, and inferential analysis such as regression analysis. The results show that the employees of CBE and BOA perceive that the current compensation and benefit are adequate. To answer research questions and test the hypotheses the study adopted the mixed research approach. The questionnaire data were analyzed using descriptive statistics, correlations, and multiple linear regression analysis and data from interview and document reviews were interpreted qualitatively. According to the finding of this study the data collected from CBE and BOA respondents are satisfied on the banks benefit and compensation schemes. The finding of employees result shows performance explained by compensation and benefit, promotion scheme, training scheme, and employee work environment scheme are favorable to the employees. All motivational schemes have positive and significant impact on employee performance of employees of CBE and BOA. The sum of regression and residual result of CBE 12.919 is greater than 11.907 of BOA. In case of CBE employees' compensation and benefit scheme training and development scheme and recognition scheme have highly influence employee's performance where as in case of BOA employees promotion and work environment scheme have highly influence employee's performance. Finally the researcher recommended that the management of CBE should be improve the promotion and work environment scheme since they have less effect on employees performance on the other hand the recognition of BOA have less impact on employees performance as a results it recommended that the promotion and recognition scheme of the bank free, fair and the employee's should be aware of the parameter for promotion and recognition should be provide fast treatment and adequate service to all employee. Finally, both banks should evaluate the impacts motivational scheme from time to time to check the level of employee motivation.*

**Keywords: Extrinsic motivation, Motivation, CBE AND BOA**

## Table of Contents

Acknowledgments.....	i
List of Acronyms.....	ii
Abstract.....	iii
Table Of Content .....	iv
List of Figure.....	vii
list of table.....	viii
Chapter one: .....	1
Introduction .....	1
1.1 Background of the study .....	1
1.2 Statement of the Problem .....	2
1.3 Research questions .....	4
1.4 Objectives of the Study.....	5
1.4.1 General Objective .....	5
1.4.2 Specific Objectives .....	5
1.5 Research Hypotheses.....	5
1.6 significance of the study.....	6
1.7 Scope of the study .....	7
1.8 Research Limitations.....	7
1.9 Organization of the paper .....	8
Chapter two: .....	9
Literature Review.....	9
Introduction .....	9
2.1 Theoretical Review Literature.....	9
2.1.1 Definition of Motivation .....	9
2.1.2 Sources of Motivation.....	9
2.1.3 Types of Motivation .....	10
2.1.4 Impact of Extrinsic Motivation on Intrinsic Motivation .....	17
2.1.5 Motivational Theories.....	18
2.2. Process Theories of Motivation .....	21
2.3 Empirical Literature Review .....	24



2.4 The Conceptual Frame Work .....	26
Chapter Three: .....	28
Methodology.....	28
3.1 Research Design and Approach .....	28
3.2. Population, Sample Size and Sampling Techniques.....	28
3.2.1 Target Population.....	28
3.2.2 Sampling Size and Technique .....	29
3.3 Source of data .....	30
3.3.1. Primary source of Data .....	30
3.3.2 Secondary source of Data .....	30
3.4 Method of Data Collection.....	31
3.5 Method of Data Analysis.....	31
3.6. Ethical Consideration .....	31
3.7. Validity and Reliability.....	32
3.7.1. Validity .....	32
3.7.2. Reliability.....	32
Chapter Four: .....	34
Data presentation and analysis.....	34
4.1. Introduction .....	34
4.2. General information of the respondents.....	35
4.4 compensation and benefit scheme.....	37
4.5 Training scheme .....	39
4.6 Employee Promotion scheme.....	41
4.7. Employee working environment schemes.....	43
4.8 Employee recognition schemes .....	44
4.9 Employee performance.....	47
4.10 Pearson Correlation Analysis .....	48
4.10.1. Multiple Regression Analysis .....	49
4.10.. Hypothesis Testing and Interpretation of the Results .....	53
Chapter Five .....	57
Summary, Conclusion and recommendation .....	57
5.1 Summary of finding.....	57

5.2 Conclusions .....	58
5.3 Recommendations .....	59
Reference .....	60
Appendices 1.....	66
Questionnaire for Employees .....	66
Appendix 2 .....	73
Interview Questions for Compensation and Benefit Director of the bank.....	73

## List of figures

Figure 1 Maslow's Hierarchy of needs Maslow.....	19
Figure 2 : Employees' performance .....	27

## List of tables

Table 1 Questionnaires' collection .....	34
Table 2 Respondents Demographic data.....	35
Table 3 Respondents work experience.....	36
Table 4 Compensation and benefit.....	37
Table 5 Training.....	39
Table 6 Employee promotion scheme.....	41
Table 7 Employee working environment.....	43
Table 8 Employee recognition .....	45
Table 9 Employee performance .....	47
Table 10 Pearson correlation .....	49
Table 11 Testing the model through ANOVA.....	50
Table 12 Model summary of BOA.....	50
Table 13 Testing the model through ANOVA.....	51
Table 14 Model summary of CBE .....	51
Table 15 Regression Analysis of CBE.....	52
Table 16 Regression Analysis of .....	53

# CHAPTER ONE

## INTRODUCTION

### **1.1 Background of the study**

The commercial banks play important roles in worldwide economies and their employees are the best sources of delivering good services to their customers. Excellent services provided and offered by employees can create a positive perception and ever lasting image in the eyes of banks' customers. The motivation of a bank's employee plays a major role in achieving high level of satisfaction among its customers Petcharak (2004).

Nowadays in Ethiopia the development of this sector showing better progress than ever before and their development is highly depending of their human resource they own since the service sector by its needs human resource involvement in the process unlike that of others sectors. It is known that for any company owning more skilled, experience and motivated employees considered as an asset which enable them to get comparative advantages on their competitors. The highly motivated employees serve as the competitive advantage for any company because their performance and devotion leads an organization to well accomplishment of its goals Rizwan and Ali, (2010). It is very important that to realize availability of well-motivated employees is central to improving service quality in the sector.

All the above ideas support that employee motivation is very critical to the growth, development and success of any business with regardless of its nature. In the business world having highly motivated employees are the most valued and cherished resources above all others. Motivated employees are productive, happy and highly committed to their job. The spin off this, result in reduced employee turnover, results driven employees, loyalty and harmony.

The success or failure of any organization depends on its employee that how well they were motivated towards their work and with how dedication they are performing. Motivation plays a fundamental role in enhancing the employee productivity and performance. Employee motivation is directly linked to employee commitment, productivity and business profits. An organization should know about their employees that who are its great workers, who need training. Every employee has its own motivational factors that motivate them to perform their

work effectively and efficiently. Some employees are motivated by recognition and some are by rewards. Organizations should know the needs of their employees. Motivated employees are productive, happy, committed and satisfied to their jobs Kashmala and Faiza, (2015) Organizations would be more profitable, effective and efficient when its workers are trust over them and this will lead to productivity, high level of involvement. Motivated employees means staff retention and loyalty which in short run will give growth of business Jishi,( 2009).

There is different research conducted related to employee's motivation but the distinctive features of this paper was study conducted on two banks besides to this there is no published researches which use motivational schemes which implemented by the banks as independent variable to motivate employees. This research paper was tempting to examine comparatively the impact of extrinsic Motivation schemes on employee Performance in case of Commercial Bank of Ethiopia and Bank of Abyssinia which the researcher was tried show how Extrinsic motivation schemes have interrelation with the performance of the employees on their workplace.

## **1.2 Statement of the Problem**

Nowadays most employees' movement from company to company directly or indirectly associated with issue of employee motivation in their work place on jobs. Different companies have different motivation schemes for motivation some companies implement better payment schemes while others use creating conducive working environment, good promotion and training schemes as tools of motivating their employees.

Organizations in this dynamic globalized world are continuously trying to develop and motivate their employees to help achieve enhanced performance with various Human Resource applications and practices. Reward management system is the highly used practice for the enterprises to achieve the desired goals Güngör,( 2011). For companies implementing better motivational schemes helps the organizations to attract, capture, retain and motivate employees with high potential and in return get high levels of performance.

Motivation and performance of employees is a resultant effect of many factors that would contribute to the physical and spiritual needs of employees. Employee's motivation is related to organizational commitment and consequent increased productivity and organizational effectiveness FissehaZemene, (2013).

There are two kinds of motivation: intrinsic motivation which derives from the individual itself and one feels that he or she does not necessarily need external stimuli to obtain this motivation. The second type of motivation is extrinsic which results from the external factors of the individual such as getting money. Individuals who are possessing extrinsic motivation will be motivated by the stimuli coming outside the individual and their motivation will be the sum of efforts made to motivate them in an organizational context in forms of rewards, promotion, pay increases and punishment. The intrinsic motivation is more powerful in the long run and deeper in meaning as it is integrated in the individual and not coming from the outside whereas the extrinsic motivation might have powerful and visible effects fast but these are not lasting long as the stimuli is coming outside the individual Serena, A., Muhammad, K. S., Md. Emran, A. (2012)

According to Towers, P. (2003), employee motivation is perhaps the biggest drive of organizational performance. He adds that an organization which is able to motivate its employees and maintain its leverage, their zeal and drive in order to ensure staff performance. Maslow (1943) stated that individuals attain the next hierarchy of needs after the first one has been achieved. Senior managers are not much motivated extrinsically by money and other physiological needs but are well motivated intrinsically through self-esteem and actualization needs, this can be done by providing adequate attention for their excellent advice and contributions to transform into performance.

Employees are the first customers of company and the main objective of the company is to attain customer's satisfaction in order to get profit. The motivation of employees for companies is a driving factor for attaining customer's satisfaction and achieving the highest profit for a company.

Various survey studies have been conducted to assess the Employee Motivation schemes on Employee Performance in case of Commercial Bank of Ethiopia Biruk, 2017 and the impact of extrinsic motivation on employee's performance and their contribution towards the organizational goal achievement in the case of DBE (Berhan 2014). Most studies on employee motivation have been done on one company and their studies want to show the impact of motivational factors on employee's performance in one, industry. There are few published studies on impact of employee's motivational schemes on employee's performance that are

comparative in nature in the different industry companies. As a result this study was seek to bridge this gap by studying impact of Extrinsic motivational schemes on both Commercial Bank of Ethiopia and Bank of Abyssinia and this research was taken into account five Extrinsic motivational schemes (compensation and benefit scheme, Employee promotion, Training and development, recognition scheme and physical work environment (condition of work))which are implemented to enhance employees motivation which forward to boost employee's performance in their work place.

Because of this, the researcher was motivated to study the area of motivation impacts on employee's performance. the researcher used five hypotheses which was employees benefit and compensation, employee promotion scheme, training scheme, recognition scheme and the work environment conditions schemes. In the absence and failure in the implementation of such schemes there will be laziness, poor communication with customers and poor quality of service which adversely affects the banks performance at all finally.

Therefore, the purpose of this study is to show how the above mentioned extrinsic motivational schemes which are implemented in both banks (Commercial Bank of Ethiopia and Bank of Abyssinia) and how effect on employee's job performance.

### **1.3 RESEARCH QUESTIONS**

This research was attempt to address the following research questions:

1. What is the influence of compensation and benefit scheme on performance of employees?
2. What is the influence of Training and development scheme on performance of employees?
3. What is the influence of promotion schemes on performance of employees?
4. How do recognition schemes affect performance of employees?
5. What is the influence of working condition scheme on performance of employees?

### **1.4 Objectives of the Study**

#### **1.4.1 General Objective**

The general objective of this study was examine in comparison how Extrinsic motivation schemes are implemented in both commercial Bank and Bank of Abyssinia and how to influences employee performance.

### **1.4.2 Specific Objectives**

More specifically the researcher aim was to attain the following specific objectives: -

1. To investigate the influence of compensation and benefit schemes on performance of employees.
2. To determine the influence of Training and development schemes on performance of employees.
3. To examine the influence of promotion schemes on performance of employees.
4. To examine the recognition schemes on performance of employees.
5. To determine the influence of working condition schemes on performance of employees.

### **1.5 Research Hypotheses**

The study used regression analysis to show the relationship between dependent and independent variables. The research alternative and null hypotheses are listed here under.

Maslow (1943,1954) said that the measurement of how employee's performance are positive and productive may depend on how much the organization are addressing their need for status, security and their survival need as postulated in the organization hierarchy of needs. Compensation and Benefit have a close relationship to employees' performance. According to the writer s due to the fact that job applicants accept the job offer based on the salary and allowances and the incentives which the employer will provide them. if the compensation and benefits were low or not satisfied they might accept the offer or reject it seeking for better offer and benefits while the people who accept the offer with low salary and benefits they might end up by low productivity and will lead to unsatisfied clients then will end up with un happy employer, those results all of them linked with low compensation and benefits in the company, that's why the researcher focus in his study how to provide good compensation and benefits offer to the employee to attract them and motivate them so their performance will be with high turnover and they will be satisfied in their job.

In other way, training involves designing and supporting learning activities that result in a desired level of performance Kennedy, (2009).

There are different researchers have been conducted their study on motivation by supporting their finding on the relation of the work performance & motivation and other theories such as Maslow (1946), McClelland (1988) and Herzberg (1968). Vroom (1969), Adams (1965), Locke



and Latham (1990) they tried show the relation and their impact between promotion, recognition, and work environment condition to motivation so as to improve employee's performance and they reached different finding and conclusion from their studies:

Based on literature the following hypotheses were formulated:

**H1:** There is significant and positive relationship between composition and benefit schemes of CBE and BOA and employee's Performance in their work places.

**H2:** There is significant and positive relationship between employee promotion schemes of both CBE and BOA and employee's Performance in their work places.

**H3:** There is significant and positive relationship between training and development schemes of both CBE and BOA and employee performance in their work places.

**H4:** There is significant and positive relationship between recognition Schemes of both CBE and BOA and employee performance in their work places

**H5:** There is significant and positive relationship between the work environment and conditions schemes of both CBE and BOA and employee performance in their work places

### **1.6 significance of the study**

The study may help firms within the bank industry to understand the perception of employees towards compensation and benefit policy and the type of compensation and benefit instrument best favored by employees. The output of the study may add to the existing body of knowledge in three important dimensions.

First, from the bank perspective the result of this study will greatly help the management of the organization to have another look at its compensation and benefit scheme and it will enable them to better understand the relationship that exists between employee's perception and compensation, benefit packages. Moreover, if the modified compensation meets the aspiration of worker's productivity will increase and workers will become more and more stable which helps the bank to be in a better position to compete and win well talented employees from the market.

Second, form the bank's employees' perspective the research will present an alternative approach to the current reward system of CBE and BOA and help modify the pay policies and

practices, so that employees can have an attractive and reasonable compensation and benefit packages.

Third, from the researcher's point of view the study helps to fill the gaps which initiated the researcher to focus on this specific area of study and answer the basic research questions. For further studies, other researchers will be able to use the findings of this study to prove various theories and to use the study as a basis for further research on other variables not included in this study. The finding will also increase the stock of theoretical and empirical knowledge especially in the practice and also form the basis for further research

### **1.7 Scope of the study**

Conceptually; even if there are two types of motivation the researcher focuses only on extrinsic motivational schemes such as; Organization payment scheme, promotion scheme, training development scheme, recognition scheme and working environment scheme.

Geographically; the research delimited on Commercial Bank of Ethiopia and Bank of Abyssinia at head office which found in Addis Ababa.

The time Period for this study is cross sectional meaning data is taken once in the life time of the study. The target respondent is limited to head office staffs which means that they can give a true and well considered responses to the researcher so as a result the final finding was good. Data was collected through questionnaire& interview.

### **1.8 Research Limitations**

The limitations of the study are in terms of coverage and depth owing of time and financial resource availability to gather data from all the targets of the study located in different portfolios of the organization that could help to get well organized responses for the subject under study. To minimize the impacts of these limitations the researcher has tried to design good quality questionnaires to enable respondents provide relevant data.

The sample size makes the study extremely difficult to generalize results of the study to cover all branches of the banks nationwide as results of this sample method implemented to conduct the study.

Due to workload and long hours of bank work, the researcher faced the problem associated with missing of questionnaire and the presence of unanswered question in the questioner by the respondents which minimize the research sample size. Here the researcher collected the data at

the lunch time of employees and the questionnaires which full questions not attempted by respondents are fully rejected in the data organizing stage.

### **1.9 Organization of the paper**

This thesis contains five chapters, the first chapter which is the introduction covers the background of the study, statement of the problem, objectives of the study, research questions, the scope of the study, significance of the study and limitation of the study. the second chapter focuses on literature review which consists of theoretical and empirical literature on motivation and conceptual framework of the research. The third chapter of the thesis deals with the methodology of the research which comprises the research design, the research population, sample and sampling technique. It also considers the sources of data and data collection technique, methods of data collection and analysis. Chapter four deals with data presentation, analysis, interpretation of the findings. The fifth and the last chapter is concerned with conclusion and recommendation. Conclusion clearly presented and recommendations are provided for the findings of study.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **Introduction**

This chapter was review related literature regarding many aspects of motivation including definition of motivation, sources of motivation, and types of motivations, motivation theories, empirical reviews and conceptual frame work of the research.

### **2.1 Theoretical Review Literature**

#### **2.1.1 Definition of Motivation**

Motivation refers to the forces within or beyond a person that arouse and sustain their commitment to a course of action Boddy, (2008).

According to Robbins & Decenzo (2008) motivation is the willingness to exert high levels of effort to reach organizational goals, conditioned by the efforts and ability to satisfy. They further asserted, that motivation is a function of three key elements thus; effort, organizational goals and needs.

From the two definitions cited by the researcher, the study adapted this as the operational definition to be used throughout the report; thus, motivation is the combination of certain forces perhaps an employee's desire, capacity and energy directed at achieving an organizational goal or cause of action

#### **2.1.2 Sources of Motivation**

According to Hitt, (2009) contributing to motivation was of the opinion that, there are basically three categories of variables that determine motivation at the work setting thus;

(a) Characteristics of the individual - the first category, are the source of internal or push forces of motivation. This he claims is what the employee brings to the work setting. Defending his point further asserts that three variables also contribute to an individual's push forces: the persons (1) Need- such as security, self-esteem, achievement, or power. (2) Attitudes- towards job, a supervisor, or organization and (3) Goals- such as task completion, accomplishment of a certain level of performance, and carrier advancement.

(b) Characteristics of the job- the second category according to him, relates to the external or pull forces which concentrate in job characteristics of the person (what the person does at the workplace). The characteristics he outlined as how much direct feedback he receives, the work load, the variety and scope of tasks and degree of control the person has in terms of how he or she works.

(c) Characteristics of the work situation – the third category he identified, and from his submission it clearly shows that it relates to the work situation of the person, talking about what actually happens to the person. A further reading by the researcher, revealed that this category has two sets of variables: the immediate social environment comprising the person's supervisors, working group members and subordinates; and the various types of organizational actions such as the firm's rewards and compensation practices, the availability of training and development, and the amount of pressure applied to achieve high levels of output.

### **2.1.3 Types of Motivation**

We can categorize the types of motivation based on the characteristics in to two. These are extrinsic and intrinsic motivations.

#### ***2.1.3.1 Extrinsic Motivation***

These are what need to be done to or for people to motivate them. They are often determined at the organizational level and may be largely outside the control of the individual managers. Extrinsic motivators can have an immediate and powerful effect but will not necessary last long Mullins, (2005) Armstrong, (2006).

Bernard & Stoner, (2005) proposes the following are incentives for employees: Salary, Wages and Conditions of Service: To use salaries as an effective motivating tool, personnel managers must consider four major components of salary structures. These are the job rate, which relates to the importance the organization attaches to each job; payment, which encourages workers or groups by rewarding them according to their performance; personal or special allowances, associated with factors such as scarcity of particular skills or certain categories of information professionals or librarians, or with long service; and fringe benefits such as holidays with pay, pensions, and so on. It is also important to ensure that the prevailing pay in other library or

information establishments is taken into consideration in determining the pay structure of their organization.

Akintoye, (2000) asserts that money remains the most significant motivational strategy. As far back as 1911, Frederick Taylor and his scientific management associate described money as the most important factor in motivating the industrial workers to achieve greater productivity. Taylor advocated the establishment of incentive wage systems as a means of stimulating workers to higher performance, commitment, and eventually satisfaction. Money possesses significant motivating power in as much as it symbolizes intangible goals like security, power, prestige, and a feeling of accomplishment and success.

Katz, in Sinclair, (2005) demonstrates the motivational power of money through the process of job choice. He explains that money has the power to attract, retain, and motivate individuals towards higher performance. For instance, if an information professional has another job offer which has identical characteristics with his current job, but greater financial reward, there is the probability that, that worker would be motivated to accept the new job offer. Banjoko adding to it stated that managers use money to reward or punish workers. This he said is done through the process of rewarding employees for higher performance by instilling fear of loss of job. The desire to be promoted, and earn enhanced pay also motivate employees. No matter how automated an organization may be increased performance depends largely on the level of motivation and the efficiency of the workforce.

One way managers can also stimulate motivation is to give relevant information on the consequences of their actions on others Olajide, (2000). To the researcher there is no organization in which people do not usually feel there should be improvement in the way departments communicate, cooperate and collaborate with one another. Information availability brings to bear a powerful pressure where two or more people running together will run fast than when running alone without being aware of the pace of your competitors. This implies that by making information flow subordinates compete with one another.

More often firms use hedonic goods or services as noncash rewards; items that are associated with pleasure experience rather than more instrumental of functional items Dhar & Wertenbroch, (2000) when considering whether to exert additional effort in pursuit of a bonus award such as this, the employee must predict what the item offered is worth to them.

## **A) Compensation and Benefit Packages**

Compensation refers to the amount of money and benefits that an employee receives from his organization in return for his or her contributions to the organization Hamidi, Saberi& Safari, (2014). This practically satisfies material, social and psychological needs of the individual Altinoz, Cakiroglu & Cop, (2012). Compensation or pay is linked with general satisfaction and more closely linked with pay satisfaction Lumley et al, (2011).

No one works for free, nor should they. Employees want to earn a reasonable salary and payment, and employers desire their workers to feel that is what they are getting. Money is the fundamental inducement; no other incentive or motivational technique comes even close to it with respect to its influential value (Sara et al. 2004). It has the supremacy to magnetize, maintain and motivate individuals towards higher performance. Frederick Taylor and his scientific management associate described money as the most fundamental factor in motivating individual workers to attain greater productivity Adeyinka et al., (2007). Money has been pointed out as a motivational factor by a large number of researchers.

It is often seen as a symbol of success and also associated with comfort and security, Engelberg and Sjöberg, (2006). It is considered as an advantage for the managers because they can use money as a strategy since money can have a great impact on employees' performance. Some researchers have stated that motivation is the main instrument to be used. Knowing that it exists, a direct correlation between salary and the results obtained, Androniceanu, (2011). Some researchers like Murphy (1981) suggest that the employee should be motivated through a proportional salary according to the efforts done in the job. There are other important factors as well, but having a satisfactory salary is among the top factors.

Employees receive different kinds of benefits in the form of wages, salaries and pay. Mostly individuals with good education, relevant skills, and experience are unsatisfied with their job and salary packages resulting in high rates of turnover and low productivity. As such organizations make compensation plans for them in a bid to minimize the turnover and to motivate them. In other words, you can say that compensation motivates employee for better performance and higher productivity levels. Compensation may also come in the form of Fringe benefits which focuses on maintaining the quality in terms of lifestyle as workers, provide them with a certain level of safety and financial security taking into consideration their family relations. Some

common examples are; retirement or pension plans, medical insurance, education reimbursement and time off. Fringe benefits are forms of indirect compensation provided for a worker or group of workers as a result of their status as members of the organization Matthias and Jackson, (2003).

Also, overtime is the payment over and above the normal salary and wage rates where the workers are paid extra for working additional hours Tyson, (1999). Furthermore, Company housing or house rent allowances is offered by organizations who feel obliged to help an individual meet one of the basic needs a roof over one's head in order to enable them to have access to reasonable accommodation while on official duty. Senior employees are provided with accommodation which may be owned by the organization while other organizations reimburse rent payments Andrews, (2009). In order to avoid a decline in employee productivity levels, workers also require health and safety packages, job security and adequate working conditions Hamidi et al., (2014).

According to Allis and Ryan (2008), the cost of compensating workers that is in form of payments, wages, and other benefits - is a huge and increasing part of operational expenditures; yet, productivity may decrease amongst employees if such payments and benefits are not made available to them. Simply put employees are more industrious and productive when reasonable pay is attached to performance.

Although compensating workers may have an effect on productivity, other factors can also increase output with little or no costs to the organization. While pay can be seen as an example, workers also appreciate being validated if they are to be productive in the workplace. The need to feel that their jobs are of value and contributes significantly to the success of the organization is important to the workers. While adequately compensating them may help, validation does not necessarily have to be financial. This is because simply thanking them can also make an employee feel appreciated. As regards validation, workers may also be extremely productive when they can envision where they fit in the big picture.

Workers want to be seen as an integral part of the organization as such strives to be indispensable. They want to have a grip on every aspect of operations, which could also be favorable to their hopes and aspirations as this may present them with the opportunity to showcase their capabilities and skills in other areas excluding their areas of specialization. They



also need to know that they have a voice and that their managers are willing to give listening ears to their opinions as well as involve them in decision-making processes Lake, (2000).

### **b) Employee Promotion:**

Promotion is one of the most efficient ways to keep employees motivated by offering them opportunities along with their careers, giving them more responsibilities or even more authority. It may be applied by giving the opportunity to increase salary compensation. This commodity can also cover a part of security needs by increasing the buying power of the employee. Promotions help to assign workers to jobs that better suit their abilities and are a way to move up quickly the talented workers, Gibbons, (1997)

### **C) Training and development**

Cole (2002), mentioned in his book Personnel Human Resource Management, that training is more of a learning activity to acquire better skills and knowledge needed to perform a task. The idea of training is the need for a greater productivity and safety in the operation of specific equipment or the need for an effective sales force, to mention a few.

To come up with the desired knowledge, skills and abilities from employees to perform well at their job side, requires proper training programs that may likewise have an impact on employee motivation and commitment. Employees can either build or break their company's reputation as well as profitability. Moreover, they oversee most of the activities which can influence customer fulfillment, the nature of the product and event.

Methods of Training; - A variety of training methods are used in different organizations today, to train different individuals. DeCauza et al (1996) explains that the most popular training and development method used by organizations can be classified as either On-the-job training or Off-the-job training.

A. On-the-job training as the name goes, on-the-job training (OTJ) is a method of giving training to employees when they are at work at their working environment. The purpose of this training is to make the employees get familiar with the normal working circumstance, i.e. during the training time frame, the workers will get the direct involvement of using machinery, equipment, devices, materials, and so forth.

B. Off-the-job training Off-the-job training is another method of training, which is organized at a site, far from the original work environment for a specific period. The purpose of this method of training at a place other than the job area is to give a peaceful domain to the employees where they can focus just on learning. Additionally, they can investigate new and innovative ideas.

#### **d) Recognition scheme**

Appreciation is one of the most top desires of employees which motivate and keep them productive, by enhancing the employee's morale, which "allows them to think better of themselves and their ability to contribute towards organizational goals. Employees with high self-esteem are more intrinsically motivated, optimistic, willing to work harder, participating at work, work efficiently, and have lower absenteeism rate and are generally more satisfied with their jobs" Lai, (2009). Herzberg two factor theory described the recognition as a motivating factor that makes employees satisfied. There are several ways to recognize employees including greeting for better jobs, attach thanks to their paychecks, acknowledge employee millstones, staff gathering outside the organization, highly appreciation for coming up with new ideas, holding a celebration for success arranging frequent contests and other team building activities, etc. However, few important matters should be kept in mind when recognizing employees such as equal recognition for all recognize immediate after they deserve it, exaggeration is unexpected McConnell, (2006).

#### **e) Work Environment and condition scheme**

Most organizations limit the rate at which they enhance the performance levels of their workforce to skill acquisition. The kind of workplace or surroundings where a worker operates also affects the level at which such an organization may flourish. Akinyele (2010) suggested that about 80% of productivity concerns are as a result of the nature of a worker's environment in most organizations. Nature of work and its surrounding environment is the factor that affects the level of motivation of employee significantly. A favorable work setting guarantees the wellbeing of workers which invariably will encourage them to apply themselves to their responsibilities with a high level of morale which may transform into higher productivity (Akinyele, 2007). Tyilana, (2005) suggests that three motivational factors such as achievement, recognition and work itself cause 88% job satisfaction.

Job security is one of the major concerns of employees in this sector now a day since huge retrenchment has been seen recently. It is a safety factor, according to Maslow. In the age of

downsizing, employees are always in fear about their job security. Any minor changes in the working environment would make them worried about their security. Organizations have to ensure proper communication if any crucial change occurs in the organization. Appropriate job security assurance, challenging work, work that yields a sense of personal accomplishment, increased responsibility are factors cause motivation, Daschler, and Ninemeier (1989), in Petcharak, (2002). However, “good working conditions cannot motivate the employees in themselves, but can determine the employee’s performance and productivity”. Lin, (2007)

Brenner (2004) affirmed that the capability of an organization’s workforce to share information throughout the system is subject to the state of their work environment. Workers are likely to be more productive in a well-structured work environment. Furthermore, the quality of the comfort which varies in terms of the work environment also predicts the degree of contentment as well as the productivity level of workforces. This is because the productivity levels of the workforce would not be optimal if the state of their work environments is not conducive. A better work environment augments the worker’s productivity. Kohun (1992) described an organization’s work environment as an entirety. That is, it encompasses all forces, activities including other significant elements that are presently or potentially challenging the worker’s productivity and performance levels. It is the summation of the interrelationship existing between workers and the surroundings in which they operate. However, in toxic environments, responsible and talented workers can be transformed into irrational and unreliable workers as a coping strategy Kyko,(2005). He cited several elements that constitute a toxic work environment, therefore, causing a decrease in productivity of employees and the organization as a whole.

These elements are a lack of transparency in management, biased managers, administrative policies, work conditions, interpersonal affiliations, and compensation. Yesufu (2000) claimed that the kind of conditions workers are subjected to physically in the workplace is significant to output. Managing and sustaining a work environment effectively demands to make sure the surroundings are conducive, attractive, acceptable, resourceful, and motivating to the workforce thereby giving workers a sense of pride and purpose in the jobs they perform Brenner, (2004).

Administration and interpersonal relationship with supervisor cause 60% job dissatisfaction. There is a variety of ways to develop the relationship such as, through the task (i.e. giving feedback, taking ideas from the employee, giving consultation, etc.) and non-task (i.e. showing respect, caring employees as an individual, etc.).

### **2.1.3.2 Intrinsic Motivation**

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

### **2.1.4 Impact of Extrinsic Motivation on Intrinsic Motivation**

Through the exploration of motivational characteristics, it is shown that people are either intrinsically or extrinsically motivated. Upon further research, two theories explain how intrinsic motivation can be increased or decreased by extrinsic or external motivation techniques. In Theory I, external motivators (incentives, praise, rewards, or punishment) increase intrinsic motivation, while In Theory II, extrinsic motivators decrease intrinsic motivation. Intrinsic motivation inspires individuals to participate in an activity because of the internal enjoyment that activity brings. People who are intrinsically motivated have a need for achievement and aspire to be self-determined and competent, without any perceived external motivator Akin-Little et al., (2004). Extrinsic motivation encourages individuals, who do not necessarily enjoy an activity, to perform well in order to receive some kind of reward or to avoid negative consequences, Aamodt M.G. (2007). Autonomy, or self-determination, is experienced when an individual feels they have a choice in performing the activity and feels personally responsible for the outcome, Edward L. et al. (2001).

### **2.1.5 Motivational Theories**

There are a lot of motivation theories these theories can be classified in to Content approach and Process approach. What distinguish between content and process motivation theories are Content theories focus on what factors within a person that energize, direct, sustain and stop behavior, while process theories focus on how behavior is energized, directed, sustained and stopped.

#### **2.1.5.1 Content Theories of Motivation**

Content theories explain why people have different needs at different times. These needs usually fall into three groups: physiological needs, need for social interaction, and psychological needs

## **A. Maslow's Hierarchy of Needs**

Maslow (1943) Maslow's Hierarchy of needs is one of the most known motivation theories, it starts with the idea that people always tend to want something and what they want depends on what they already have. Maslow proposed that there are five different levels of needs people have to seek for satisfaction of their basic needs. The first or lowest level is Physiological needs. These needs involve food, water, shelter and clothing. Before these needs are fulfilled a person does not get motivated to the other level of needs in the hierarchy. When people do not feel hunger, thirst or cold, their needs go to a second level. The second lowest level is Security needs. The second lowest level is Security needs. In that level a person needs to feel secure in his/her family and in a society, and feel protected against violence.

The need for safety is manifested with job security, savings and for insurances of health, mental health, old age and disability. Love and belonging needs is the third level of Maslow's hierarchy. After feeling secure, people need to feel that they receive and give love, they are appreciated and they have good friendships. The fourth level is Esteem needs.

It is the need to be unique with self-respect and to enjoy esteem from other individuals. People want to evaluate themselves highly and based on their achievement receive appreciation from other people. Highest level of Maslow's hierarchy of needs is need of Self-actualization. The development of this need is based on the satisfaction at the other four lower levels.

It refers to the need of self-fulfillment and the tendency to become actualized in what a person is potential. The core of this theory lies in that when one need is fulfilled, its strength diminishes and the strength of the next level increases.

**Figure 1 Maslow's Hierarchy of needs Maslow**



### **B. Herzberg's Two-Factor Theory**

Frederick Herzberg (1966) studied various factors relating to the job and their relation to employee motivation and concluded that job factors can be classified into two categories - motivators and hygiene factors. Herzberg found out that what makes people happy is what they do or the way they are utilized and what makes people unhappy is the way they are treated.

Things that make people satisfied at work are different from those that cause dissatisfaction so those two feelings can't be opposite. Based on these findings Herzberg created his theory of Motivators and Hygiene factors.

Hygiene factors related to the work setting rather than the content of the work and include adequate wages, comfortable working conditions, fair company policies, and job security. These factors do not necessarily motivate employees, but their absence may be a source of dissatisfaction.

Herzberg hygiene factors create a suitable work environment though not increase in satisfaction.

For instance, low pay can cause job dissatisfaction which will affect employees' performance.

Hygiene factors are essential to make sure that the work environment does not develop into a disgruntle situation. Typical hygiene factors are salary, working condition, status, company policies and administration. Saiyadain,(2009).

Motivational factors relate to the content of the work and include achievement, recognition, the work itself, involvement, responsibility, and advancement. They promote higher levels of performance. Noted that Herzberg's motivational factors and Maslow's esteem and self-actualization needs are similar and the higher-level goals in Maslow's hierarchy and the motivational factors identified by Herzberg are important in motivating employees to work harder.

Both motivational and hygiene factors can motivate workers but they work for different reasons. Hygiene factors tend to cause only short-term satisfaction to the workers while motivators most probably cause longer-term job satisfaction.

Armstrong (2007) stated that the two factors giving rise to job satisfaction and motivation are distinct from the factors that lead to job dissatisfaction. Any feeling of satisfaction resulting from pay increases is likely to be short-lived compared with the long-lasting satisfaction from the work itself. It also makes a distinction between intrinsic motivation arising from the work itself and extrinsic motivation provided by the employer example payment of employees.

### **C.ERG Theory**

This theory is published in 1972 by Alderfer who argues that there are three groups of core needs: existence, relatedness, and growth. In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be operative at the same time, and (2) if the gratification of a higher level need is stifled, the desire to satisfy a lower-level need increases. Maslow's need hierarchy follows a rigid, step like progression Robbins, (1998). Maslow's physiological and safety needs belong together to existence needs. Relatedness can be harmonized to belongingness and esteem of others. Growth is the same as Maslow's self-esteem plus self-actualization. Both Maslow and Alderfer tried to describe how these needs, these stages of needs become more or less important to individuals.

## **2.2. Process Theories of Motivation**

### **A. Expectancy Theory**

The concept of expectancy was originally formulated by Psychologist Victor Vroom and it assumes that motivation depends not only on how much a person wants something but on the person's perception of how likely he or she is to get it. Vroom (1964) defined this theory "Where

an individual chooses between alternatives which involve uncertain outcomes, it seems clear that his behavior is affected not only by his preferences among these outcomes but also by the degree to which he believes these outcomes to be possible.

Expectancy is defined as momentary belief concerning the likelihood that a particular act will be followed by a particular outcome. Expectancies may be described in terms of their strength. Maximal strength is indicated by subjective certainty that the act will be followed by outcome, while minimal strength is indicated by the subjective certainty that the act will not be followed by the outcome.” Vroom, (1964) Anna S, Sanni K, (2010).

In this theory, motivation is likely only when there is a clearly perceived and usable relationship exists between performance and outcome; and the outcome is seen as a means of satisfying needs. Armstrong (2007) noted that the expectancy theory provides the foundation for good practice in the design and management of contingent pay. The basis for the concept is the „line of sight“, which emphasizes the importance of establishing a clear link between the reward and what has to be done to achieve it. This theory is complex because it suggests that every action leads to a number of different outcomes, some of which are desirable and some that are not. Expectancy theory suggests that managers should show employees that they can achieve the outcomes they desire.

Managers, can use the concepts and principles of expectancy theory to improve performance. It is important to acquire an understanding of the outcomes preferred by employees. Managers should listen, talk and observe employee responses towards the rewards given by the organization such as compensation, incentives, promotions, praise, gift certificates, and time off.

## **B. Instrumentality Theory**

Instrumentality is the belief that if we do one thing it will lead to another. In its crudest form, instrumentality theory states that people only work for money. The theory emerged in the second half of the 19th century with its emphasis on the need to rationalize work and on economic outcomes. It assumes that people will be motivated to work if rewards and penalties are tied directly to their performance; thus the awards are contingent upon effective performance. Instrumentality theory has its roots in the scientific management methods of Taylor, (1911), who wrote: “It is impossible, through any long period of time, to get workmen to work much harder than the average men around them unless they are assured a large and permanent increase in their



pay.” Motivation using this approach has been and still is widely adopted and can be successful in some circumstances. But it is based exclusively on a system of external controls and fails to recognize a number of other human needs

### **C. Reinforcement Theory**

Reinforcement theory as developed by Hull (1951) suggests that successes in achieving goals and rewards act as positive incentives and reinforce the successful behavior, which is repeated the next time a similar need emerges. Conversely, failures or punishments provide negative reinforcement, suggesting that it is necessary to seek alternative means of achieving goals. This process has been called “the law of effect” the connection between the behavior and its outcome and, second, on the extent to which they are able to recognize the resemblance between the previous situation and the one that now confronts them. Perceptive ability varies between people as does the ability to identify correlations between events. For these reasons, some people are better at learning from experience than others, just as some people are more easily motivated than others.

### **D. Goal Theory**

A goal is defined simply as what the individual is consciously trying to do. In their research, Locke & Latham (2006) Ordóez et al., (2009), they do agree that as long as an individual remains committed to the set goal (s), and that the individual has the ability to attain the set goals, whereby there are no other, otherwise conflicting goals set, then graphically, this would be a linear relationship. The linear relationship is set between the task performance and the goal difficulty Locke & Latham, (2006) Ordóez et al., (2009). Furthermore, challenging goals mobilize energy, lead to higher effort, and increase persistent effort.

Goals motivate people to develop strategies that will enable them to perform at the required goal levels. Finally, accomplishing the goal can lead to satisfaction and further motivation, or frustration and lower motivation if the goal is not accomplished. Fred C. L (2011) stated that this theory emphasizes the important relationship between goals and performance.

Fred added that, the motivational impact of goals may be affected by moderators such as ability and self-efficacy. Deadlines improve the effectiveness of goals. A learning goal orientation leads to higher performance than a performance goal orientation, and group goal-setting is as important as individual goal-setting. The goal-setting model emphasizes that a goal serves as a motivator. It is important for any goal to be clear, meaningful, and challenging. A person’s ability can limit his or her efforts to accomplish goals. If a manager sets a difficult goal and a

person lacks the ability to accomplish it, there will not be accomplishment. As goals are accomplished and this performance is evaluated, rewards are distributed. If the rewards are preferred as discussed in expectancy theory, employees are likely to be satisfied and motivated.

### **E. Equity Theory**

Equity theory was developed by Adams, it says that it is not the actual reward that motivates, but the perception, and the perception is based not on the reward in isolation, but in comparison with the efforts that went into getting it, and the rewards and efforts of others.

The concept of equity may be explicitly stated as the even exchange of values such that what is received is presumed to be equal to what is given Adams, (1965) as quoted by W. Fred v. R. and Kassaye W, (1977) They argued that, equity theory may be applied to social relations such as management-worker and seller-buyer. Further, the concept of power seems to be related to perceived and subjective equity.

When people sense inequities in their work they will be aroused to remove the discomfort and restore a state of felt equity to the situation by changing work inputs, changing rewards received, leaving the situation, changing the comparison points, psychologically distorting the comparisons. People who feel overpaid (feel positive inequity) have been found to increase the quantity or quality of their work, whilst those who are underpaid (feel negative inequity) do the opposite. Feelings of inequity are determined solely by the individual's interpretation of the situation - the fact that a manager feels that the annual pay review is fair is immaterial.

**F. McGregor's Theory X and Y** Douglas McGregor (1960) produced his analysis of the different views about people and how they should be motivated. Theory X is the traditional view that the average human dislikes work and wishes to avoid responsibility and that; therefore, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forward adequate effort towards organizational objectives. In contrast, theory Y emphasizes that people will exercise self-DIRECTION IN the service of objectives to which they are committed and that commitment to objectives is a function of the rewards associated with their achievement. The associated concept of operant conditioning (Skinner, 1974) explains that new behaviors or responses become established through particular stimuli, hence conditioning – getting people to repeat behavior by positive reinforcement in the form of feedback and

knowledge of results. The concept suggests that people behave in ways they expect will produce positive outcomes. The degree to which experience shapes future behavior does, of course, depend, first, on the extent to which individuals correctly perceive.

### **2.3 Empirical Literature Review**

The empirical literature part discusses past studies that were conducted which quite related with the impact employee motivation schemes on employee performance. Here under the researches try to review the following research works.

A study conducted by Nyawara Charles (2012). on the effects of employee motivation schemes on employee performance in Kenya sugar industry: a case of chemelil Sugar Company which the objective of attaining examining how motivation influences employee Performance standard in Kenya Sugar Industry; a case of Chemelil Sugar Company by employing descriptive data analysis based on 160 employees the data analyzed using graphs, mean, percentage as tools. The study use five motivational factors (medical support. entertainment, training program, welfare service and housing facilities) to show how to influence employee's performance. Finally, the finding of this research was medical support, entertainment services, training programs, welfare services and housing facilities affect employees' performance of Chemelil Sugar Company to a reasonable extent.

A research conducted by FissehaZemene(2013) on the effects of motivation on employees' performance at Mekdim Ethiopia National Association which aimed attaining the objective of investigating the effects of motivation on employees' performance at Mekdim Ethiopia National Association in this paper the researcher use questioner method as tool of data collection and descriptive method of data analysis such as average and percentage as a tools of analysis and 100 employees are selected as a sample ,then the sample is categorized in to two parts which supervisory and non-supervisory employees.

In the analysis the researcher uses six motivational factors to show the effects on employee performance of which Job Satisfaction, Recognition, and Sense of Achievement, Good Salary, Training and development opportunities, Fringe benefit (provident, medical and related benefits). According to this study finding all factors have effects on employee performance of Mekdim Ethiopia National Association but primary factor which affect more is good salary.

Boamah Richard, (2014) conducted a study on the effect of motivation on employee performance in BrongAhafo Education Directorate. The study has revealed that promotion and opportunity for advancement are the major motivation factors and the study has also revealed that motivation level is low in the area of wages and salaries. Ghana Education appears to be paying lowest wages and salaries in the industry. It is therefore recommended that Ghana Education Service (management) should consider as a matter of urgency, the need to make upward adjustment in wages and salaries which will go a long way to reduce the high incidence of labor turn over leave with/without pay are done than the one in place to encourage employees who have consistently performed or served in the service.

Another study by Danish Ahmed Siddiqui (2019) this paper aims to study the effects of intrinsic and extrinsic motivation on employee's performance. The study was aimed to discuss how the extrinsic and intrinsic motivation can hinder or increase the motivation level of employees. From this study, we can conclude and analyze that managers must be motivating their employees to get better performance. Not only the monetary rewards, but the non-monetary benefits are also a source of motivation for the employees. We recommend the immediate managers that they must not only assign the tasks to the employees but also keep an eye on the motivation of employees as well. The HR department must also check not only for the monetary rewards of the employees like bonuses and appraisals but the intrinsic needs of the employees must also be kept in mind. There is an implication for the top management too other than the immediate managers. The top management must also keep an eye on the extrinsic and intrinsic motivators. They can become good leaders if they motivate each and every employee according to their needs. Obviously, every employee has different needs and every employee needs a different motivator for the better performance. Not all employees need a monetary reward in order to perform better. While for some of the employees, monetary reward is all they want and they perform better if they are motivated extrinsically too.

SumraHaleemShaikh (2018) the purpose of study is to examine the effects of external motivational factors on employee's performance. Current study is employed Herzberg's two-factor theory to investigate the effects of extrinsic factors on employees' performance.in food and textile industries of Sindh, Pakistan. Seven point Likert scale is used for survey purpose. Reliability test is conducted for knowing the internal consistency of extrinsic factors as independent variables and employees' performance as dependent variable. Pearson correlation,

Analysis Of Variance (ANOVA), t test and multiple regression techniques are employed for data analysis. The results found that all extrinsic factors have positive and significant effects on employees. This study provides good amount of knowledge on the importance of extrinsic factors for improving the employees' performance. Based on our results, the researcher recommended extrinsic motivation makes the employees more energetic and enthusiasm as far more effective and productive, which ultimately boost the performances of workforce.

## **2.4 The Conceptual Frame Work**

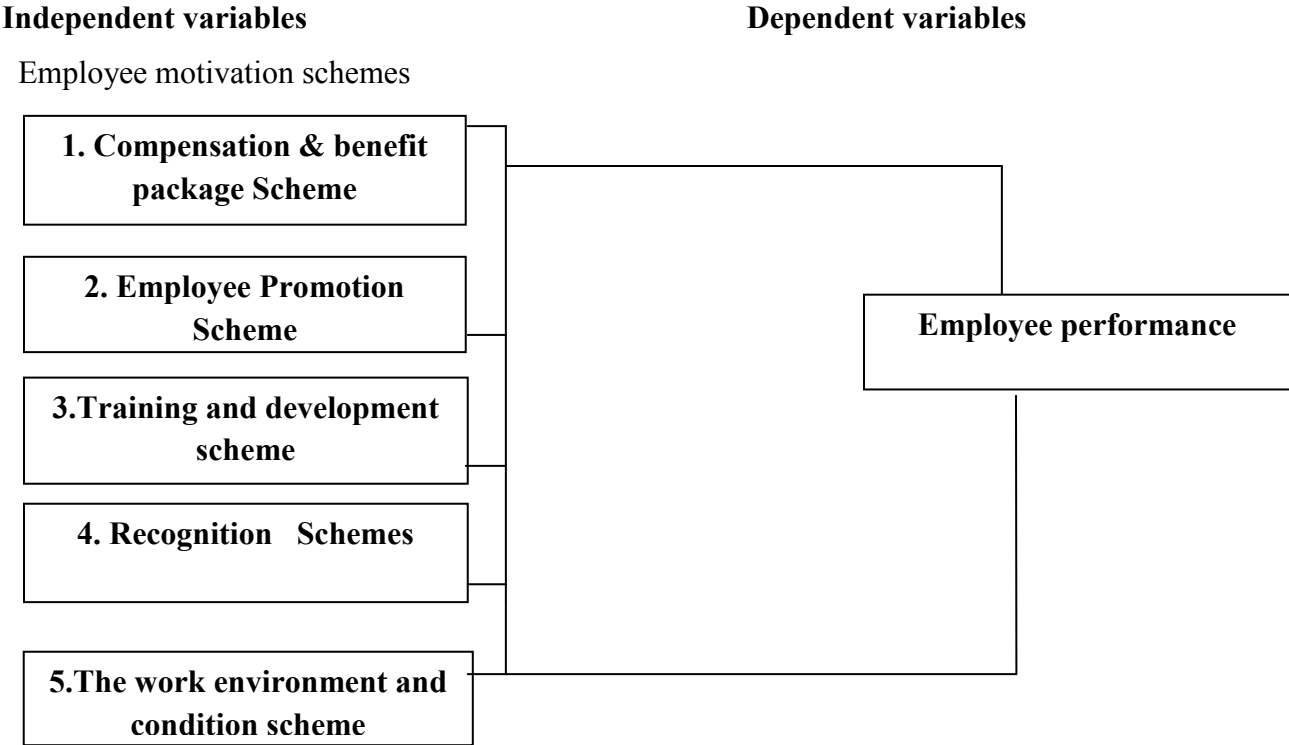
### **Motivation**

This study will involve extrinsic motivational as independent variables. In independent variables extrinsic motivational schemes include main five scheme such as Compensation & benefit package, employee promotion, training and development, recognition, and work environment condition scheme.

### **Employees' performance**

The researcher will take employee's performance as dependent variable. And the rest of the variables are considered as independent variables.

**Figure 2 : Employees' performance**



Source: Authors construction based on literature

## **CHAPTER THREE**

### **RESEARCH METHDOLOGY**

This chapter presents the methodological concerns which was used in conducting this study. It comprises the research design, population and sampling techniques, data source and tools of data collection, data collection procedures, the methods used to undertake the analysis, ethical considerations, and reliability and validity assurance. The details are presented in the sections that follow.

#### **3.1 Research Design and Approach**

Research design involves a series of rational decision-making choices. The research design was devised following a number of the researcher decisions associated with the purpose of the study. In other words, the research design is the step aimed at designing the research study in such a way that the essential data can be gathered and analyzed to arrive at a solution Sekaran (2003).

This research used explanatory research design since this research design method best to show the relationship between employee motivation schemes and employees performance better than any other method whereas the approach that used in the study was mixed research approach which is both qualitative research and quantitative. Quantitative research use objective measurement and statistical analysis of numeric data to understand and explain a phenomenon by using table, averages and regression analysis of data on the other hand Qualitative research approach in contrast, focused on understanding social phenomenon from the perspective of human participants in the study such as background of respondents and other qualitative data that has qualitative nature.

#### **3.2. Population, Sample Size and Sampling Techniques**

##### **3.2.1 Target Population.**

Target population means the total number of entities in which the researcher is interested in, it could be, the collection of individuals, objects or events about which the researcher wants to make inferences. The target population of this study was included employees of commercial bank of Ethiopia & bank of Abyssinia which located at head office found in Addis Ababa

### 3.2.2 Sampling Size and Technique

The target population of this research was employees of Commercial bank of Ethiopia & bank of Abyssinia at head office which found in Addis Ababa. The total population of Commercial bank of Ethiopia at head office is around 2500& the total population bank of Abyssinia at head office is around 468. There researcher was used around 96 sample from CBE & 83 from BOA employees at 90% of confidence interval and 10% of accepted error.

The researcher was distributed questionnaire to samples in randomly selected employee of both bank. Existing at head office was used as sample. Simple random sample if in each draw all elements of the population have the same probability of being selected and successive draws happen to be independent and all employee who work in different level have an equal access and information about the Impact Extrinsic Motivation on employee performance.

The sample frame according to Bryman and Bell (2007) is the listing of all units in the population from which a sample is selected. The final sample size for each of the category or group was determined with DeVaus (2002) formula below:

Where: -

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

N-sample population

N-total population

$\alpha^2$  -the desired level of precision thus

The formula adopted a confidence level of 90% and the margin of error is therefore 10% which is acceptable in social science research

So based on the above formula we can calculate the amount of sample size or questioner which was distributed to the target population.



### **For the sample size of CBE**

$$N/ 1+ (N*\alpha^2)$$

$$N= 2500/(1+2500*0.1^2)= 96$$

### **A) For the sample size of Boa**

$$N=468/ (1+468 \times 0.1^2) =83\text{for BOA}$$

Therefore, based on the above given information and sample size formula, the sample size for CBE was 96 & BOA was 83 respectively which is 179 questioners was distributed to the target population. In order to take the sample, the researcher was used a simple random sampling technique. Further, for the qualitative one, the purposeful sample which implies intentionally who was best answer the research questions and who are “information rich” persons? Two managers from employee performance & human resource quality assurance was selected from both CBE &BOA to obtain qualitative data. The researcher was conducted to use a probability sampling technique from that technique simple random sampling method was conducted in this research.

## **3.3 Source of data**

### **3.3.1. Primary source of Data**

The researcher was used both primary and secondary data sources. The researcher was used primary data that was collected through questionnaire & interviews. The questionnaire was distributed to the sample respondents which will be selected from both Commercial Bank of Ethiopia and Bank of Abyssinia in head office and interview was conducted to manager of employee performance & manager of human resource quality assurance which found in Addis Ababa.

### **3.3.2 Secondary source of Data**

The secondary sources of information that the researcher was used in the study included Reports and information from the bank’s website, books, articles, and journals among others used as a secondary data.

These secondary sources will help the researcher to identify how others have defined and measured key concepts, and how this research project will be related to the work of others.

The contribution of secondary data sources in addition to primary data sources is very important in any kinds of research on this fashion this research was used secondary data from different articles, journals and different research works which is related with the impact employee motivation schemes on employee's motivation.

### **3.4 Method of Data Collection**

The primary data was collected by using structured questioner & an interview was conducted with manager of employee performance Management & Manager of human resource quality assurance on both commercial bank and bank of Abyssinia at head office. Questionnaires was developed from the different published sources and by the researcher herself and disseminated to be filled by the target sample group. The questionnaire was designee in English language and it has two parts, the first part was question relating to demographic profile of respondents and the second part was about the perception of respondents towards the impact of motivation on employee's performance on both CBE& BOA.

### **3.5 Method of Data Analysis**

After the data collected from both primary and secondary data source the researcher was organize data into two based of the characteristics which are qualitative and quantitative data. The qualitative data are types of data which is characterized by subjective in nature while quantitative data are characterized by numeric in its nature David, (2009). This research was taken in to account both kinds data and these data was analyzed by using both descriptive and multiple regression kinds of analysis. The descriptive kinds of analysis were used frequency and percentage statistical tools whereas multiple regression data analysis was shown the impact of dependent variable (employee performance) and independent variables (motivational schemes). In regression data analysis the researcher was used SPSS version 20 sheet for analyzing the collected data after decoded.

### **3.6. Ethical Consideration**

Most of the time research will not be easy to conduct because some of it activates needs and holds some ethical considerations that will be essential to be fulfilled by the researcher for raising and insuring the reliability and validity of the research findings. Ethical considerations can take various forms depending on the nature of research activity. For this research or study, the researcher was met some ethical considerations by taking an appropriate step. The researcher was take a formal permission from my university if there is any which helps me during the data

collection times. Moreover, the researcher was taken a formal permission and approval of respondents for taking part for that data collection activity and the researcher was not tried to use any force or compassion will be posted on my respondents and anonymous. The nature of this study was also be maintained on such a way's so that the research respondents was respond with ease without any fear of implication.

### **3.7. Validity and Reliability**

#### **3.7.1. Validity**

The content validity of the instrument for the present study was ensured the pilot test. Pilot tests were then conducted with persons who were seen as similar to the population for the study. The purpose of the pre-testing was to refine the questionnaire and to assess the validity of measures in Ethiopian context.

The researcher has selected participants randomly so that characteristics had the probability of being equally distributed and recruits large sample to account or compare these outcomes. The researcher was used the similar instrument for pre-test and post-test measures.

Internal validity deals with how the research findings match reality. The researcher built up my own view of what reality looked like, which improved my understanding and created a more accurate information. The researcher would also use correctly comments that is provided by the advisor. In terms of external validity, although it was not possible to use several resources' key information would be chosen to review empirical data.

#### **3.7.2. Reliability**

The question about reliability was not whether the findings would be found again but whether the results were consistent with data collected. Reliability of the research would have been justified by procedures of gathering materials the researcher followed.

### **3.7.2.1. Reliability Analysis**

The present study is reliable because it used valid strategies and techniques appropriate to the research objectives. It has been tried also to present a detailed evidence of the research plan (i.e. details of the research site, method of sample selection, instruments used) and its implementation in the methodology section to assure the study's reliability.

The reliability analysis and pilot testing or field testing the survey and provide a rationale for these plans. This testing result was establishing the content validity of an instrument and to improve questions, format, and scales. Indicate the number of people who will test the instrument and the plans to incorporate their comments into final instrument revisions.

The reliability analysis measures result shows of internal consistency (are the items' responses consistent across constructs) and test-retest correlations (are scores stable over time when the instrument is administered a second time). Also determine whether there was consistency in test administration and scoring (were errors caused by carelessness in administration or scoring).

# CHAPTER FOUR

## DATA PRESENTATION AND ANALYSIS

### 4.1. Introduction

This chapter explains and discusses the results of findings based on the analysis done on the data collected. The results of the study are presented the data collected from different sources results: questionnaire results and interview results. The discussion attempts to accomplish the objectives of the study and answer the research questions and test the hypotheses.

**Table 1 Questionnaires' collection**

Item	CBE	Percentage%	BOA	Percentage%
Returned questionnaires	69	85%	82	83
Unreturned questionnaires	14	15%	14	17
Total	96	100%	98	100%

Source: questioner of 2020

A total of 179 questionnaires which were distributed to a sample of companies which are related to compensation and benefit. However, 151 questionnaires were collected out of which 82 (85%) from CBE and 69 from BOA (83%) questionnaires had usable responses. Compared to other studies and considering the difficulty of collecting data in developing countries such as Ethiopia, the response rate was reasonably good.

As indicated in the previous chapter, survey was to assess the extrinsic motivation schemes are implemented in both commercial Bank of Ethiopia and Bank of Abyssinia and how to influences employee performance. To this end, the results obtained from the survey are analyzed through explanatory method.

### 4.2. General information of the respondents

In this section the researcher tries to analyze age, sex, educational level and work experiences of the respondents in their respective organizations. The following table depicts the age, sex and

educational level of the respondents.

**Table 2 Respondents Demographic data**

Name of the Bank					
	CBE			BOA	
Description		No of respondents	Percentage	No of respondents	Percentage
age	18-30	48	55.17	35	54.69
	31-40	32	36.78	25	39.06
	41-50	5	5.75	3	4.69
	51-60	2	2.3	1	1.56
	Total	87	100%	64	100%
Sex	Male	56	61.54	36	60
	Female	35	38.46	24	40
	Total	91	100%	60	100%
Educational level	Diploma	5	5.89	3	4.55
	BA	57	67.09	48	72.73
	MA	23	25.06	15	22.73
	Other	0	0.00	0	0
	Total	85	100%	66	100%

Source: Survey results of 2020

The above table show that, in CBE there are respondent age category between 18-30 years are 48, 55.7% ,32 or (36.78) are 31-40 years,5 or (5.75%) are 41-50 years, and 2 or (2.3%) are between 51-60 years. where as in BoA there are respondent age category between 18-30 years are 35or (54.69%),25or (39.06%)are31-40years,3or (4.69%)are between41-50 years, and 1or (1.56%)are between 51-60 years. There is no respondent above 60 years in both banks. This

show that most of the company employees are young. The gender composition of the respondents in CBE 56 or 61.54 % are male and the remaining 35 or 38.46% are female where as in BOA 36 or 60% are male and the remaining 24 or 40% are female.

On the other side respondent's information, the educational level of respondents in CBE, there are 5 or 5.89% respondents have Diploma, 57 or 67.09 % have BA degree, 23 or 25.06 % of them hold MA. Where as in BOA 3 or 4.55% respondents have diploma, 48 or 72.73% have BA degree, 15 or 22.73% of them hold MA. and there is no staff existing other than the lists education level. Most of the employees of the company are degree holders in both banks.

**Table 3 Respondents work experience**

work experience of employee	Name of the Bank			
	CBE		BOA	
	No of respondents	percentage	No of respondents	percentage
Less than 2 year	12	13.64	9	14.29
2-5 years	20	22.73	16	25.39
6-10 years	33	37.5	20	31.75
Above 10 years	23	26.14	18	28.57
Total	88	100%	63	100%

Source: Survey results of 2020

Regarding their experience in CBE, 12 (13.64%) worked in the companies for less than 2 years, 20 or (22.73%) are worked 2-5 years, 33 or (37.5 %,) respondents have work experience between 6-10 years and the other 23 or (26.14 %) workers have above 10 years work experience. Where as in BOA 9(14.29%) worked for less than 2 years, 16(25.39%) are worked 2-5 years, 20 or (31.75%) have work experience 6-10 years and the remaining 18 or (28.57%) workers have above 10 years work experience. From this, the researcher infers that most of the companies'

employees are more than six / 6/ years' experience in both company which is because of their head office staff have move from more experience staff from branch.

#### 4.4 compensation and benefit scheme

One way of management to improve job performance, motivate and improve employee performance is through compensation. Compensation is important to employees as individuals because the amount of compensation reflects the size of their work among the employees themselves, their families and society. Compensation is often also called an award and can be defined as any form of reward given to employees as a reward for the contribution they give to the organization.

Compensation according to Dessler (2006), according to Ivancevich (2007), According to Ivancevich (2007), the purpose of compensation is to create an appropriate reward system for workers and employers, the desired outcome is a worker who is tied to his job and motivated to do a good job for the worker. The compensation given should reflect the value of a job. Compensation or compensation aimed generally for the benefit of the company and employees.

**Table 4 Compensation and benefit**

Compensation and benefit	BOA			CBE		
	N	Mean	Std Dev	N	Mean	Std Dev
Does the payment scheme in the bank have significant impact on employee performance	82	4.73	.44	69	3.64	.37
The bank wage, allowance and bonuses are fair and equivalent with the service you provide.	82	4.46	.56	69	4.58	.42
The payment scheme in the bank is very attractive	82	4.32	.57	69	3.48	.52
The payment in the bank enough to satisfy the basic needs of you	82	4.39	.54	69	3.92	.64
The payment by the bank is equivalent with the effort you exerted in your work place	82	4.65	.53	69	4.87	.26



<b>Group mean</b>	<b>82</b>	<b>4.51</b>		69	<b>4.10</b>	
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Under this table 4.4 five questions which are related to compensation and benefit attractiveness of employees. Among the five question raised to the respondent, the mean response of the five questions under the compensation and benefit of both BOA and CBE banks respondent result was more than 3.00 and the standard deviation were also less than 1.00. According to the group mean of the two banks about compensation and benefit attractiveness of employees shows, the BOA group mean (4.51) is greater than CBE (4.10) group mean. The mean response of the fifth questions under the attractiveness of employees were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception was close to one another.

The employees of both banks believe the payment scheme of the bank have significant impact on their performance, it is attractive to satisfy their basic needs and also the payment schemes of the banks are equivalent with the effort of employees exerted in your work place.

According to the interview response of managers of this both banks explain, their banks compensation and benefit schemes are considered the economic situation of the country and enough to satisfying their basic needs and also it is very attractive. In addition to this the mangers explain this compensation and benefit package aim is to increase employee's performance.

The interview BOA manger response their bank has better benefit and compensation compare to the other bank. On the other hand, the manager of CBE response their bank couldn't lead the compensation and benefit scheme but it will be updated on each five years.

This implies employees' perceive that the bank's current compensation and benefit packages being offered are adequate to cope with the ongoing cost of life. According to (Chappra T.N. 2006) employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc. This shows that employees perceive the compensation and benefit packages being offered by the bank are

fair. According to (Khan, S.M. 2002) to protect the working class from the exploitations of powerful employers, the governments enact several laws. Laws on minimum wages, hours of work, equal pay for equal work, payment of dearness and other allowances, payment of bonus, etc., could be enacted to bring about a measure of fairness in compensating the working class.

#### 4.5 Training scheme

Effective training and development is an investment in the human resources of an organization, with both immediate and long-range returns. Training is a key element for improved performance; it can increase the level of individual and organizational competency. Training holds the key to unlock the potential growth and development opportunities to achieve a competitive edge. Training programs helps in making acquaintance of employees with more advance technology and attaining robust competencies and skills in order to handle the functions and basics of newly introduced technical equipment. Training facilitates the updating of skills and lead to increase commitment, well – being, and sense of belonging, thus directly strengthening the organization's competitiveness (Acton and Golden, 2002; Karia and Ah-mad, 2000; Karia, 1999).

**Table 5 Training**

Training	BOA			CBE		
	N	Mean	Std Dev	N	Mean	Std Dev
The bank employee's training schemes have an important impact employee's performance	82	4.73	.44	69	3.61	.57
The training program equally accessible for all employees in the bank	82	4.46	.56	69	3.46	.25
The contribution of training fill the knowledge gap, know how in the work place	82	4.32	.57	69	4.88	.71
The office/sector supports me by providing training in order to improve my skill and update with the field.	82	4.39	.54	69	4.82	.86
The training you attend at the organization is planned and systematic	82	4.65	.53	69	3.76	.73

Training program is properly scheduled at designing phase.	82	4.78	.54	69	4.63	.63
<b>Group mean</b>	<b>82</b>	<b>4.55</b>		<b>69</b>	<b>4.19</b>	

Under this table 4.5 sixth questions which are related to compensation and benefit and how much it the training provided by the banks effects on employees. among the fifty question raised to the respondent, according to the group mean of the two banks about training schemes shows, the BOA group mean (4.55) is greater than CBE (4.19) group mean. The mean response of the six questions under the training provided by the banks effects on employees of both banks bank was more than 3.00 and the standard deviation were also less than 1.00. The mean response of the sixth questions under the training provided by the banks effects on employees were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception was close to one another.

The survey result of the respondent indicates that the training provided by the banks are important impact employee's performance, equally accessible for all employees in the bank for this reason training fill the knowledge gap, know how in the work place of employees and improve employee's skill by updating their skill. The other respondents view show on the training schedule design phase ire properly designed and also it is properly scheduled at designing phase. According to the interview response of both bank managers explain about training which given to their employees by following the national bank rule which is the banks give training according to 2 % of their yearly profit. In addition to this the mangers express their training schemes, their training is planned and systematic to give their employee by considering equal chance to increase their performance by fill knowledge gap of their position and update the information on it. This show that training of this banks make effects employee's job performance positively. Because of the training is a motivational factor which enhances the knowledge of the employee towards the job by which employees become proficient in their jobs and they become able to give better results. In addition, this planned and schedule training is useful means of coping with changes fostered by technological innovation; market competition, organizational structuring and most importantly it plays a key role to enhance employee performance

#### 4.6 Employee Promotion scheme

A promotion opportunity is one of the most important elements for employee satisfaction and retention at a company. Along with increased advancement, people typically earn more income and have greater authority in new positions. The greater an employee's role in an organization, the more influence he/she has in the direction of a department or the organization as a whole.

Promotion opportunities could bring increased authority; an increase in job duties and responsibilities is typical for promotion opportunity that is why employees give a lot of attention to it. In many cases, organizations which have more career advancement opportunities tend to have attracted a lot of talent to their human resource pool. (Account learning, 2016)

**Table 6 Employee Promotion Schemes**

Employee Promotion	BOA			CBE		
	N	Mean	StdDev	N	Mean	StdDev
The promotion scheme in the banks have significant impact on employees performance	82	4.73	.44	69	3.17	.37
The promotion in the bank is free and fair	82	4.46	.56	69	2.64	1.87
Promotion in the organization is based on performance result.	82	4.32	.57	69	2.95	1.06
The employee's promotion in the bank is depends on employee's knowledge, skills and experience they had.	82	4.39	.54	69	2.75	1.87
There are wider opportunities for employees to promote in the bank.	82	4.65	.53	69	4.39	.45
<b>Group mean</b>	<b>82</b>	<b>4.51</b>		<b>69</b>	<b>3.18</b>	

Under this table 4.6 fifth question which are related to compensation and benefit scheme of employee promotion of the banks. According to the group mean of the two banks about promotion scheme shows, the BOA group mean (4.51) is greater than CBE (3.18) group mean. Among the fifty question raised to the respondent, two of them the mean response under the employee promotion of both banks bank was more than 3.00 and the standard deviation were

also less than 1.00. The mean response of the fifth questions under the employee promotion were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception was close to one another.

The survey result of the respondent indicates that the employee promotion of both banks have important impact employee's performance and both banks provided wider opportunities for employees to promotion.

The other questions under the compensation and benefit about the bank promotion their employees, the promotion of CBE are not fair and it is not based on employee's performance result. In addition to this the respondent response show that the promotion of CBE is not depends on employee's knowledge, skills and experience they had. For this reason, the result of mean response was less than 3.00 and the standard deviation were also more than 1.00.

According to the interview response of managers of this companies explain about employee promotion which given to their employees the bank considered the employee's performance result and educational status to promotion. The mangers explain this the bank give promotion to employees depends on their knowledge, skill and experiences capacity to the required position. In addition to this the banks give wider opportunity to promotion for the internal employees.

The CBE mangers explain at some types of promotion method uses special treatments for employees who works the bank long time. Specially the management and the supervision position the bank give the bank consider the age and experience for the qualification for the position. On the other hand, the manager of BOA express for all position they uses employees knowledge, skill and experiences capacity to the required position.

This show that, although they are wider opportunities for employees to promote in the bank, the CBE promotion of positions performed less precise. This is indicated by the mismatch between the skill and ability of the employee, so it is not uncommon to conduct training in advance as the employees that will be promoted and the level of satisfaction with employees of CBE is relatively low, it can be seen from the complaints about the employees included in the suggestion box that has been provided and the level of service is partly less friendly.

On the opposite the employees of Abyssinia bank respondents indicate the promotion their employees, the promotion is fair and which is based on employee's performance result. In addition to this the respondent response show that the promotion of Abyssinia bank is depends on employee's knowledge, skills and experience they had. For this reason, the result of mean response was more than 3.00 and the standard deviation were also less than 1.00.

#### 4.7. Employee working environment schemes

**Table 7 Employee working environment**

Employee working environment	BOA			CBE		
	N	Mean	StdDe v	N	Mean	StdDe v
My' organization improves the work environment	82	4.73	.441	69	3.43	.18
My organization organizes social gatherings	82	4.46	.56	69	4.32	.56
My organization working environment is attractive to work	82	4.32	.57	69	4.26	.87
My working environment is initiating me to don't leave the company.	82	4.39	.54	69	4.12	.35
<b>Group mean</b>	<b>82</b>	<b>4.48</b>		<b>9</b>	<b>4.03</b>	

Under this table 4.7 four question which are related to compensation and benefit which are favorable working environment of the banks. According to the group mean of the two banks about working environment scheme shows, the BOA group mean (4.48) is greater than CBE (4.03) group mean.

Among the fourth question raised to the respondent, the mean response of the four questions under the favorable working to their employees of both banks bank was more than 3.00 and the standard deviation were also less than 1.00. The mean response of the sixth questions under the favorable working environment were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception were close to one another.

The survey result of the respondent indicates that both banks makes favorable working environment to their employee’s make positive impact employee’s performance, organizes social gatherings, and to attract employees to work and to don’t leave their company.

According to the interview response of managers of both banks are similar about the work environment of employee, the banks consider the factor of work environment required by employees which are space of the office, attractiveness, availability of social gathering and helps to initiate to work and make happiness on the offices.

This show that, both banks work environments are favorable to out shine their performance and the employees who are satisfied from their work environment can lead towards more positive work outcomes. In addition to this both banks believe the effect of working environment is essential, as in a comfortable environment employee can focus on their job correctly, and it leads to a better employee performance, which leads to improved organizational productivity

#### 4.8 Employee recognition schemes

The employees will be well motivated and will perform well if they are rewarded (Markova & Ford, 2011). There is a direct relationship between employee rewards and job performance. If the employees are rewarded, then the performance will increase (Gerald and Dorothee, 2004; Clifford, 1985; Kalleberg, 1977; and Rehman, Khan,Ziauddin and Lashari, 2010). In this way, the employees think that they are being valued. Reward systems can attract the right behavior and outcomes in company (Manas & Graham, 2003). Therefore, the employees will adopt that kind of behavior that will lead them to better performance and rewards. As a result The employees will be well motivated and will perform well if they are rewarded (Markova & Ford, 2011). Employees not only want good extrinsic compensation on the work but also want to be praised and valued for the efforts they put in on the work. For many people, incentive and recognition may be overlapping, synonymously used for each other.

**Table 8 Employee recognition**

Employee recognition	BOA			CBE		
	N	Mean	Std Dev	N	Mean	Std Dev
The top management recognition uses to	82	4.73	.44	69	3.75	.93

employee effort						
I'm satisfied with the organizational recognition system	82	2.46	.56	69	2.24	1.37
Does recognition has effect on your performance	82	4.32	.57	69	3.71	.76
The achievement and recognition system of the organization is adequate	82	2.39	.54	69	2.16	1.82
I often receive recognition for my work achievement.	82	2.65	.53	69	3.99	.63
<b>Group mean</b>	<b>82</b>	<b>3.31</b>		<b>69</b>	<b>3.17</b>	

Under this table 4.8 fifth question which are related to compensation and benefit scheme of employee recognition of the banks. According to the group mean of the two banks about recognition scheme shows, the BOA group mean (3.31) is greater than CBE (3.17) group mean. Among the fifty question raised to the respondent, two of them the mean response under the employee recognition of both banks was more than 3.00 and the standard deviation were also less than 1.00. The mean response of the fifth questions under the employee recognition were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception was close to one another.

The survey result of both banks respondent's response indicates that the employee recognition has important effect on employee's performance and recognition given by the top manger regularly will help to increase their effort.

The other questions under the compensation and benefit about the employee satisfaction of recognition, the employees respond shows, the respondent are not satisfied on their organization recognition system and the achievement and recognition system of the organization is not adequate and also the respondents didn't receive recognition from their manager according to



their work achievement. For this reason, the result of mean response was less than 3.00 and the standard deviation were also more than 1.00.

According to the interview response of both bank managers of this companies explain about the recognition given to their employee are similar, which the banks give recognition to their employees according to their yearly and semiannually performance which achieve their target given to their department. The recognition is both monetary and non-monitory. The managers explain this the recognition purpose is to motivate the employee’s compaction to show better performance. In addition to this the manger expressed their recognition system are free and fair which base on their performance.

Although both banks manager expressed their recognition system are free and fair which base on their performance the employee’s response is opposite to their response. This show that the effect of low recognition to employees lead to job stress which means they feel emotional and physical stress. For these reason employees will lead to job stress arise, that is also the main factor for decreasing job performance.

#### **4.9 Employee performance**

Performance is a multi-component concept and on the fundamental level one can distinguish the process aspect of performance, that is, behavioral engagements from an expected outcome (Borman, & Motowidlo, 1993; Campbell et al., 1993; Roe, 1999). The behavior over here denotes the action people exhibit to accomplish a work, whereas the outcome aspect states about the consequence of individual’s job behavior (Campbell, 1990). Apparently, in a workplace, the behavioral engagement and expected outcome are related to each other (Borman, & Motowidlo, 1993), but the comprehensive overlap between both the constructs are not evident yet, as the expected outcome is influenced by factors such as motivation and cognitive abilities than the behavioral aspect. Performance in the form of task performance comprises of job explicit behaviors which includes fundamental job responsibilities assigned as a part of job description.

**Table 9 Employee performance**

<b>Employee performance</b>	<b>BOA</b>			<b>CBE</b>		
	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>

I serve customers with all desire level of diligently	82	4.73	.44	69	3.8	.99
I serve customers with all the desire needed speed	82	4.46	.56	69	3.12	.85
I meet the desired level of targets	82	4.32	.57	69	4.82	.97
I respond adequately to challenges faced by customers .	82	4.39	.54	69	2.72	1.32
<b>Group mean</b>	<b>82</b>	<b>4.48</b>		<b>69</b>	<b>3.63</b>	

As shown in table 4.9 above four questions were distributed to assess the employee's performance which are related to compensation and benefit scheme of this banks. According to the group mean of the two banks about employee's performance scheme shows, the BOA group mean (4.48) is greater than CBE (3.63) group mean. The mean response of the firsts three questioner was above 3.00 and the standard deviation was less than 1.00. The mean response of the sixth questions under the employee's performance were more than 3.00 and the standard deviation were also less than 1.00, which indicates that the respondent's perception was close to one another.

The view of both banks respondents on the employee's performance which are related to compensation and benefit scheme of this banks shows that, serve customers with all desire level of diligently, speed and they meet the desire level of target.

The other view of respondents on the respond adequately to challenges faced by customers shows that, the CBE staff wasn't. respond adequately to challenges faced by customers. Which mean response was less than 3.00 and the standard deviation was above 1.00. On the opposite the Abyssinia staff. Respond adequately to challenges faced by customers. Which mean response was more than 3.00 and the standard deviation was less than 1.00.

This show that the CBE employees are not challenge faced by customer for his reason as they respond on the above table, the less recognition of the management and promotion the employees are not faced any challenge from customer. The job satisfaction can provide a strong impetus or motivation in the employees to work optimally to achieve high performance.

#### 4.10 Pearson Correlation Analysis

In statistics, the Pearson correlation analysis is a measure of the correlation (linear dependence) between two variables, giving a value between +1 and -1 inclusive. It is widely used in the sciences as a measure of the strength of linear dependence between two variables. The p-value, in Pearson Correlation analysis, attempts to provide a measure of the strength of results of a test, in contrast to a simple reject or do not reject decision.

In Pearson correlation analysis the value of strength of relationship (r) plays an important role in determining the level of relationships among variables. The significance level,  $p < 0.05$  is also used to establish the relationship. This significance level shows that there is only 5 percent chance that the relationship does not exist, and 95 times out of 100 times the relationship among variables can be defined as having significant correlation. The table below shows the results of the Pearson correlation analysis among the variables, testing of the hypotheses and interpretation of the Pearson correlation results will be presented in a separate section with the results of the regression analysis.

**Table10 Pearson correlation**

			<b>EP</b>	<b>PR</b>	<b>TN</b>	<b>EWE</b>	<b>RCO</b>
<b>EP</b>	Correlation	1					
	Sig.(2-tailed)						
	N	151					
<b>PR</b>	Correlation	.176	1				
	Sig.(2-tailed)	.091					
	N	151	151				
<b>TN</b>	Correlation	.369	.282	1			
	Sig.(2-tailed)	.001	.014				
	N	151	151	151			
<b>EWE</b>	Correlation	.569	.385	.339			
	Sig.(2-tailed)	.000	.001	.003			
	N	151	151	151	151		
<b>RCO</b>	Correlation	.237	.149	.147	.256	1	

	Sig.(2-tailed)	.040	.202	.208	.027		
	N	151	151	151	151	151	
<b>C &amp; B</b>	Correlation	.419	.396	.197	.420	.191	1
	Sig.(2-tailed)	.000	.001	.104	.000	.11	
	N	151	151	151	151	151	151

**Source: SPSS correlation result**

#### **4.10.1. Multiple Regression Analysis**

In this section, in examining the motivation schemes are implemented in both commercial Bank and Bank of Abyssinia and how to influences employee performance, the researcher used a regression analysis to test the effect of five independent (explanatory) variables on the dependent (explained) variable i.e. the influences employee performance. Thus, in this study the researcher used multiple regression analysis, in which tests have been made to examine whether one or more independent variables influence the variation on dependent variable.

The functional relationship between variables in this study is therefore, the influences employee performance is a function of compensation and benefit schemes Employee Promotion Schemes, training and development scheme, recognition scheme and the work environment and conditions Schemes. However, to show how well the model containing those of five explanatory variables actually explains the variations in the dependent variable, i.e. employee performance, it is necessary to test it through goodness of fit statistic.

**Table 11 Testing the model through ANOVA**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig</b>
<b>1. Regression</b>	5.379	5	1.299	11.043	.000
Residual	6.528	63	.118	-	-
Total	11.907	68	-	-	-

**Source: SPSS regression result**

The above table summarizes the information about the variation of the dependent variable explained by the existing model used for this study and the residual that indicates the variation of the dependent variable that are not captured by the model. It is observed that the independent

variables give a significant effect on the dependent variable, where F-value is 11.043 with a p value of less than 0.05 (i.e.  $p < 0.000$ ) indicating that, over all, the model used for the study is significantly good enough in explaining the variation on the dependent variable.

To ensure the statistical adequacy of the model, the goodness of fit can also be measured by the square of the correlation coefficient also called R<sup>2</sup>.

**Table 12 Model Summary BOA**

Model	R	R Square	Adjusted R Square	Std error of the Estimate
1	.683	.467	.425	.343

**Source SPSS regression result**

As shown in the table above, both R<sup>2</sup> and adjusted R<sup>2</sup> measure the fitness of the model i.e. they measure the proportion of the variation in dependent variable explained by the model. But since adjusted R<sup>2</sup> is the modification for the limitation of R<sup>2</sup> the value of the adjusted R<sup>2</sup> is considered to measure the fitness of the model. Thus, as it is shown on table 4.10, the value of adjusted R<sup>2</sup> is 0.425, indicating that the independent variables in the model are explaining 43% variation on the dependent variables. Thus, we can understand that the model of the study is providing a good fit to the data. This outcome empirically indicates that the independent variables in this study are the major determinants of employee performance.

**Table 13 Testing the model through ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig
1. Regression	5.391	6	1.341	12.139	.000
Residual	7.528	68	.128	-	-
Total	12.919	74	-	-	-

Source: SPSS regression result

a. Predictors: (Constant), p

b. Dependent Variable:

The above table summarizes the information about the variation of the dependent variable explained by the existing model used for this study and the residual that indicates the variation of the dependent variable that are not captured by the model. It is observed that the independent variables give a significant effect on the dependent variable, where F-value is 12.139 with a p value of less than 0.05 (i.e.  $p < 0.000$ ) indicating that, over all, the model used for the study is significantly good enough in explaining the variation on the dependent variable.

To ensure the statistical adequacy of the model, the goodness of fit can also be measured by the square of the correlation coefficient also called R<sup>2</sup>.

**Table 14 Model Summary CBE**

Model	R	R Square	Adjusted R Square	Std error of the Estimate
1	.642	.412	.416	.32

**Source SPSS regression result**

As shown in the table above, both R<sup>2</sup> and adjusted R<sup>2</sup> measure the fitness of the model i.e. they measure the proportion of the variation in dependent variable explained by the model. But since adjusted R<sup>2</sup> is the modification for the limitation of R<sup>2</sup> the value of the adjusted R<sup>2</sup> is considered to measure the fitness of the model. Thus, as it is shown on table 4.10, the value of adjusted R<sup>2</sup> is 0.416, indicating that the independent variables in the model are explaining 41.2% variation on the dependent variables. Thus, we can understand that the model of the study is providing a good fit to the data. This outcome empirically indicates that the independent variables in this study are the major determinants of employee performance.

Table 4.12 below shows the results of the regression model. The result reveals that with the exception of compensation and benefit schemes Employee Promotion Schemes, training and development scheme, recognition scheme and the work environment and conditions Schemes i.e Employee performance.

**Table 15 Regression Analysis of CBE**

Variables	Coefficients	t-statistic	Prob.
Constant	2.369	8.358	.000

<b>Promotion Schemes</b>	.002	.036	.472
<b>Compensation and benefit schemes</b>	.162	2.495	.015
<b>Training and development scheme</b>	.179	2.487	.016
<b>Recognition scheme</b>	.097	2.726	.008
<b>Work environment and conditions Schemes</b>	.111	2.642	.010

As shown in the above table, of the total five explanatory variables tested in this study, Employee Promotion Schemes (p-value= 0. 472), training and development scheme (p-value=0.016), recognition scheme (p-value=0.008), and work environment and conditions Schemes(p-value=0.1) were statistical significant at 5 percent or lower. In this study, there is significant positive relationship between promotion schemes and employee performance with a regression coefficient of 0.002, and P-value of 0.472. The result also reveals that there is a positive relationship between all the independent variables and the employee mace

**Table 16 Regression Analysis of BOA**

<b>Variables</b>	<b>Coefficients</b>	<b>t-statistic</b>	<b>Prob.</b>
<b>Constant</b>	2.514	9.209	.000
<b>Promotion Schemes</b>	.004	.725	.417
<b>Compensation and benefit schemes</b>	.131	2.283	.011
<b>training and development scheme</b>	.081	2.153	.014
<b>recognition scheme</b>	.088	2.197	.007
<b>work environment and conditions Schemes</b>	.731	2.539	.013

As shown in the above table, of the total five explanatory variables tested in this study, Employee Promotion Schemes (p-value= 0.417), training and development scheme (p-

value=0.014), recognition scheme (p-value=0.007), and work environment and conditions Schemes(p-value=0.13) were statistically significant at 5 percent or lower. In this study, there is significant positive relationship between Compensation and benefit schemes and employee performance with a regression coefficient of 0.131, and P-value of 0.11. The result also reveals that there is a positive relationship between all the independent variables and the employee performance.

#### **4.10.2. Hypothesis Testing and Interpretation of the Results**

The last section of the study aims to find out extrinsic motivation schemes influences employee performance of BOA and CBE. This particular section presents the results of the study indicated by statistics, using correlation and regression analysis. The correlation and regression between independent variables and employee performance were compared against the hypotheses tested in the investigation. The results show that there is significant relationship between independent variables such as Employee Promotion Schemes, training and development scheme, recognition scheme and the work environment and conditions Schemes i.e. employee's performance.

In the next section the effect of each independent variable tested under this study is discussed and analyzed based on the theoretical predictions, prior empirical studies and hypothesis formulated for this study.

#### **Promotion**

In this study, the regression result of CBE shows there is a significant positive relationship between promotion and employee performance. In this study the regression analysis shows significant correlation between promotion and employee performance, with a regression coefficient of 0.002, t-statistic of 0.036 and P-value of 0.472.

In this study, the regression result of BOA shows there is a significant positive relationship between promotion and employee performance. In this study the regression analysis shows significant correlation between promotion and employee performance, with a regression coefficient of 0.004, t-statistic of 0.725 and P-value of 0.417. When we compare two banks, the regression result of BOA has higher than CBE which are high coefficient, t-static and P-value. This indicates that the result is consistent with the hypothesis of the study.



### **Compensation and benefit schemes**

In this study, the regression result of CBE shows there is a significant positive relationship between Compensation and benefit schemes and employee performance. The regression result also shows a significant relationship between training and employee performance, with a regression coefficient of 0.162, t-statistic of 2.495 and P-value of 0.015. Thus, from the result it can be conclude that training influences the employee performance. This result is consistent with the hypothesis of the study.

The regression result of BOA also shows a significant relationship between training and employee performance, with a regression coefficient of 0.131, t-statistic of 2.283 and P-value of 0.011. Thus, from the result it can be conclude that Compensation and benefit schemes influences the employee performance.

When we compare to banks, the regression result of CBE have higher than BOA which are high coefficient, t-static and P-value. This indicates that the result is consistent with the hypothesis of the study.

### **Training**

In this study, the regression result of CBE shows there is a significant positive relationship between training and benefit schemes and employee performance. The regression result also shows a significant relationship between training and employee performance, with a regression coefficient of 0.179, t-statistic of 2.487 and P-value of 0.016. Thus, from the result it can be conclude that training influences the employee performance. This result is consistent with the hypothesis of the study.

The regression result of BOA also shows a significant relationship between training and employee performance, with a regression coefficient of 2.153 and P-value of 0.014. Thus, from the result it can be conclude that training schemes influences the employee performance.

When we compare to banks, the regression result of CBE has higher than BOA which are high coefficient, t-static and P-value. This indicates that the result is consistent with the hypothesis of the study.

## **Recognition**

In this study, the regression result of CBE shows there is a significant positive relationship between recognition and benefit schemes and employee performance. The regression result also shows a significant relationship between recognition and employee performance, with a regression coefficient of 0.097, t-statistic of 2.726, and P-value of 0.008. Thus, from the result it can be conclude that recognition influences the employee performance. This result is consistent with the hypothesis of the study.

The regression result of BOA also shows a significant relationship between recognition and employee performance, with a regression coefficient of 0.088, t-statistic of 2.197, and P-value of 0.007. Thus, from the result it can be conclude that recognition schemes influences the employee performance.

When we compare to banks, the regression result of CBE have higher than BOA which are high coefficient, t-static and P-value. This indicates that the result is consistent with the hypothesis of the study.

## **Work environment**

In this study, the regression result of CBE shows there is a significant positive relationship between work environment and benefit schemes and employee performance. The regression result also shows a significant relationship between work environment and employee performance, with a regression coefficient of 0.11, t-statistic of 2.64, and P-value of 0.10. Thus, from the result it can be conclude that work environment influences the employee performance. This result is consistent with the hypothesis of the study.

The regression result of BOA also shows a significant relationship between work environment and employee performance, with a regression coefficient of 0.73, t-statistic of 2.53, and P-value of 0.013. Thus, from the result it can be conclude that work environment schemes influences the employee performance.

When we compare to banks, the regression result of BOA have higher than CBE which are high coefficient, t-static and P-value. This indicates that the result is consistent with the hypothesis of the study.

## **CHAPTER FIVE**

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

This chapter deals with summary of findings, conclusions and, recommendations. The summary of findings includes the demographic information of respondents, the compensation and benefit schemes of BOA and CBE impacts on employee's performance

#### **.5.1 SUMMARY OF THE FINDING**

According to the finding of this study the data collected from CBE respondents  $r^2$  value shows that 41.2% of the impact on employee's performance (dependent variable) defined by promotion, compensation and benefit, training and development scheme, recognition scheme and working condition scheme (independent variables). whereas BOA respondents  $R^2$  value shows that 46.7% of the impact on employee performance (dependent variable) defined by promotion scheme, compensation and benefit scheme, training and development scheme, recognition scheme and work environment scheme (independent variable)

. As per the finding of this study motivational schemes in both CBE and BOA have positive and significant impact on employee performance in their work place in case of CBE employee's data analyzed employees training, compensation and benefit and recognition schemes have better impact on employee's performance where as in case of BOA employee promotion and work environment schemes have better impact on employee's performance.

The output gained from both CBE and BOA respondents the significance level of ANOVA test is less than 5% so that there is statistically significance between employee's performance (dependent variable) and promotion scheme, compensation and benefit scheme, training and development scheme, recognition scheme and work condition scheme (independent variables).

The output gained from both banks the p value show that less than 5% which implies that there is strong correlation between employee's performance (dependent variable) and promotion scheme, compensation and benefit scheme, training and development scheme, recognition scheme and work environment scheme (independent variables).

## **5.2 Conclusions**

Both banks employees believe that the current compensation and benefit is adequate and let them to cope with ongoing cost of life. The respondents claim that the compensation and benefit package should be reviewed and designed taking into account factors in the external environment including the market condition, nature of the jobs, other organizations, government regulations and the internal environments for the values of the job grades through job analysis.

Although the promotion of employees has significant impact on their performance and wider opportunity the CBE staffs couldn't uses this opportunity on their bank. Moreover, the existing employee's promotion schemes are not well satisfied to employees of CBE. Most of the employees have grievance on the CBE promotion schemes which are not free and fair. In addition to this the promotion of employees do not based their performance and depend on employee's knowledge, skill and experience they had. On the other hand, the promotion of BOA schemes is free and fair to employees which show the bank used promote their employee with in fixed period of time. For this reason, the employee's promotion on their bank well known by their employees.

The result of the study revealed that both bank's training schemes are scheduled, planned and systematic and also equally accessible to all employees. The training schemes have important impact on employee's performance and can retain competent employees by fill the knowledge gap, know how in the work place and helps to update and improve their skill which they got on training. The overall training schemes of both banks are good as currently available in the industry.

The result of the study revealed that both banks working environment are initiating employees to work without fell boring when they stay on their job employees. The work environment has makes important impact on employee's performance and can organizes social gatherings which results also lead to employees attractive to work. The overall work environment of both banks are good as currently available in the industry.

Finally, the study found out that rewards are not awarded according to performance of the year and the bank doesn't embrace new compensation trends in the market depending on the employee performance.

### **5.3 Recommendations**

I prefer if both banks create an effective and good performance appraisal system for the fact that, a constructive appraisal system can assist in motivating employees, as well as ensure clear performance evaluation mechanisms based on the qualification of the bank and recognize employees periodically.

To increase performance of employees its prefer the bank to improve the working conditions of the organization through implementing favorable working conditions for employees. Supervisors and management established trust in the integrity and dedication of team members so that employees feel they are able to feel friendly in administration and supervision with their immediate supervisors for this reasons employees should know their result during the promotion time and also recognition qualification. The leadership style within an organization has a bearing on encouraging or inhibiting employee's performance (Armstrong 2004). Therefore, the management should carefully analyze the needs of its employees, and create a fair selection for promotion and recognition among employees.

both banks should be evaluating the impacts of all motivational schemes which implements to motivate employees and improve employee's performance from time to time and made improvements when is necessary to enhance the level of employee motivation and to improve the relationship between employees and employer. As the conclusions reveal the promotion of employees of CBE staff's promotion schemes are not well satisfied on it. Most of the employees have grievance on the CBE promotion schemes which are not free and fair. As per the finding from CBE employee's promotion and recognition have less impact on employee's performance as a results of this the top management of the bank should be free and fail and the parameter for promotion must be aware of all employee in the bank and the give recognition and also the bank should provide fast treatment for the problems which are happened in bank

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## Appendices 1



**St. Mary'University**

**School of Graduate Studies**

**Department of General MBA**

**Impact of Employee Motivation schemes on Employee Performance: the case  
of Abysiniya bank s.c and CommercialbankofEthiopiaAddis Ababa**

**Branches**

### **Questionnaire for Employees**

Dear Respondents

This questionnaire is aimed at gathering data for a study on A Comparative Study on Impact of Employee Motivation schemes on Employee Performance in case of Commercial Bank of Ethiopia and Bank of Absiniya at head office found in Addis Ababa . This study is purely for academic purpose and respondents are assumed that the information that you provide will kept confidential. Thank you for taking your precious time and please answer the question as honestly and objectively as possible since your answers supports to meet the research objectives.

**Thank you in advance.**

NetanetFantu

**N.B: unless required to give brief written answers, you are kindly requested to put “✓” mark in the box to your answers.**

**Section A:**

1. Age:

- A) 18-30 years
- B) 31-40 years
- C) 41-50 years
- D) 51-60 years
- E) above 60 years

2. Gender

- A) Male
- B) Female

3. Marital Status

- A) Single
- B) Married
- C) Divorced

4. Educational Status

- A) Certificate
- B) Diploma
- C) Bachelors Degree
- E) Master's Degree
- F) Other

5. Working Experience in Years in the Bank

- 1-5 yrs
- 6-10 yrs
- 11-15 yrs
- 16-20 yrs
- 21-25 yrs
- Ab  yrs

6. Job position?

State the year.....

**Section B**

Listed below are statements about motivational factor of your organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable the researcher to assess your opinion about the compensation and benefit policy of your organization, where: **1. Strongly agree 2. Agree 3. No opinion 4. Disagree 5. Strongly disagree**

<b>compensation and benefit</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1) Does The payment scheme in the bank have significant impact on employee performance					
2) The bank wage, allowance and bonuses are fair and equivalent with the service you provide.					
3) The payment scheme in the bank is very attractive					
4) The payment in the bank enough to satisfy the basic needs of you					
5) The payment by the bank is equivalent with the effort you exerted in your work place					
<b>Training</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1) The bank employee’s training schemes have an important impact employee’s performance					
2) The training program equally accessible for all employees in the bank					
3) The contribution of training fill the knowledge gap, know how in the work place					
4) The office/sector supports me by providing training in order to improve my skill and update with the field.					
5) The training you attend at the organization is planned and systematic?					
6) Training program is properly scheduled at designing phase.					

<b>Employee Promotion</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1) The promotion scheme in the banks have significant impact on employees performance						
2) The promotion in the bank is free and fair						
3) Promotion in the organization is based on performance result.						
4) The employee's promotion in the bank is depends on employee's knowledge, skills and experience they had.						
5) There are wider opportunities for employees to promote in the bank.						
<b>Employee working environment</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1) My' organization improves the work environment						
2) My organization organizes social gatherings						
3) My organization working environment is attractive to work						
4) My working environment is initiating me to leave the company.						
<b>Employee recognition</b>		<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1) The top management recognition employee effort						
2) I'm satisfied with the organizational recognition system						
3) Does recognition has effect on your performance						
4) The achievement and recognition system of the organization is adequate.						
5) I often receive recognition for my work achievement.						

**Employees performance**

<b>Dimensions of job performance</b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
I serve customers with all desire level of diligently					
I serve customers with all the desire needed speed					
I meet the desired level of targets					
I respond adequately to challenges faced by customers					
I used the maximum potential on the job					

1. List down the Major factors that motivate you to perform your job effectively and increase your job performance.

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2. List down the major de-motivating factors that have negative influence on your job performance

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3. What particular problem you have observed in the current motivation factor of your bank and which impact on employees performance?

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4. What do you think the solution to the problem will be?

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5. Any comment or suggestion related with the impact of motivation on employee performance and related to the issues according to your bank?

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**Thank you!**

**Appendix 2**  
**St. Mary's University**

**School of Graduate Studies**

**Department of General MBA**

**Impact of motivation on Employees' performance**

**Benefit Policy: the case of CBE and Aysiniaya bank s.c in Addis Ababa**

**Interview Questions for Compensation and Benefit Director of the bank**

1. What is the objective/goal of compensation and benefits policy as stated in policy manual?
2. How do you recognize your employees who performed high efficiency?
3. How your organization follow employees motivation effects on their job performance?
4. Do you think the motivational package offered by the bank is linked to the employees job performance?
5. Do you think the current the bank motivational factors are according to employee need which lead to better on job performance? Explain it ?
6. Do you think that the compensation and benefit policy of the bank is serving its purpose? To achieve your goal, how do you take and solve employesgrievance ?

**Thank you!**