



Addis Ababa University

College of Business and Economics

Department of Public Administration and Development of Management

Effects of Motivation on Employee Performance in Public Enterprise:

In the Case of Ethiopian Shipping and Logistics Services Enterprise

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June 2018

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A Thesis Submitted to the Department of Public Administration and
Development Management of Addis Ababa University in Partial Fulfillment of
the Requirements for the Degree of Masters in Public Management and Policy
(MPMP)

June 2018

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This is to certify that the thesis prepared by Teshome Alemayehu entitled Effects of Motivation on Employee Performance in Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise., which is submitted in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Declaration Page

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ABSTRACT

The study scrutinized the effect of motivation on employee Performance of selected Head office departments in Ethiopia shipping and logistic service enterprise. The study used descriptive statistics (frequencies, and percentages) to answer four research questions posed for the study the result obtained from the analysis showed that there existed relationship between motivation and the employee performance. Motivation is one of the most critical elements in the area of Human Resources Management. The study reveals that PDB bonus, extrinsic and instinct motivation given to employees in an enterprise has a significant effect on the employee performance. This is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from employees. Moreover, the study recommends that because motivation factors like attractive salary, training and good working environment to any employees is highly essential, it is important for Ethiopian shipping and logistic service enterprise to strength them all. Based upon the document analysis the enterprise is profitable, hence it is recommended that Ethiopian shipping and logistic service enterprise should adopt housing allowance in its various departments to increase employee performance. When employees are involved in making decisions that concern them, their performance is expected to significantly increase than when employees are not involved in making decisions concerning them this is absence in Ethiopian shipping and logistic service enterprise and I recommend the enterprise to reconsider it. Labor unions should be more active in defending the right and privilege of employees in Ethiopia shipping and logistic service enterprise since it is pressure group should take advantage of pluralism and demand to be involved in employee motivational rewards. And it should play its role being connectors between employees and their employer.

Key words: motivation, Ethiopian shipping and logistic service enterprise, employee performance

ACKNOWLEDGMENTS

First and Foremost, I praise the father, his son and the Holy Spirit together with all saints who assisted me in completing this tiresome but pleasant work. DR. Abate Sebisibe my adviser for his intelligent guidance, encouragement and helpful advices during the whole process of research writing. Thank you for supporting and valuable insight. Words are simply powerless to express my respect and deep gratitude for Ethiopian Shipping and Logistic Service enterprise employees for their cooperation during the research time.

I would also like to express my gratefulness to all my friends and relatives who have helped me in any way in my endeavor to conduct a research, special mention should, however, be made of w/ro Alem Bekele , a Friend who has always been serving me as a sister, an advisor and what not. I always feel that I lack words to express her benevolence and concern to me May Weibila Mariam help me to see her succeed in life, and contribute thereto. The amount of material, moral, and intellectual debt I owe to Zed, Teke, Geni, Tefe, Enana, eng, W/rit Addisalem Tekileselasie, Desu, Kassu Admasu, Dr. Engineer Wondwosen Bogale also forces me to reproduce what I said to w/ro Alem Bekele.

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LIST OF ACRONYMS

ESLSE:	Ethiopian Shipping and Logistic Service Enterprise.
GDP:	Gross domestic product
MNRD:	Ministry of National Resources and Development
OHS:	Organization Health Survey
PDP:	Performance Development Program

CHAPTER ONE

INTRODUCTION

This chapter described the background of the study, Background of the Organization, statement of the problem, objective of the study, and research question. Finally, it explained the significance of the study, the scope of the study and Organization of the study.

1.1. Background of the Study

The public enterprises play vital roles in Ethiopia economy and their employees are the best sources of delivering goods and services to their customers. Excellent services provided and offered by employees can create a positive perception and ceaseless image in the eyes of public enterprises' customers. The motivation of a public enterprise's employee plays a major role in attaining high level of satisfaction among its customers (Tewodros Mihiret, December 2014, p.33).

The role of public enterprises in Ethiopia is manifested in the substantial of capital they command and the magnitude of the economy's dependence on such enterprises. Essential services such as electricity, telecommunication, shipping and logistics, transport and the like are mainly, if not solely, provided by public enterprises. The reality or going concern of any business organization, whether in the service sector, manufacturing or merchandising, is reliant on its profitability. After all, the primary objective of any business organization is maximizing the wealth of its shareholders and this is achieved through the organization's profitability. The organization's profitability is maintained and maximized by having effective and motivated employees. Different studies acknowledged that the more employees' are motivated, the more will be their effort towards maximizing the level of the organization's profitability, by which its contribution for the maximization of the wealth of the organization's shareholders will increase. According to Armstrong (2009), high-performance is achieved by well-motivated people who are prepared to exercise discretionary effort.

To motivate people it is necessary to escalate how motivation works, this means understanding motivation theory and how the theory can be put into practice. However, one of the biggest challenges that the business world is facing today's lack of awareness how to motivate their employees and enable them more dedicated, persistent and have intensified effort towards achieving the organization's goals. Basically, the way employees are motivated should not be made arbitrarily and should be undertaken in a more systematic and coordinated

manner, even this should be supported with continuous and realistic assessment or survey of the need of the employees.

In this regard, employees' feeling surveys have been frequently used to determine what inspirations and sustain their desire to work hard. However, not all organizations understand and acknowledge the need for motivation of their employees and thus suffer from low performance of employees, which has direct effect on their low profitability. This is due to the fact that an organization's employees are influenced by a number of motivational elements, which this paper tries to investigate.

Each and every employee needs to be motivated constantly throughout his stay in the enterprise. An employee needs to be encouraged to put his best for enterprise. He needs to be made comfortable to put all his efforts and achieve both enterprise and personal goal. Thus it has become very essential to implement various HR policies which support every employee and make them feel valuable. Improving employee engagement can increase productivity and profitability while also reducing employee absenteeism and turnover. This Paper deals with the detail study of motivation practices toward employee performance. Motivational techniques are beneficial and how it has helped employees both personally and professionally. It will also help to find the amount of employee satisfaction and its direct effect on their performance.

Motivation is the force that makes employees choose a particular job, stays with that job for longer period, and work hard. In other words, people exert efforts hoping that their needs will be satisfied (Wilson, G. 2010). Employee's motivation is very significant since the employees expect good working conditions, fair pay, fair treatment and being involved in decision making. These elements are not fairly given to employees in public enterprises in Ethiopia (Meseret Haile, 2015). These expectations vary from organization to organization. For the organization to resolve these challenges, an understanding of employees' motivation is required (Wilson, G. 2010).

Therefore motivation is very essential issue that can raise morale of employees in an organization. Without motivation employees cannot deliver the required outputs(Adams, 2002).In view of the elements above the present study therefore, attempts to find out, Effects of Motivation on Employee Performance In Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise.

1.2 Background of the Organization

The research conducted at The Ethiopian shipping and logistics enterprise (ESLSE). The Ethiopian shipping and logistics service enterprise (ESLSE) was chosen because it was one among the public institution that can be accessed easily by the researcher. Also it is because there is no much research work related to this study which has been done in this office for quite long time. Therefore I have decided to conduct this study so as to know exactly problems faces employees especially on motivation issues in The Ethiopian shipping and logistics service enterprise (ESLSE) - (head office). Questionnaires and structured interview were used to find out the effects of employee motivation on employee performance. Thus this study wishes to carry out at the Ethiopian shipping and logistics Service enterprise (ESLSE) to attest the facts.

The Ethiopian shipping and logistics enterprise (ESLSE), a state owned company, as a carrier, render to its esteemed customers sea freight transport, stevedoring (at port of Djibouti), multimodal transport service, freight forwarding and clearing, dry ports, full-fledged services and warehousing etc. For providing all the services mentioned earlier, the enterprise spends huge amounts of money in foreign and local currency.

The Ethiopian Shipping and Logistics Service Enterprise (ESLSE) is a new enterprise established in November 2011 by the council of ministers regulation No 255/2011 merging the then Ethiopian Shipping Lines Share company, the Ethiopian Maritime and Transit Service Enterprise and the Ethiopian Dry Port Service Enterprise. According to a document obtained from the Enterprise, considering the similar line of operations and the interdependent nature of their functions, the Ethiopian Government has taken a strategic decision of merging those public enterprises in order to maintain the commendable economic growth that has been registered over the last several years. “The former truck operating company; known as Comet Transport SC, which was responsible for transportation of goods to and from ports, has been transferred to the ESLSE by a government decree issued in mid-2014.

The objectives for which ESLSE is established include the following:-

To render coastal and international and internal water transport services;

To render coastal freight forwarding Service, multimodal transport, and Shipping Agency;

To provide the services of stevedoring, shore handling, dry port warehousing and

Other logistics services for import export goods;

To provide container terminal service;

The Ethiopian Shipping and Logistics Services Enterprise was established with the total capital of Birr 3.7 billion. Now, its capital reached to 22 billion. Currently, the enterprise has a total of 11 vessels /9 of them general purpose and two of them are tanker vessels, about 492 heavy trucks and dry port equipment. Regarding the human resources, the organization has chief executive officer /CEO/ and four sectors led by the four deputy CEO's, namely: Shipping sector, freight forwarding sector, port & terminal sector and corporate services sector. The following table shows the human resource of the enterprise (2014-2016) Table.

Table 1.1: Manpower of ESLSE

Years	2014/15	2015/16	2016/17
<i>Manpower</i>	<i>3134</i>	<i>3178</i>	<i>3565</i>

Source: ESLSE, Ethio- Logistics yearly Abstract (May, 2017)

Ethiopian Shipping and Logistics Service Enterprise is the sole multimodal operator. Multimodal transportation is organized as a sequence of modes, often known as an intermodal transport chain. The dominant modes supporting intermodalism are trucking, rail, barges and maritime. The emergence of multimodal transport has been brought about in part by technology and requires management units for freight such as containers, pallets or semi-trailers. Better techniques and management units for transferring freight from one mode to another have facilitated intermodal transfers. The advantages of each mode could be exploited in a seamless system, which created multiplying effects.

The most important feature of multimodal transport is the provision of a service with one bill offloading. This has necessitated a revolution in organization and information control. At the heart of modern multimodal transport are data handling, processing and distribution systems that are essential to ensure the safe, reliable and cost effective control of freight movements being transported by several modes. Intermodal transport is transforming a growing share of the medium and long-haul freight flows across the globe where large integrated transport carriers provide door to door services, such as the high degree of integration between maritime and rail transport/Truck. As it is indicated in table2 below, the three consecutive years of operational performance of Ethiopian Shipping and Logistics Service Enterprise (2014-2016) imported goods are increasing from time to time. For instance, 2.7 millions of

goods were imported in 2014 and 3.3 million tons in 2015. In the year 2016, it raised to 4.9 million tons.

Table 1.2: ESLSE Operational performances

Service type	Measurement	Years		
		2014	2015	2016
Imported goods by ESLSE	Ton	2,767,053	3,340,135	4,966,265
Imported goods by ESLSE vessels	Ton	1,104,813	998,597	952,628
Proportion (ESLSE vessels/ total import)	%	39.93	29.90	19.18
Imported containers by multimodal transport	TEU	88,559	120,404	175,672
Imported vehicles by multimodal transport	Unit	4,225	10,636	4,736
containers served at dry port	TEU	84,869	114,369	162,047
vehicles served at dry port	Unit	4,183	8,275	13,224

Source: ESLSE report (2016)

As it is clearly observed in the above table, the share of ESLSE vessel is decreasing from 40 percent (2014) to 19 Percent in 2016. This is due to economic scale of the ship, low performance of the vessels and lack of good management skill. Transported goods by multimodal transport system have increased 88,559 containers in 2014 to 175,672 containers in 2016. Imported vehicles also increased dramatically from 4,225 units in 2014 to 14,736 units in 2016. It is obvious that dry port services increase according to the increment of multimodal imports .This implies that the need for multimodal transportation is to increase in higher rate in incoming years. Therefore ESLSE should be capacitated to handle these volumes of cargoes.

According to the Regulation issued by the Council of Ministers in 2011, the enterprise is supervised by the Ministry of Transport and has a Board of Management comprised of eight higher officials from various ministries. After its establishment in Nov.2011, ESL embarked on designing an organizational structure that could bring together the functions of the former three enterprises in to an integrated operation. Accordingly, the enterprise put in place its own new organizational structure in Dec 2012 on the basis of which, it has one chief executive

officer and four deputy chief executive officers appointed by the government to lead and direct the enterprise at top management level.

The enterprise has four sectors led by the four deputy CEO's, namely:

- 1. Shipping Sector
- 2. Freight Forwarding Sector
- 3. Port & Terminal sector
- 4. Corporate Services Sector

1.3 Organizational Structure

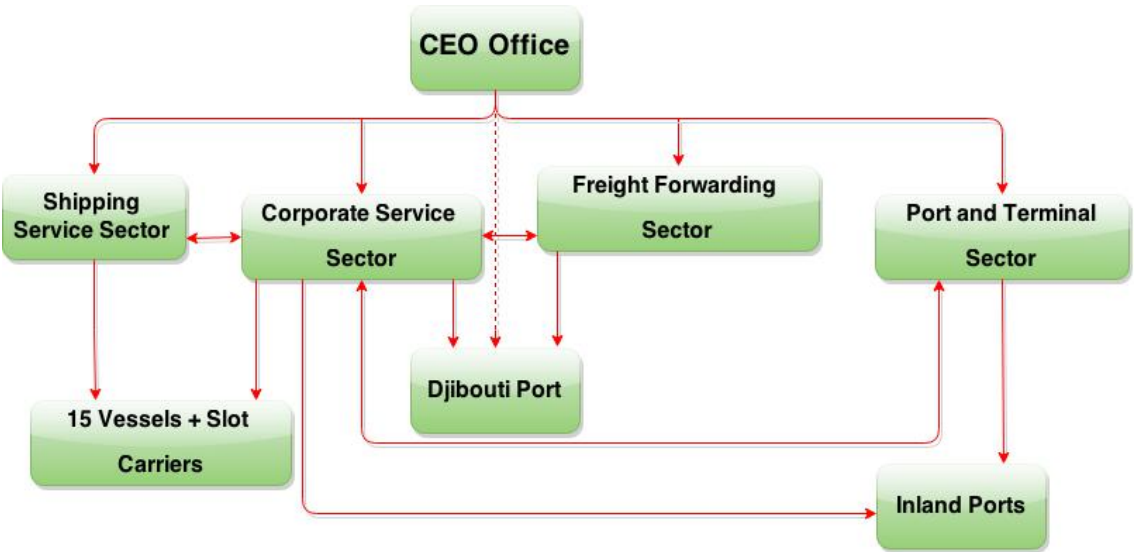


Figure 1.1: Organizational Structure ESLSE

1.4 Statement of the Problem

Motivation is a critical ingredient in employee performance and productivity. Even when people have the right skills, clear work objectives, and a supportive work environment, they would not get the job done without ample motivation to meet those work objectives (Mullins, 2006). He elaborates that motivated employees are enthusiastic to exert a certain level of effort (intensity), for a certain amount of time (persistence), toward a distinct goal or direction (Mullins, 2006).

It is about giving your staff the right mixture of guidance, direction, resources and rewards so that they are inspired and keen to work in the way that you want them to (Locke, J.R. 1998). Staff members are one of the most valuable assets. Motivated employees are more likely to stay and help build your business. Retaining motivated staff builds your business and also reduces the cost of recruitment and training.

Mullins (2006) effectively motivating employee is one of the most important functions of a manager. There is evidence to show that organizations are facing challenges in retaining employees due to limited opportunities for advancement and the current competitive labor market. It doesn't appear things will get any better in the future. The loss of employees represent a loss of skills, knowledge and experiences which can create a significant economic impact and cost to corporations as well as impacting the needs of customers. Managers who can motivate employees assist the organization by improving employee retention.

The employee's motivation is a key factor towards job performance and services delivery in any organization or institution. There are two measures of motivation that is, Monetary and Non-monetary incentives which can be offered by to employees by the management.

Motivation has been a hallmark of productivity and job performance in every organization. This situation has been stumbling block towards provision of services by employees in public enterprises. By identifying this, several measures have been taken by the government to improve motivation to her employees such as training opportunities, seminars, salary increment as well as incentives like housing and transport allowances.

Recent study on organization health survey (OHS) made by Aschalew Lema (2016) in Ethiopia shipping and logistic service enterprise indicated the existence of low employee motivation. In addition to this, there are also a lot of complaints on employees indicating that high salary and attractive benefit packages are not enough to motivate them and are seeking other motivational factors, which became part of this study, and it seems that salary and related benefit packages are not the only motivating factors for most of the employees.

The Shipping and logistic enterprise faces the challenges human resource challenges –threats in this areas include: of employee complain why they involved in the decision making process that concern them, volatile loyalty and commitment, employees taste for different

motivational packages, why the labor union actively participate in the rights and privileges of employees. The shipping and logistic enterprises employees are also faced by problems of feeling de motivated. This is the essence of this study. This research intends to fill this gap. Therefore, it is against this background that the researcher wants to establish the combined effect of motivation on the performance of employees in Ethiopian Shipping and Logistic Service Enterprise.

Therefore, the purpose of the study is to investigate the effect of motivation on employee performance In Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise.

1.5 Objective of the Study

This section deals with the general objective and specific objectives of the study.

1.5.1 General Objective

The general objective of the study is to determine the effect of motivation on employee performance In Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise.

1.5.2 Specific Objectives

The specific objectives are as follows

1. To identify factors that motivates employees in Ethiopian shipping and logistics services Enterprise.
2. To identify factors that serve as dissatisfaction among employees in Ethiopian shipping and logistics services Enterprise.
3. To assess the various motivational packages for the staff of Ethiopian shipping and logistics services Enterprise.
4. To assess the role of labor union in the right of employees to get motivational incentives Ethiopian shipping and logistics services Enterprise.

1.6 Research Questions

This section deals with the formulation of the research question that will help to achieve the objectives of the study. They are

1. What are the factors that motivate employees in Ethiopian shipping and logistics services Enterprise?
2. What is the effect of motivation on the employee's performance in Ethiopian shipping and logistics services Enterprise?
3. What are the employee motivational packages at Ethiopian shipping and logistics services Enterprise?
4. In what ways do employee motivational packages affect performance of Ethiopian shipping and logistics services Enterprise?

1.7 Significance of the Study

The study was vital in so many ways. It would reveal:

Whether these packages enhance staff performance; and how management can strategically maximize the human resource potentials of the organization to the fullest in the midst of the new entrants.

The findings of the study is therefore provided vital information to policy makers and human resource managers of the public enterprise to either consolidate or re-think ways of motivating staff of the public enterprise. The results of the study are also added to the existing body of knowledge on the issue of motivation and productivity in the public enterprise.

Also, the study hopes to provide a concrete context for discussion about what can be done to ensure regeneration of employee's capability in delivering public services.

The study is also help the researcher for practical fulfillment for Master's degree and wide the knowledge of motivation matters to employees in working areas hence increase effectiveness and efficiency.

1.8 Scope of the Study

The scope of the study limited to the head office. The head office has 21 departments out of which 11 departments included and 10 departments excluded from the study. It would not be possible for the researcher to cover other 10 departments in the Head Office.

1.9 Limitation of the Study

In order to make the study more valuable and admirable the researcher applied his full knowledge but the study is not without limitations. Some of these include distributing

questionnaire and interviewees at their work place were the most difficult work but the researcher did his best to persuade the respondents for the successfulness of the study.

1.10 Organization of the Study

The study will be presented in five chapters. The first chapter which is the introduction covers the background of the study, problem statement, objectives of the study, research questions, significance of the study, as well as the scope and limitations of the study. This would be followed by chapter two which reviewed extensive related literature on the subject matter. Among the various topics will be covered include concepts of public enterprise, motivation, productivity in relation to job performance, performance of The Ethiopian Shipping and Logistics Service Enterprise (ESLSE) performance appraisal, and the relationship between motivational packages and employee's performance.

Chapter three will look at the methodology of the research which comprises the research design, the research population, sample and sampling technique. It will also be considered the sources of data and data collection instruments, methods of data collection and analysis. Chapter four will be dedicated to data analysis, findings and discussions. Finally, chapter five will deal with a summary of the study, conclusions drawn from the findings and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

This chapter will present , what public enterprise is , the Ethiopian legal regime toward of public enterprise , sources of motivation, theoretical orientation of the study, the conceptual framework of the study, the analysis of the study, critical review of literature together with literature related to the variables and objectives of the study. The review of related literature focuses mainly on the employees' motivation and the effect of motivation on individual employee performance in various working places.

2.1 Meaning of Public Enterprises

Public enterprises essentially have the features of several individuals who act as one. The enterprise thus is viewed as an artificial person who is authorized by law to carry on particular activities and functions. It is described as a corporate body created by the legislature with defined powers and functions and independently having a clear-cut jurisdiction over a specified area or over a particular type of commercial activity (Ekhat, 2002:167).

Public enterprise is part of government apparatus and three implications are hereby highlighted. First, a public enterprise, by virtue of its intricate relationship with government, is an instrument of public policy and its primary mission is in connection with governmental objectives and programs. It is therefore naturally under governmental control. Second, a public enterprise, by its nature, mostly manages public resources, especially public money and this means that attention must be paid to mechanisms for enforcing accountability. Third, the combination of financial and economic objectives with social and political aims invariably makes it difficult to devise appropriate performance measurement instrument (Obikeze, 2004: 248-249).

2.2 Origin of Public Enterprises

The origin of public enterprises could be traced to early twentieth century when government intervened in economic management through departmental organizations, which did not involve creating autonomous public bodies. In the alternative, it granted license to a private enterprise for the management of natural or national monopolies and where public bodies were involved in managing economic ventures, such bodies did not enjoy financial autonomy.

Public enterprises made a very strong appearance after World War I for a variety of reasons, including managing the consequences of the war, especially the economic crisis of the 1930s. However, public enterprises sector developed rapidly because of the spread of Keynesian Interventionist (Dagnachew Asrat, Addis Shiferaw, 2009).

The movement toward the establishment of public enterprises received a new impetus after World War II for reasons related to both ideological considerations and economic efficiency. Economic nationalism and the success of the Soviet Revolution paved the way for nationalization and strong state intervention in national economic management (Dagnachew Asrat, Addis Shiferaw, 2009)

When the former European colonies in Africa became independent in the late 1950s and the 1960s, there were only a few public enterprises in different countries. The public enterprises sector then developed at a tremendous pace in the immediate years after independence through the 1980s and a huge public enterprise sector was firmly established in most countries. The weakness of the private sector, the lack of infrastructure, the low level of social and human development, and the unfavorable social, economic and financial environment are some of the reasons given to explain the proliferation of public enterprises in all areas of economic and social development. Other reasons include the urge to generate revenue to limit foreign economic domination and to provide a substitute for private initiative where it was not forthcoming (Dagnachew Asrat, Addis Shiferaw, 2009)

2.3 The Development of Public Enterprises in Ethiopia

Government's decisions to introduce Public Enterprises have been made for various reasons. The reasons are ideological, political, social and economic. So, the purpose of establishing Public Enterprises has an interfusion of various interests. In Ethiopia Public Enterprises have been set up from different purposes and contribution in different regimes.

2.3.1 During Haileselesie Regime

The proliferations of Public Enterprises in Ethiopia had taken place after the end of the Italian occupation in the regime of emperor Haileselesie (Eshetu Chole, 1986:20). The motives for establishing Public Enterprises in Haileselesie regime, the main rationale was to stimulate and strengthen the weak national private sector of the economy and to serve as a solution to the Entrepreneur gap (Memorandum of Association of Ethiopia shipping lines Company). In this

period there were some Public Enterprises. Until 1973, there were about 29 Public Corporations in the Country (Getu Abera, 1974: p.117)

Some of these were directly or indirectly vital for the establishment of industries in the Country and others were purely profit making Corporations. These Corporations were established either by proclamations, or general notice, or by order.

In relation to Public Companies the government was operating around 83 share companies up to 1973 either as total or majority or minority shareholder (Getu Abera, 1974:p.123-126).

The Management of these Public Enterprises varied depending on the type of the Enterprises and the legislation that established them. Public Corporations, Managerial power were vested in the board of directors which was appointed mostly by the Emperor. It was the board's responsibility to plan, organize, direct and control the overall activities of the Enterprise it has under taken. As to the Enterprises, organization, they had no several larger structures to hinder efficient operation. It is possible to say most Enterprise were relatively free from the central bureaucracy since the enabling legislations clearly identified the powers and duties of various organs of the Enterprises (Dagnachew Asrat, Addis Shiferaw, 2009).

Public Enterprises were established either for the purpose of rendering profit oriented services or for entrepreneurship promotion.

Thus, the government had created Public Enterprises either by itself or sometimes with private entrepreneurs in order to promote economic development of the country through accelerated productive investment, increased competition and so on (Eshetu Chole, 1986:21).

In this period as far as the management of Public Companies like the Commercial Bank of Ethiopia and the Ethiopian Airlines was concerned, it was governed by the provisions of the commercial code of 1960.

2.3.2 During Socialist Regime

In this period the establishment of Public Enterprises has been in accordance with the political philosophy of Socialism. Public Enterprises were formed by Socialization of the major means of production on the pretext of ensuring the economic interest of the society by the government by participating in essential economic activities not an enable to complete

government ownership and for the purpose of boosting of production for the building of Socialism (Kebere Asefa, 1984: p.2).

The number of Public Enterprise in the country increased. The reason for this was the Dergue's decision to nationalize through Proclamation No 20/1975 and industrial, commercial and financial Enterprises that were in existence up on its ascension to power. This decision made the government by far active in the management of the national Economy. All nationalized Enterprises were supervised by the Ministry of National Resources and Development (MNRD). The Ministry was established by Proclamation No. 19 of 1975, Confer Legal personality and defines the objectives of public Enterprises. Besides, It had the power to direct and supervise such Enterprises, to amalgamate two or more Enterprises where necessary, to dissolve and liquidate, any Enterprise with the approval of the council of Ministries (article 3, proclamation No. 20 of 1975).

The work programmed and budgets of such Enterprises for every fiscal year were adopted by the Minister of MNRD(article 5,proclamation No.20. 1975).The Minister also made decisions pertinent to reserves, Capital expenditure, dividends and financial aspects of the Enterprises. The general manager of each Enterprise was appointed by the Minister (article 6 and 9, proclamation No.20. 1975). The general manager was given the power to make decisional legality to operations production, distribution and procurement within the limits of the approval capital budget of the Enterprises and in accordance with the directions given by the Minister. The manager was also given the power to employ and discharge any officer of the Enterprise (article7, legal noticeNo.5 of 1975).

While though time the number of newly established Public Enterprises in the Country increased, more and more undertakings started to be amassed under MNRD. The situation brought a problem of handling the management of Enterprises by the Ministry. It becomes difficult to direct and supervise the congested undertakings. The ministry had then become powerless to regulate and control the activities of the Enterprises engaged in the diversified fields of the economy. Therefore, a further reorganization was necessary to divide these Enterprises under different Ministries. Proclamation No. 131 of 1977 was meant to do this. Indeed, the various enterprises were also made to fall under Corporations that were designed to bring the management of related Enterprises together.

Thus, the various Ministries and Corporations were entrusted with the management of Public Enterprises as agents of the state. The reorganization put an end to the existence of the MNRD.

The Corporations were established by pooling together Enterprises having similar outputs and/or using similar inputs. Their main function was to supervise and coordinate the activities of those Enterprises falling in their Category (Taye, Birhanu, 1996: p.4).

In general in the latter period of Dergue, Public Enterprises' decisions were made by passing through different ladders, i.e., Enterprise Corporation, Supervising, authority, and sometimes the Council of Ministers. The powers of the different supervising Ministries were almost similar to those which were formerly entrusted to MNRD.

The Government, because of its control of the commanding heights of the economy, can engage in a meaningful and effective planning, marshaling available resources and generating and directing popular participation to carry out the historic task of transforming Ethiopia from a land of poverty into one of prosperity. It also advocated the elimination of exploitation through the Public ownership and control of the major means of production is therefore one of the primary goals of Ethiopia Socialism (Kebere Assefa, 1975:14).

The situation of Public Enterprises and the economy during the regime is well captured as follows:

Since the middle of the seventies, Public Enterprises become one of the significant facets of the Ethiopian Economy. Pursuing its economic and political policy of centralism, the Dergue regime expropriated private owners and nationalized large and medium scale enterprises in the productive, service and financial sectors At the end of the seventies, the economy to a large extent was under the dominance of the socialist state and over 200 large public enterprises were operational. These Enterprises accounted for over 20 percent of Ethiopian's GDP. In some sectors, like manufacturing, mining, power and transport, the share of Public Enterprises added up to over 50 percent of the total production (Dagnachew Asrat, Addis Shiferaw, 2009).

2.3.3 In the Post 1991 Period

With the demise of the Dergue Regime, the incumbent government adopted a market oriented economic policy that gives prevalence to the ownership of property by the Private Sector. This policy also opened the Public Enterprises that were in the hands of the government to Private Sector Ownership. That is to say, the Public Enterprises are being privatized with a view to increasing Private Sector participation in the market and improving their performance (Abebe Eshetu, pp.4-5).

The Ethiopian state during this period has assumed two forms namely the Transitional Government of Ethiopia (TGE) and Federal Democratic Republic of Ethiopia constitution. In the transitional period public enterprise Proclamation No. 25/1992 was issued. All corporations which were existent at the Dergue time were dismantled through this proclamation. The reason for this was corporations were considered as the main obstacle to the exercises of managerial autonomy at the enterprise level (Danachew Asrat and Addisie Shiferaw, 2009: p39). There are various provisions in the constitution of Federal Democratic Republic of Ethiopia that indirectly refer to Public Enterprises article 51(2), envisage the aforementioned points.

The supervising authority establishment proclamation no. 412/2004 has a controlling power over both fully state owned Public Enterprise and partly owned Enterprises. This can be gathered from the cumulative reading of Art 2(2) and art 3 of the proclamation.

Privatization Proclamation No 146/1998 is not intended to regulate the operation of Public Enterprises; rather it is concentrated with the situation of ending ownership or control by the state in Public Enterprises and paving the way for substituted action by the Private Sector article 2(3) states that the proclamation is not merely concerned with Public Enterprises as defined by proclamation no 25/1992, it also include Enterprise which may be designed by the government as Public Enterprises for that specific purpose.

2.4 Operational Requisites and Mechanisms of Public Enterprise Corporate Objectives

There are two assumptions for according a public enterprise with a corporate status. One is that the organization is set up as a business firm and will operate in such a manner as to create surpluses and adequate returns on invested capital. The second is the simultaneous duty of the organization to be an instrument of national policy and to discharge some developmental

goals. These are only stated in broad terms and depict the general character of the enterprise. The specific identification and articulation of the corporate goals of each public enterprise is needed. The statutes creating public enterprises would have such corporate objectives stated. But these statements of intent are inadequate for corporate planning. They are more in the nature of definition of the enterprise's field of activity, its jurisdiction and powers. The goals tend to be stated in highly generalized terms, as is implicit, for instance, in the preamble or the definitional provisions of the Public Enterprises Proclamation No. 25/1992 no priorities indicated, no quantifications made, etc. On the other hand, in a legal document which defines the constitution of an organization, it is prudent to provide for flexibility and not to constrain growth and diversification of the organization consistent with the ever changing corporate realities. In this sense, the establishment statute would function as an 'enabling clause' that enables public enterprises to devise corporate targets in a manner that suits their own realities(Dagnachew Asrat, Addis Shiferaw, 2009).

2.5 Managing Various Interlinkages

Interlinkages represent the cohesiveness of the total system and interdependence of various factors in the economic game. In public enterprises, interlinkages take on a managerial face -- in their day to day operations managers are constantly faced with external influences, pressures, and demands from the government, customers, suppliers, trade unions, the physical environment, the private sector and other public enterprises. The management is supposed to positively deal with all these interconnections. In so far as the linkage with private enterprise is concerned, a state of competition and ultimately a question of acquiring market share arise. Competition does not necessarily imply economic antagonism, and it could take a positive face based on dialogue and exchange of information between the two sets enterprises (Dagnachew Asrat, Addis Shiferaw, 2009).

The management of the linkage not only is beneficial to consumers but fosters effective co-existence of enterprises. A linkage with workers/employees is a matter deserving attention. The shop-floor level or industrial labor is perhaps a unionized labor comprising workers who have the right to form trade unions to enter into negotiations and industrial action with the management and to resort to strikes. This is particularly unwelcoming to a labor-intensive enterprise. Therefore, maintaining industrial peace through the adoption of participative styles of management and incentive mechanism would be a good sign of well-managed linkage. The relationship with customers and their protection is also an issue

for management. Customers are the ultimate constituency of goods and services of enterprises, and are in a right position to judge them. The essence of their judgment (positive or negative) will have a direct effect on consumer attraction and ultimately in marketing goods and services. Enterprises in monopolistic and oligopolistic situation may tend to disregard customer interest, but its long term effect may be adverse, and appropriate management is preferable. Public enterprises will have a contact with the physical environment, whether positive or negative.

Some public enterprises, such as those engaging in manufacturing, may produce negative externalities on the physical environment that harbors human inhabitants and may jeopardize the ecological balance. This situation puts the enterprise in a state of losing public confidence and may face a legal action of public interest litigation type. Enterprises working in conformity with environmental needs are in the opposite welcomed by the public and this lays a ground for success. This is a linkage that the enterprise cannot isolate itself from and that deserves managerial treatment.

Public enterprises may have to make foreign contacts, especially those taking part in imports and/or exports. The link may involve imports of technology, raw materials, spare parts and components; it may also relate to the employment of expatriate experts and creation of joint ventures. Thus, these links force the enterprise to adopt a foreign policy its own. Finally, the enterprise must worry about public opinion. The public opinion is actually the composite of how many of the above linkages are treated and public enterprise needs to establish goodwill which is the most valuable incorporeal asset, by positively responding to the public opinion (Dagnachew Asrat, Addis Shiferaw, 2009).

2.6 Public Enterprises in Light of Effectiveness, Efficiency

Public enterprises are setup to accelerate economic and social development by attending to both commercial and noncommercial objectives. Going by the magnitude of the country's economic dependence on public enterprises, and given that essential services such as electricity, telecommunication, shipping and logistics are mainly provided by them, some claim that they are hitting both their commercial and welfare objectives. But, they face several challenges, especially in relation to managerial capacity, corporate mentality and striking a balance between their commercial and non-commercial aspects, which have an effect in effectiveness and efficiency. They provide huge employment opportunities; the economic

benefit of the enterprises goes beyond employment generation to yielding huge amount of capital as dividends to the government. The enterprises are also source of technology, where they foster the adaption and learning of new and old technologies next to education institutions (Tewodros Mihiret, 2014).

2.7 Classification of Public Enterprises

Public enterprises are classified into three; namely public/statutory corporations, state-owned companies, and mixed economy enterprises. They are explained below:

Public/Statutory Corporation

These are enterprises, which arise when the government assumes responsibility for the management of an economic or social pursuit through a special entity that has its own legal personality and still keeps some of the special prerogatives or privileges associated with a governmental organization. The blend of these features is aimed at enabling the organization to function effectively as an autonomous body while it remains an instrument of government policy (Tewodros Mihiret, 2014).

State Owned Companies

These are companies created by government under the provisions of ordinary company law, though they belong entirely to the government. They are registered in the registry of companies, with the government as the sole proprietor. Government, therefore, appoints the Board of Directors as is customary in private companies (Tewodros Mihiret, 2014).

Mixed-Economy Enterprises

These are enterprises where the government is the majority shareholder in a partnership with private entrepreneurs. In such companies, government usually dominates the board since it is the major shareholder.

Public Enterprises in Ethiopia are established by issuance of legislation. The establishment legislation among others Encompasses the duration for which the Enterprises is establishment (proclamation 25/1992; Art 6(10)). They acquire legal personality up on establishment by council of Ministers regulation to be issued pursuant to article 6 of proclamation no. 25/1992. These establishment regulation have to contain, interallia, the name and purpose of the

Enterprise, the authorized and paid up capital, extent of liability and supervising authority (Art 6,7 and 47 (1) (a), Proclamation 25(1992).

It can be observed from reviews of the various regulations establishing various types of Public Enterprises in various sectors that statutory companies operate in Ethiopia under three distinct names, i.e, corporations, Enterprises and share companies.

Interlinkages represent the cohesiveness of the total system and interdependence of various factors in the economic game. In public enterprises, interlinkages take on a managerial face -- in their day to day operations managers are constantly faced with external influences, pressures, and demands from the government, customers, suppliers, trade unions, the physical environment, the private sector and other public enterprises. The management is supposed to positively deal with all these interconnections. In so far as the linkage with private enterprise is concerned, a state of competition and ultimately a question of acquiring market share arise (Dagnachew Asrat, Addis Shiferaw, 2009).

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2.8. Creation of Public Enterprises

The creation of a public enterprise raises some important legal issues. Whether a government is setting up a parastatal from scratch or is taking over ventures belonging to private interest, the choice of the legal status of the enterprises depends greatly on the prevailing constitutional and legal provisions on government intervention in business and on private property protection.

In a democratic setting, the primary responsibility lies with the legislature. This is to restrict individual rights and public liberties, as it affects free competition and whatever reduces the freedom to embark on an economic activity in a society that recognizes private initiative must be backed by law.

The process of taking over private enterprises or transferring the ownership of private enterprises to government is called nationalization. An enabling law is needed to effect such a transfer, which in some cases the enterprise being taken over is specifically mentioned in the law, but in other cases, some general criteria are indicated to delineate the activity or type of entities concerned.

Public enterprise can be dissolved by liquidation, a transfer to private ownership (privatization), or a merger with another public enterprise. In the last case, the executive arm of government can handle this, but in other cases, an act of parliament is required (Adamolekun, 2002:31-32). According to the Public Enterprises proclamation of Ethiopia there are two steps before an Enterprise cease to perform its activities, after the decision of the council of Ministers to dissolve an Enterprise is made. These steps are the process of dissolution and winding up. Dissolution is said to be 1st stage necessary for the total cancelation of a Public Enterprise. It is the termination of the Enterprise (Gonga , 2002: P. 212).

Once a Public Enterprise is declared to be dissolved by the decision of the Council of Ministers, it will not continue to exist for purposes of doing business in the future. When we talk of the dissolution of an Enterprise we are saying that the business activities of the Enterprise have come to an end. But is never means that the whole process in settled. The Enterprise may have debts which it owes and which others owe to it. Taxes to the government may not be paid. And finally the remaining assets of the Enterprises, if any, should devolve to the government. The process of setting debts and transferring the remaining properly to the government is called winding up. This process of a winding up is also called liquidation. In the process of winding up the legal personality of the Enterprise may not be terminated (Art 479 (1) of the commercial code of Ethiopia). This is so happens because that in this process those debts due to the Enterprises are collected and those which would be paid by the Enterprise are paid in the name of the Enterprise and also is in the legal process that liquidators who are responsible for the winding up process of the firm are elected. This is because that these persons collect what others owe to the Enterprise and also pay what the enterprise owes to others. Thus, they are acting on behalf of the Enterprise. That is why the legal personality of the Enterprises must continue until the process of windup is finalized.

Consequently dissolution is the termination of the existence of cooperation while winding up is to settle the accounts and liquidate the assets of cooperation for the purpose of making the distribution and dissolving the enterprise.

It is also true that winding up is used to describe the process where the firm's assets are liquidated and the affairs of the Enterprises are brought to a halt, as distinguished from dissolution which normally terminates the corporate existence.

Finally, after the winding up process is finalized the supervising authority notifies the council of ministers of the finalization of the liquidation process as soon as it proves the final balance sheet, and obtains the concurrence of the Ministry of Finance (Public Enterprise Proclamation No 25 /1992, Art 44. The Council of Ministers then by replacing the establishing regulation of the Enterprise it publicizes the final termination of the life of the Enterprise.

Dissolution refers to the coming to an end of the corporate life of an enterprise because of occurrence of something beyond its control. There are six grounds for the dissolution of a public enterprise stated under Art 39 of the Proclamation.

These are:-

The expiry of the life of the enterprise as fixed in its establishment regulations

Completion of the venture for which the enterprise was established

Failure of the purpose or impossibility of performance

Loss of seventy-five percent of the paid up capital of the enterprise

The judicial declaration of bankruptcy

A decision of the Council of Ministers affecting the existence of the enterprise (such as where the CMs want to dissolve enterprises that it deems not any more necessary). The Council of Ministers has, for instance, dissolved the Engineering Design and Tool Enterprise established under Reg. No.124/1993 (Reg. No.15/1997) and Addis Metal Pressings Enterprise established by Reg. No.38/1998 (Reg. No.102/2004). While the last ground of dissolution is peculiar to public enterprises, all the other grounds are also recognized under Art 495(1) of the Commercial Code in the event of dissolution of ordinary business organizations. But there are a couple more grounds that appear in the list of Art 495(1) to dissolve private business entities.

Winding-up is the process of liquidation of a public enterprise under dissolution. It involves, among other things the appointment of liquidators and their rights and duties, calling creditors, payment of debts the enterprise owes and collection of credits due to the enterprise, and the devolution of any surplus assets to the government. Except in the case of bankruptcy, the liquidation process for all grounds of dissolution is carried out in accordance with articles 41-45 of the Public Enterprises Proclamation. With bankruptcy, the winding-up process is conducted pursuant to, mutatis mutandis, the provisions on the bankruptcy proceedings in

Book V of the Commercial Code. But even in this case, the limitations associating to the amount of the assets in the bankruptcy for conducting the proceedings by way of summary procedure provided under article 1166(1) & (2) of the Code are not applicable to dissolution of public enterprises.

Summary procedure is upheld in the liquidation of public enterprises irrespective of the requirements of the Commercial Code (Art 40(2)).

2.9 Reasons for the Establishment of Public Enterprises

There are many reasons for the establishment of public enterprises. They are outlined below:

- The desire to use the public enterprise as an instrument of effective plan implementation in a context where it appears futile to devise a development plan for the private sector.
- The need to secure economic independence.
- The urgent desire to assure government control over "strategic" sectors of the economy (e.g. central banking, broadcasting, iron and steel, roads, shipping, etc.).
- The need to separate some activities from the civil service and allow more autonomy in their running.
- The perceived need to provide employment for the citizens in context where the private sector offers very limited employment opportunities.
- The need to ensure state control of key profitable enterprises with a view to generating revenues that will add to available national capital for financing development programs and projects.
- The desire of some socialist-orientated regimes to use state control of key profitable enterprises to pursue the objectives of preventing the concentration of wealth or of the means of production and exchange in the hands of few individuals or of a group (i.e. promoting equitable distribution of wealth) (Obikeze and Anthony,2004:253).

2.10 The Role of Trade Unions in Public Enterprises

Public enterprises are governed by labor proclamation hence the role of trade union in the right of the employee should be investigated through the labor proclamation of the state. The trade unions should help to staff all the state business and administrative bodies connected

with economies: nominate their candidates for them, stating their length of service, experience, and so forth.

2.10.1 Concepts of Labor Union

Based on the Ethiopian Labor Proclamation No 377/2003 article 113, workers and employers shall have the right to establish and form trade unions. Trade Union is defined in this proclamation as an organization formed by workers; Similarly Ivancevich (2008) define Trade Union as an organization of workers acting collectively seeking to promote and protect its mutual interests through Collective Bargaining. From the above definitions it can be concluded that a trade union is an organization of employees that uses collective action to advance its member's interests in regard to wages and working conditions.

2.10.2 Main Functions Performed by Trade Union

Some of the most important functions of the trade union are as follows: a/ Increasing Cooperation and Well-being among Workers b/ Securing Facilities for Workers

c/ Establishing Contacts between the Workers and the d/ Trade Unions working for the Progress of the Employees e/ Safeguarding the Interests of the Workers f/ Provision of Labor Welfare.

2.10.3 Objectives of Labor Union

Labor unions are formed mainly to represent individual workers when they have a problem at work and to help sorting out the difficulty with the manager or employer. Following the representation come Negotiation where union representatives, discuss with management, the issues which affect people working in an organization. During the last few years Trade unions increased the range of services they offer their members beyond representation and negotiation and tend to focus more to provide training courses for their members on employment rights, health and safety and other issues. As well as offering legal advice on employment issues, one of the earliest functions of trade unions was to look after members who hit hard times. Some of the older unions offer financial help to their members when they are sick or unemployed (Mahari Redae, 2009).

2.11 Meaning of Motivation and its Importance

2.11.1 Motivation

The word motivation is coined from the Latin word *Motus*, a form of the verb *Movere*, which Means 'to move' (Greenberg and Baron, 2003). Robbins and Judge (2008) expand the term Motivation to the set of psychological processes that cause the arousal direction and Persistence of individuals' behavior towards attaining a goal. Motivation has been defined as an internal drive to satisfy an unsatisfied need (Lindner, 1998). Motivation is defined by Robbins (2003), as the 'willingness to exert high levels of effort towards organizational goals conditioned by the effort's ability to satisfy some individual needs'. This implies that the satisfaction of individual needs contributes to the sets of behavior they exhibit in an organization.

Brown, W. (2007) motivation is derived from the word "motivate", means to move, push or persuade to act for satisfying a need. Baron (1983) defines motivation in his own right. He says that "Motivation is a set of process concerned with a kind of force that energizes behavior and directs it towards achieving some specific goals. Many writers have expressed motivation as a goal directed behavior. This objective nature of motivation is also suggested by Kreitner (1995) who put forward that motivation represents "those psychological processes that cause the stimulation, persistence of voluntary actions that are goal directed". In other terms, a motivated person has the awareness of specific goals that achieved in specific ways; therefore he/she directs his/her effort to achieve such goals Maryam (2013).

2.11.2 Importance of Motivation

The achievements of individuals and organizational goals are independent process linked by employee work motivation. Individuals motivates themselves to satisfy their personal goals, therefore they invest and direct their efforts for the achievements of organizational objectives to meet with their personal goals also (Patrick, H.2008). It means that organizational goals are directly proportion to the personal goals of individuals. Maryam (2013) reported that the manager's job is to ensure the work done through employees are satisfied and the employees are self-motivated towards their work rather than just being directed. The managers' involvement is not so much important in the motivation of employees.

The employees should motivate themselves to work hard. The major issue in all services organizations is the motivation of employees whether they are skilled or unskilled or

professionals. Employee motivation is also a major issue for the commercial banks. It is a today's challenge for the management in this competitive world to motivate employees to offer efficient and good services that customers expect so for. The employees' motivation, their enthusiastic and energetic behavior towards task fulfillment play key role in successes of an organization to benefit Robbins (2003).

According to Brown, W. (2007) one of the functions of human resource manager is related to ensure employees' workplace motivation. The human resource manager's function should be to assist the general manager in keeping the employees satisfied with their jobs. Another goal in organization is the goal for the services manager is to develop motivated employees and encourage their morale regarding their respective works. The employee work morale, such as supervisors, peers, organization, and work environment can be defined in a sense that the employee has the feeling and be conscious about all aspects of the job. The performance is poor if the employee is not satisfied and happy. Workplace dissatisfaction often leads organization and its employees' poor performance.

2.11.3 Levels of Employee Motivation

According to research conducted by Marchington (2005.), there are three levels of employees' motivations. (1) The direction of an employee's behavior. It relates to those behaviors which the Individuals choose to perform. (2) The level of effort. It refers to how hard the individual is willing to work on the behavior. (3) The level of persistence. It refers to the individual's willingness to behave despite obstacles. They found that management can make use of different tactics, strategies and policies to motivate employees in work settings, but different tactics, strategies and policies would have a different motivational impact on diverse people.

Lindner, J.R. (1998) conducted research and investigated what employees may seek from the work environment. Their discussion reviews some of employee-related concerns that can be found in the venue of strategies to employees' motivation. Employees are individuals that come from different backgrounds, they have different education with different experiences and their different family classes are all the factors in which their needs be located.

The primary interest of employees is to satisfy their personal needs, ambitions, desires and goals. An employee wants to satisfy its basic needs, linked to survival and security concerns and desire to belong, to generate positive feelings from within and from others, and to be self-fulfilled. Most employees want (a) fair and consistent company policies in matters affecting them; (b) management they can respect and trust; (c) adequate working relationships with

managers and co-workers; (d) acceptable salaries and working environment; (e) appropriate job security assurance; (f) favorable job status. The other important factors that can fulfill and motivate employees are: challenging work, work that yields a sense of personal accomplishment, expression of appreciation for good performance, increased responsibility and the chance to grow in the job, the feeling of importance and making a contribution to the organization, and participation in job-related matters that affect the employees.

2.12 Theoretical Review

Various motivational theorists such as Abraham Maslow's (1979) hierarchy of needs which provided insight into personal behavior patterns have been extensively researched. Other influential research has been conducted by Frederick Herzberg (1993) who looked at work satisfaction, and Douglas McGregor (2008) whose theory and y suggests management styles that motivate and de-motivate employees.

In order to understand what motivates employees and how employees should be motivated, content theories like Maslow's hierarchy of Needs theory, McClelland's Need theory, Vroom VIE theory, Adam's equity theory, ERG theory, Hertzberg's two factor theory and modern theory of motivation were chosen as the most appropriate to be researched for the topic under review. Abraham Maslow's hierarchy of Needs theory and Mac Clelland's Needs theory forms the basis of this study under review.

2.12.1 Maslow's Hierarchy of Needs Theory

In 1943, Maslow argued that human beings have internal needs compelling them in the direction of self-fulfillment and personal superiority. He then came up with a opinion that there are five unique position of needs and once we to satisfy a need at one position of the hierarchy it will have an influence on our attitude. At such stage our attitude starts to decrease, we now put more powerful influence for the need at the next stage up the hierarchy.

Firstly, individuals are motivated by Psychological needs, this psychological needs builds the fundamental need for survival, it may include warmth, clothing, food and shelter. When people are thirsty and don't have clothing or shelter, they are more motivated to accomplish these needs because these needs turns to be a great influence on their behavior.

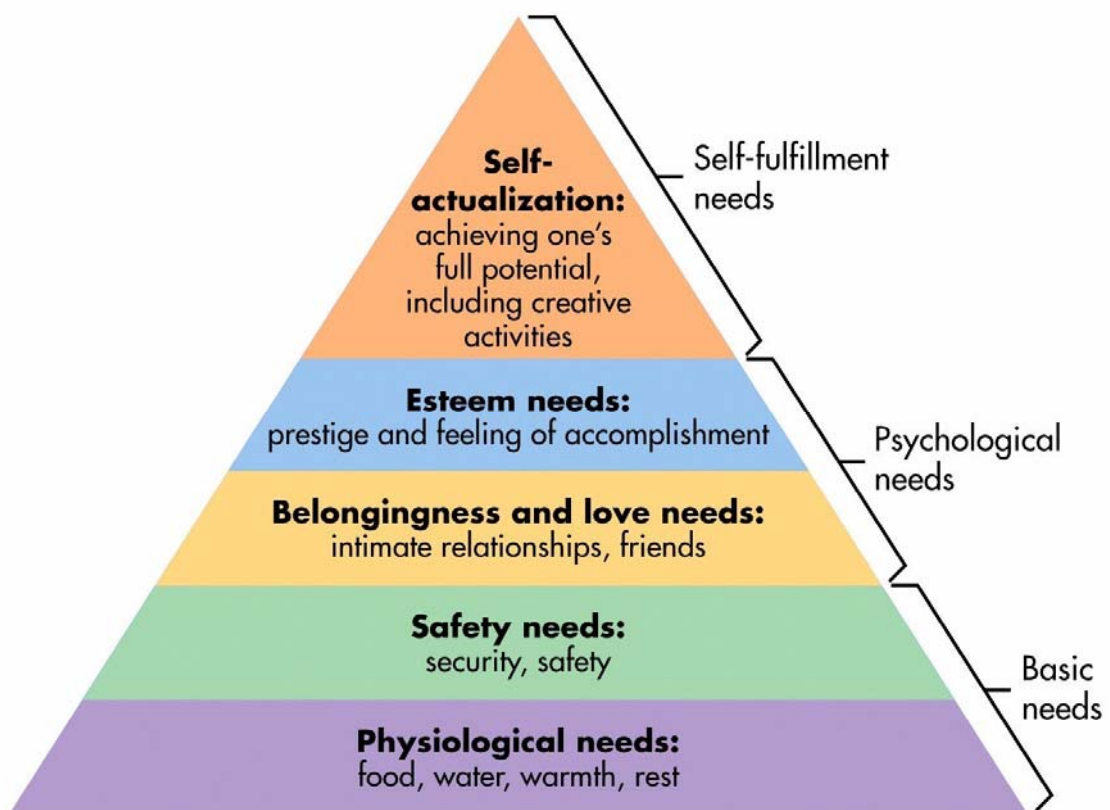
But then again, when individuals have surpluses in those basic needs (psychological needs), they tend to move to the second level where it was seen by Maslow as the higher order of

needs. The second level is the security needs: it is the most important need to people at this level.

This is seen and conveyed in the safety of the employee's health and family. The social needs came third. When an employee feel secured and safe at work, he will then take the rule and regulations of the organization serious and stick to the guidelines, also a good friend's hand intimacy will be formed. Going up the hierarchy is the self-esteem needs. It is the fourth level of needs by Maslow and it introduce the recognition to be accepted and valued by others.

The fifth level of Maslow needs is the self-actualization needs. The self-actualization was developed into individual is to become or what he is competent to become. (Srivastava 2005)Figure2:1 demonstrates Maslow's five hierarchies of needs.

Figure 2.1: Maslow's hierarchy of needs is depicted as pyramids as shown



Source: Internet (Figure 2:1)

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator. Maslow's hierarchy of needs consists of five levels that are generally depicted as pyramid. Listed from the lowest level of needs to the top, they are the following: physiological needs; security and safety needs; esteem needs; social needs; and self-actualization needs Lindner (1998).

Maslow's theory can be a useful tool for employers in planning and determining the kinds of rewards that can be more effective in motivating employees. The most important thing is to value every employee as an individual and also to understand that employee's needs may differ from time to time. Therefore, it must be put into consideration that employers have responsibility of reassessing their employees regularly to find out whether the employees lack their needs in their working places. Maslow (1943) suggests that human needs can be classified into five categories and that these categories can be arranged in a hierarchy of importance.

These include Physiological, security, belongings, esteem and self-actualization needs. According to him, a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated to fulfill those needs. When physiological needs are satisfied they cease to act as primary motivational factors and the individual moves "up" the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied.

According to Maslow (1943), the rationale is quite simple because employees who are too hungry or too ill to work will hardly be able to make much a contribution to productivity hence difficulties in meeting organizational goals. This theory is applicable in this study because the theory can be a useful tool for employers in planning and determining the kinds of rewards that can be more effective in motivating employees.

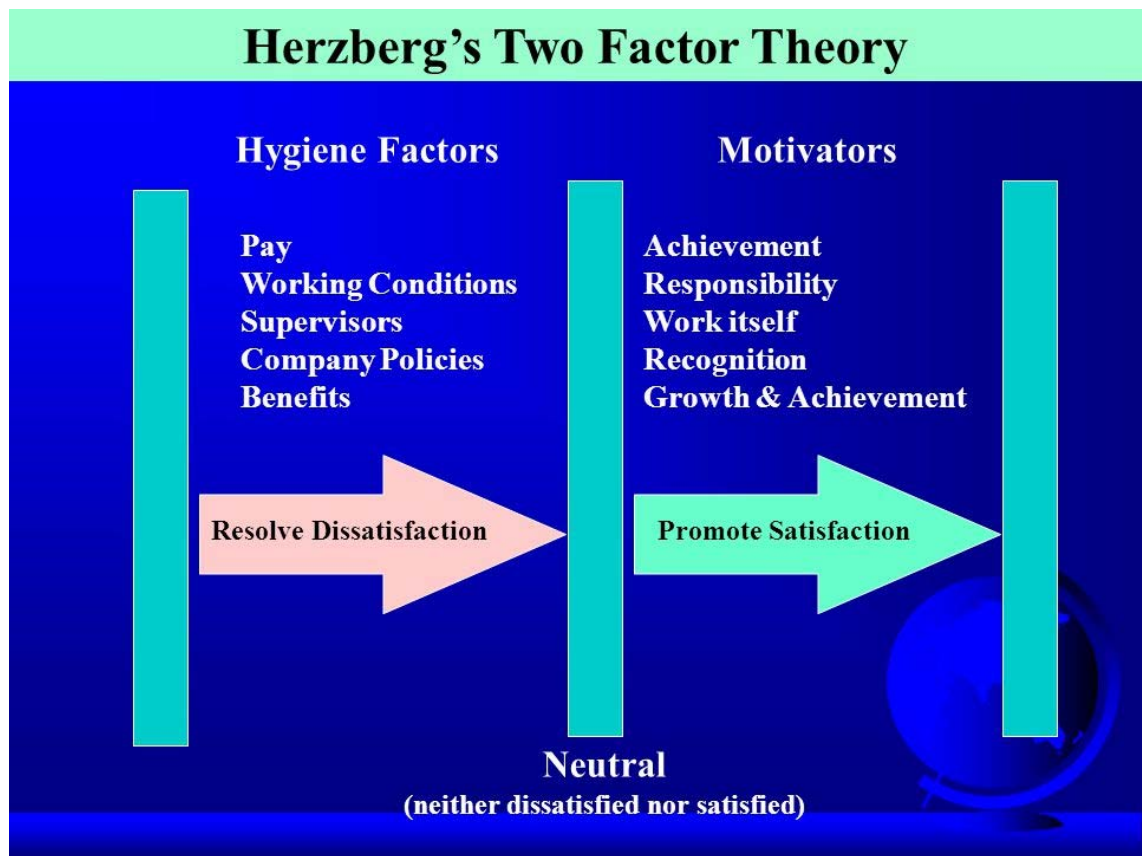
2.12.2. Herzberg et al.'s Two Factor Theory

Herzberg, Mausner and Snyderman's (1959), two-factor theory is heavily based on need fulfillment because of their interest in how best to satisfy workers. They carried out several studies to explore those things that cause workers in white-collar jobs to be satisfied and dissatisfied.

They classified Hygiene Factors as dissatisfied and motivating factors as satisfied. The hygiene factors are company policy and administration, technical supervision, salary, interpersonal relationship with supervisors and work conditions; they are associated with job content.

The motivating factors are those factors that make workers work harder and classified them as follows: achievements, recognition, work itself, responsibility and advancement. The employees of the Ethiopian shipping and logistics enterprise (ESLSE) can evaluate its motivational packages and ensure that these motivate them to give out their best and packages that are not satisfied should be disengaged.

Figure 2.2: Herzberg’s two factor theory



Source: Internet (Figure 2:2)

2.12.3 McClelland’s Need Theory

Also, David McClelland (1961) through his Needs theory portrays that any human being is controlled by three needs which are: Need for power, Need for Affiliation, and Need for

Achievement. Basically, people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions or power positions.

In the second category are the people who are social in nature. They try to affiliate themselves with individuals and groups. They are driven by love and faith. They like build a friendly environment around themselves. Social recognition and affiliation with others provide them motivation. People in the third area are driven by the challenge of success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see at least some chances of success. McClelland (1961) observed that with the advancement in hierarchy the need for power and achievement increased rather than affiliation. He also observed that people who were at the top, later ceased to be motivated by this drive. Since McClelland's first experiments, over 1,000 studies relevant to achievement motivation have been conducted. These studies strongly support the theory in these three areas. According to McClelland (1961), the presence of these motives or drives in an individual indicates a predisposition to behave in certain ways.

Therefore, from manager's perspective, recognizing which need is dominant in any particular individual affects the way in which that person can be motivated. The status of McClelland's theory is however questionable.

It is unclear how some of the measures in this theory correlate with one another and how motives have been translated into goals. Latham and Pinder (2005) propose that motivation and performance can actually change over time since one's personality and cognitive abilities change with time, this theory is applicable in this study because it will reveal to identify the extent to which the organizational performance is linked with motivation.

2.12.4 Personality Theory

Maslow's need theory suggests that people value what they need Latham (2005), while personality is a comprehensive construct and motivation is fundamental aspect of behavior. Motivation is an individual characteristic, but it arises from both within the individual, for insistence personality, and environmental conditions. Several personality traits are relevant to job performance and may affect the individual's ability to perform a task (Spector, 2000).

This shows how closely personality and motivation are related. The theories of personality are therefore in large part of motivation theories (Ewen, 1980). Personality can therefore be defined as an individual's behavioral and emotional characteristics that are found to be stable over time and in various situations (Conte, 2007). Personality-based approaches to motivation have always had strong supporters (Locke and Latham, 2004). McClelland and his colleagues made the strongest case for the role of personality in motivation.

2.12.5 Equity Theory

Adams's equity theory emphasizes that employees have a need for fairness at work and value placed on their contribution at work. The willingness of the employees to be part of the organization depends on motivational factors such as achievement, recognition, the work itself, responsibility, advancement and growth. Hygienic factors include; supervision, working conditions, interpersonal relationship, pay and job security. Company policies and success of the organization depend on the evaluation of the fairness, or impartiality, of the rewards they will receive. In a reasonable situation, an employee receives rewards relative to the contribution he or she makes to the organization. Employees are motivated to preserve a balance between what they observe as their inputs or assistance and their rewards as compared to others (Robbins 2005).

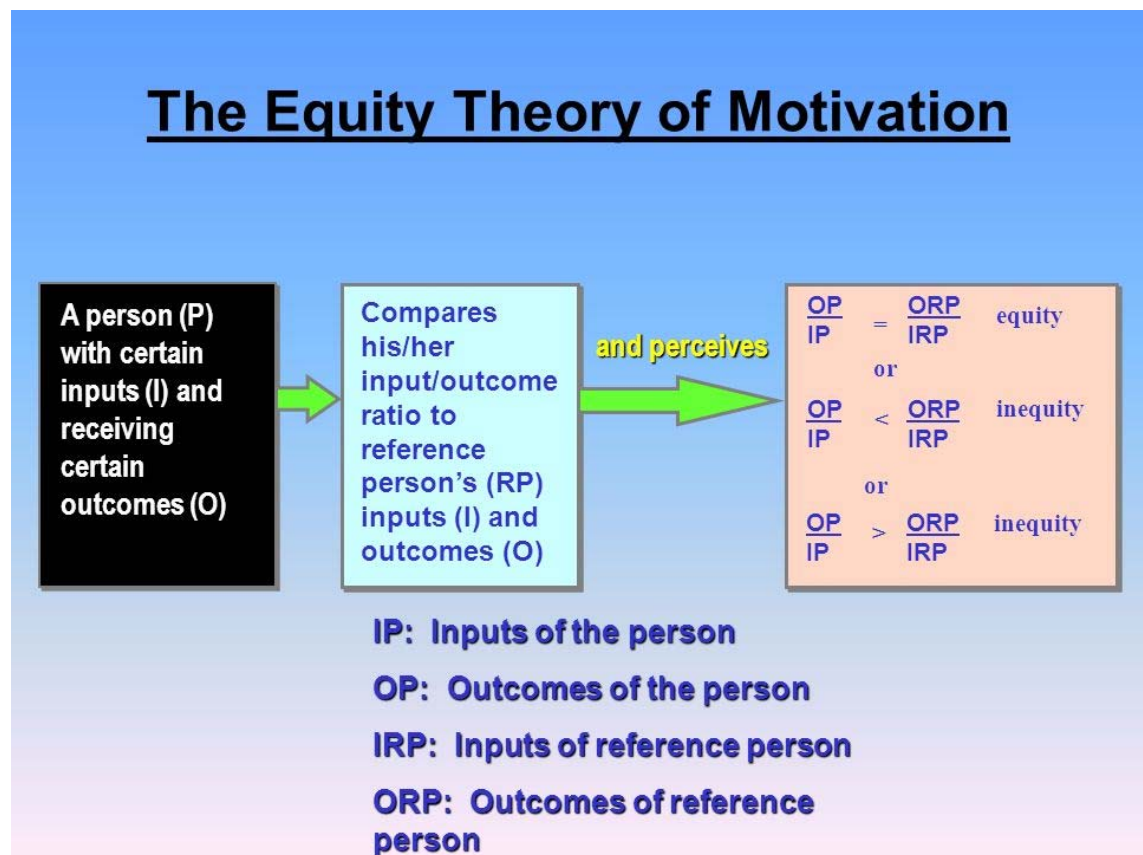
According to Adam's (1996) inputs such as skill, tolerance, determination and enthusiasm, assistance given to other employees, experience, sacrifices made can be defined in many ways other than the number of hours spent at work. Meanwhile, output is not the remuneration received for the task done, rather it comprises the various types of financial and non-financial rewards such as recognition for the work, appreciation from co-workers, promotions received. Thus, for an employee to feel secured there needs to be a cohesive balance between inputs and outputs.

Decision makers within the organization should endeavor to prevent problems of equity by ensuring that rewards are fairly distributed on the basis of performance and that employees clearly understand the basis for their pay inclusive of benefits. Balance theories assume that people have a set of beliefs in which they strive to maintain a balance. Imbalance is a source of motivation to achieve balance. Adam's equity theory is probably the most thoroughly developed statement on how people evaluate a social exchange relationship. Equity theory

states that people are motivated to achieve a condition of equity or fairness in dealing with the people at work and the organization (Spector, 2000).

As per the equity theory of Stacey Adams, people are motivated by their beliefs about the reward structure as being fair or unfair, relative to the inputs. People have a tendency to use subjective judgment to balance the outcomes and inputs in the relationship for comparisons between different individuals.

Figure 2.3: The equity theory of motivation



Source: Internet (Figure 2:3)

If people feel that they are not equally rewarded they either reduce the quantity or quality of work or migrate to some other organization. However, if people perceive that they are rewarded higher, they may be motivated to work harder. People calculate how much they are investing in their work (for example, training effort) and what they are getting out of it (for example, compensation, promotion) Brown (2007). Inputs are the factors being brought into the job and include effort, skills, education, training, experience and seniority. Outcomes

represent the results of working at the job and include feelings of accomplishment, pay and benefits and social status of the job Edwards (1999).

Employee compares their outcome input ratio with those of the other employees. A state of equity exists when the ratio of one employee is equal to that of other employees. When this happens, fairness has been achieved Robbins (2003). However; tension is created when the employee realizes inequality in the ratio relative to others. This tension serves as the basis for motivation.

According to Adams, organizations should develop reward systems that are seen to be fair and equitable, and use a reward system consistent with what the employees believe their value to be to the organization theory is applicable in this study because it shows that employees can be high motivated when they are treated equally in the organization.

2.12.6 Rewards

When rewards are given to those who achieve high performance, they can become an important instrument to encourage the continuance of the desired behavior Lindner (1998). In the work place, external rewards include incentives, benefits and other monetary forms of rewards. Such external rewards are normally used by managers as motivators. However, Herzberg (1968) argues that motivation comes from work itself and these external rewards are merely just satisfiers or dissatisfies (Brown, 2007). Managers who feel that their employees have a lack of motivation should reassess the reward systems being used in the company (Robbins, 2003). Managers must maintain a balance between the employee's base pay, benefits and other external rewards.

These provide employee with a reward programs that is fair, competitive and measurement-based. Once employees are motivated, they will be able to fulfill the customer's needs and together achieve the company's goal Brown, (2007). However, not all rewards are external. Internal rewards can occur as a result of a sense of accomplishment, attaining a level of excellence and success or making progress towards a goal. Higher satisfaction is experienced when the success is attributed to the individual rather than to external factors.

Difficult goals may lead to higher levels of satisfaction than easier goals because they are attained less frequently Robbins, S.P. (2003). This theory is applicable in this study because it

shows that rewards such as pay, benefits and other external rewards play role in employees' motivation in workplaces.

Include a person's need to interact with other people, receive public recognition, and feel secure around people (i.e., interpersonal safety). Growth needs consist of a person's self-esteem through personal achievement as well as the concept of self-actualization presented in Maslow's theory. ERG theory states that an employee's behavior is motivated simultaneously by more than one need level.

Thus, you might try to satisfy your growth needs (such as by completing an assignment exceptionally well) even though your relatedness needs aren't completely satisfied .ERG theory applies the satisfaction-progression process described in Maslow's needs hierarchy model, so one need's level will dominate a person's motivation more than others. As existence needs are satisfied, for example, related needs become more important. Unlike Maslow's model, however, ERG theory includes a frustration regression process whereby those who are unable to satisfy a higher need become frustrated and regress to the next lower need level Armstrong, (2001).

For example, if existence and relatedness needs have been satisfied, but growth need fulfillment has been blocked, the individual will become frustrated and relatedness needs will again emerge as the dominant source of motivation. Although not fully tested, ERG theory seems to explain the dynamics of human needs in organizations reasonably well. It provides a less rigid explanation of employee needs than Maslow's hierarchy. Human needs cluster more neatly around the three categories proposed by Alderfer than the five categories in Maslow's hierarchy. The combined processes of satisfaction-progression and frustration-regression also provide a more accurate explanation of why employee needs change over time. Overall, it seems to come closest to explaining why employees have particular needs at various times Lindner, (1998).

2.13. Employee Performance

An effective performance management action is an important tool for employee motivation for optimal performance. However, it is not an enough condition for effective performance management (Meseret Haile 2015). The most important issue with any performance management system is how critically it is taken and how devotedly it is used by managers and employees. Pulakos (2009) Performance management is all about perfection, synchronizing,

upgrading to create value for and from customer with the result of economic value creation to stockholders and owners.

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

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

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

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

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

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

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

2.14 Performance in Organizations

Performance in organizations can be separated in organizational performance and job performance (Otley, 1999). According to Otley, the performance of organizations is dependent upon the performance of employees (job performance) and other factors such as the environment of the organization. The distinction between organizational and job performance is evident; an organization that is performing well is one that is successfully attaining its objectives, in other words: one that is effectively implementing an appropriate strategy (Otley, 1999) and job performance is the single result of an employee's work (Hunter, 1986). Since the aim of this thesis is to provide a link between motivating employees and their performance, organizational performance lies outside the scope of this research and only job performance is addressed.

2.15. Effect of Monetary And non-Monetary Factors on Employee Performance

According to Stone, R.J. (2005) management depend upon rewards like money as the main factor of motivation because according to Maslow's hierarchy of needs, money is a unique reward that can satisfy different needs such as physiological need for food. In McClelland's acquired needs theory, money is an important source of performance feedback for high-need achievers.

Non-monetary rewards on the other hand attract persons with a high need for affiliation through verbal recognition, and high achievers through challenging jobs. Simons, T. (2006) argued that, the use of rewards in the classic work performance paradigm is based primarily on the reinforcement theory which focuses on the relationship between a target behavior such as high performance and its consequences for example pay Wilson, G. (2010). This study was framed from Herzberg's two factor theory and Skinner's Reinforcement.

Rewards are divided by Armstrong (2010) into two groups; these are monetary and non-monetary rewards. The monetary rewards include base pay, merit pay, incentives, commission, bonus and healthy allowances. Non-monetary rewards include recognition, decision making roles, promotion, flexible working hours and company uniforms. He further indicated that employees are rewarded in accordance with their contribution, skill and competence and their market worth.

The importance of money as a motivator has been consistently downplayed by most behavioral scientists like Herzberg who point out the value of challenging jobs, feedback, cohesive work teams and other non-monetary factors as stimulants to motivation. However, money is the crucial incentive to work motivation because it is the vehicle by which employees can purchase the numerous need-satisfying things they desire Armstrong (2010).

Researches reaffirm that for the vast majority of the workforce, regular pay is absolutely necessary in order to meet basic physiological and safety needs, hence, lower level employees are caught in the trap Wilson, G. (2010). The effects of external rewards on intrinsic motivation). Furthermore, money also performs the function of a scorecard by which employees asses the value that the organization places on their services, hence an element of

being a valuable asset in the organization results in personal motivation resulting in money having a positive impact on motivation Armstrong (2010).

Armstrong (2010) also point out that rewards can act as a goal that employees generally strive for, and as an instrument which provides valued outcomes. It is also a symbol which indicates the recipient's value to the organization and can act as a general reinforce because it is associated with valued feedback (Langton & Robbins, 2007). Many organizations face problems when trying to understand the relationship that exists between rewards and motivation, however, the authors argued that for rewards to motivate an individual certain conditions must be met, that is, the type of reward must be important to an individual and should be perceived as a direct reward for performance; if it is money, the marginal amount should be perceived by the individual as being significant, therefore, for money to motivate, the marginal difference in pay increases between a high performer and an average performer or a high skilled and a low skilled should be significant Wilson, G. (2010).

2.16 Relationship between Motivation and Job Performance

Relationship between Motivation and Job Performance Motivating people requires knowing each individual well, his here- and –now needs priorities i.e. what the individual really wants here and now. Managers should be able to match each individual's needs with the organizational goal he seeks to achieve, these work as effective motivation. For managers who are trying to motivate workers to high performance you can only motivated by satisfying your employee needs.

One can be motivated through both the primary and secondary needs Kreitner, R (1995) proposes that effective managers try to anticipate each employee personal need profile and to provide opportunities to fulfill each emerging needed because challenging and worthwhile jobs and meaningful recognition tend to enhance self-esteem, the self-esteem level present managers with the greatest opportunity to motivate better job performance.

The assumption that job performance improves as satisfaction increases has been criticized for its weak empirical basis. This was criticized by Victor H. Vroom (1964.) for managers needing genuine motivation and productivity; there should be distinction between “hygiene factors” and “motivation” in the motivation of workers to high performance. A manager cannot ignore inadequate working conditions and other hygiene factors and expect the best from his employees. Managers of successful companies often strive to ensure that employees

level of expectancy, instrumentally and valence are so high that they will be highly motivated because employees tend to work harder when they believe they have a good chance of getting personally meaningful reward.

2.17 Employee Benefits (Fringe Benefit)

It refers to benefits given to employees in addition to salaries or wages. Unlike wages and salaries, benefits are not usually related to employees' performance. Broadly classified there are two types of fringe benefits. Time-of pay: these are payments for the time not worked and include pay vacations, paid holidays, paid sick leaves, pension programs, rest periods, etc. Example: Paid vacations- organizations provide employees a certain number of paid vacation days in a year. The number of days may vary according to how long an employee has worked for an organization. Usually, paid vacation times increase with seniority. Sick leaves:- providing employees with pay for days not worked because of illness. Pension programs: it represents a fixed payment other than wages, made regularly to former employees or their surviving dependents (Human Resource Teaching Material of Public Administration).

Non-pay benefits: these are benefits not paid in cash but include expenditures on items such as medical services, transportation, accommodation, insurance, cafeteria services, education programs, child care services, and others. Example: Health insurance: Medical insurance program designed to cover a portion or total medical expense incurred by an employee. It may include coverage for hospitalization, outpatient doctor bills, prescription drugs, dental, eye, medical health care, etc. Accident and disability insurance: it is designed to protect the employees who experience a long term or permanent disability (Teaching materials unpublished).

2.18 Compensation Management and its Link to Organizational Performance

Compensation management is deliberated upon to be one of the difficult processes that needs exactitude and correctness and if not done diligently may lead to organizational concern. A good and a superlative compensational policy will enhance employee's productivity with more determination.

The link between compensation management and organizational performance is to help the firm to set the standards that job related, reduce the labor turnover as well as retaining the best hands that will intensify of the public enterprise Grobler et al. (2011). There are two types of compensations Financial Compensation and Non-Financial Compensation.

Financial compensation is also known as compensation that is concerned with monetary terms which comprises financial rewards and financial incentives. According to Armstrong (2003: 687), “Financial rewards provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill while financial incentives aims at motivating people in achieving their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities” (Armstrong, 2003: 687).

2.19 Non-Financial Compensation

This is a kind of compensation that does not involve money directly and this reward normally croup-up from the work itself. These include achievement, autonomy, recognition, the scope to use for work. Others include development of skills, training and career development opportunities (Armstrong 2003: 626, Herzberg, 1966). This is made up of rewards that are not costly to boost the employees morale Danish and Usman (2010).

2.20 Measurement of Employee Performance

According to Kusek (2005), employee performance is measured in terms of the results that organizations achieve in relation to their objectives. They further argue that, in Principle, it can be measured at output, outcome or impact level. Performance should therefore be measured by results (output/outcomes) that an organization produces. Other scholars recommend that performance should be measured in terms of efficiency, quality, productivity and timeliness where efficiency is defined as the ability of employees to meet the desired objectives or target (Stoner, 1996). Productivity is expressed as a ratio of Output to input (Stoner 1995) and quality is the characteristic of products or services that bears an ability to satisfy the stated or implied needs.

Effective performance management and career development are essential elements for helping us understand how we can best contribute to the goals of the department, division. A key

objective of the Performance Development Program (PDP) is to enable employees and managers to work collaboratively to set performance and career development goals; monitor and discuss progress on a regular basis; receive coaching, mentoring, support, and tools; and meaningful recognition for achieving the goals.

Employees want to know how well they perform on their jobs. A simple statement, almost axiomatic in any organization, yet it has probably caused more controversy, applied research and practical advice than any other assertion in the history of management writing and thinking (Kavanagh, 1997). Employees want to know how well they are performing and are interested in getting feedback to ensure that they work towards goals of the business. The assessment of employees helps the business to grow, fill in vacant positions, prepare employees for training and development.

Performance appraisal is a process within the overall performance management process and is defined as the evaluation of an individual's work performance in order to arrive at objective personnel decisions (Robbins, 2000).

Key attributes of the PDP are:

Shared 'partnership' between employees and managers in creating, reviewing, and achieving goals

Emphasis is on regular supportive conversations between employees and managers

Focus on strengths

Self-assessment and accountability

Managers as coaches and mentors

Opportunities for support, recognition, and development

2.21 Effect of Motivation on Performance

Allen and Helms (2002) argue that motivation (rewarding) is a way of recognizing individuals and members of a team for their commendable performance and acknowledging their contributions to the organization's mission. The organization can achieve this if the reward systems are closely aligned to the organization's strategies.

Nelson (2004) argues that most employees appreciate being recognized by their managers when they do good work. This should be sincere praise and given in timely manner. This will encourage the behavior of employees to reach strategic goals. Torrington (2002) agrees with Nelson that teams and individuals need to be recognized and rewarded for their efforts. This will build a sense of identity and confidence with improved performance.

2.22 Knowledge Gap

Many studies indicate that there are links between employees' performance and motivation. In order to meet organization targets, some institutions need to motivate their employees. A simple statement, almost self-evident in any organization, yet it has probably caused more controversy, applied research and practical advice than any other assertion in the history of management writing and thinking (Kavanagh, 1997). The effects of motivation on employee performance in Ethiopia helps the business to grow, fill in vacant position, prepared employees for training and development. There is no documented evidence indicating that the same study was done in the Ethiopian shipping and logistics enterprise (ESLSE) Therefore findings, conclusion and recommendations from this study will cover this gap under study

2.23 Variables

A variable is defined as anything that has a quantity or quality that varies. There are two kind of variable namely dependent and independent variable. The dependent variable is the variable a researcher is interested in where as an independent variable a variable is believed to affect the dependent variable.

The motivation theorists such as Maslow (1946), Herzberg (1968) and McClelland (1988) have suggested specific things that managers can do to help their subordinates become self-actualized, because such employees are likely to work at their maximum creative potential when their needs are met. They agree that by promoting a healthy workforce, providing financial security, providing opportunities to socialize and recognizing employees accomplishments help to satisfy the employees physiological needs which in turn also increase their performance.

These authors (French, W.L. 1998; Foster, J.J. 2000) all stated that recognition of a job well done or full appreciation for work done is often among the top motivators of employee performance and involves feedback. Positive feedback follows the principles

advocated in Reinforcement Theory, which states that behavior is contingent on reinforcement. Examples of positive reinforcement in this context may include workplace visits by top executives to high-performance employees, personal handwritten notes of thanks accompanying paychecks, and telephone calls by top executives to employees at home French, W.L. (1998).

2.23.1 Employee Performance (Dependent Variable)

Performance is the dependent variable which depends upon motivation of employees. The performance of employees always depends on the motivations given by employer if the employers or managers gives good motivations to their employees then the performance of employee will also increase the same is true if the Employer fail to provide good motivation to his /her employee the performance will be poor. The factors which affect the performance of employee are reward, salaries, appreciation, recognition, good working condition, employee participation, transport allowance. These factors may increase motivation of employee if they are properly given to employee but also they may decrease the performance if they are not given to employee.

2.23.2 Motivation (Independent Variable)

The motivation is independent variable it is very important in influencing the employees to accomplish individual as well as the organizational goals. This inner drive motivates the employees to form and Exhibit the purposive behavior to achieve specific, unmet needs. This little encouragement On the part of organization enables them to accomplish their goals efficiently by acknowledging employees on their work and effort, providing them good work environment, considering their needs and forming pleasant job design. The motivation increases performance. Armstrong (2010) state that a key task of management is that of motivating the organizations workforce to work more effectively towards its objectives. These motivations are popularly known like Rewards, allowance, good working condition etc.

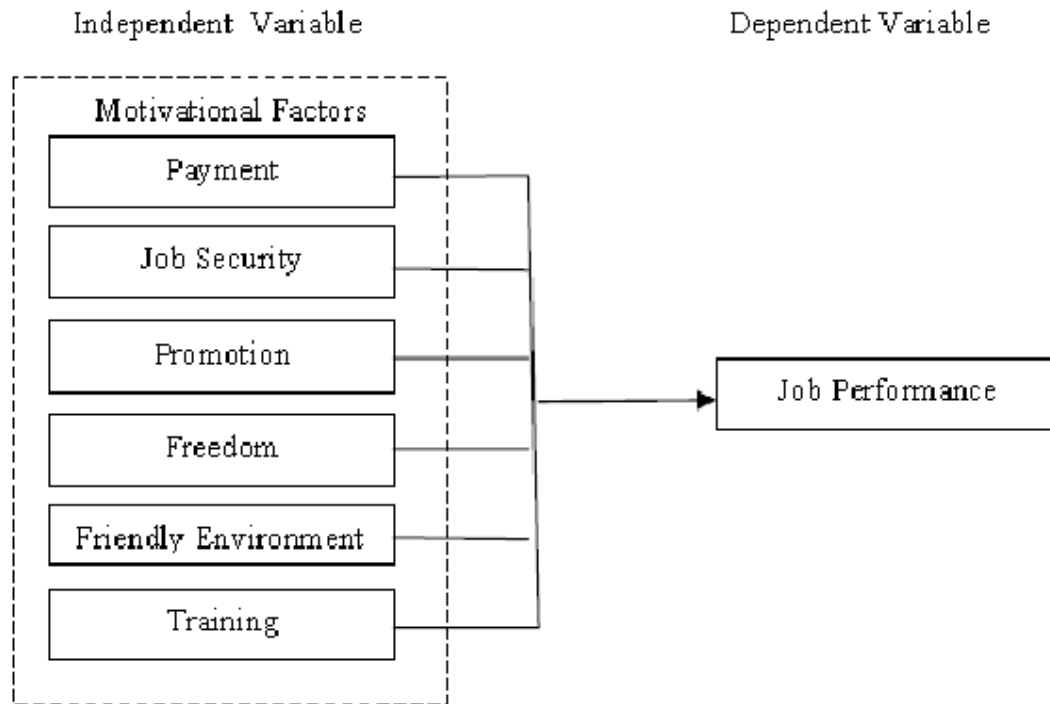


Figure 2.4: Conceptual frame works

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3. Introduction

This chapter presented research methodologies to be used in this study. It described the study area, research design, sample and sample size, sampling procedures, data collection methods as well as data analysis for data presentation.

3.1 Research Method

The study mainly aimed at assessing the operation of human resource management systems in Ethiopia shipping and logistic service enterprise. Descriptive survey method was used in this study in order to identify the effect of motivation on employee performance in public enterprise in the case of Ethiopian shipping and logistic service enterprise.

3.2 Source of Data

To gather the necessary data for the study, the researcher used the following sources:

Primary data sources were questionnaires containing close ended items and open-ended items, interview questions.

Secondary data sources were published books and unpublished documents consulted to organize the background and literature part of the study.

3.3 Sample Population and Sampling Technique

Population a collective term used to describe the total quantity of cases of the type which are the subject of the study Louis Cohen (2007). Of the total 361 employees 126 were selected using simple random sampling technique since it would enable the researcher to acquire representative sample with least cost and time.

Table 3.1: Ethiopian Shipping and logistic service enterprise employees under the study

No	Head Office/Department Included in the study	Number of employees
1	Chief Executive Officer	19
2	Internal Audit Department	25
3	Legal, Insurance and Claims	34
4	Change Management	15
5	Planning and Business Development	30
6	Gender and Social Affairs Service	14
7	Finance and Accounts	138
8	Human Resource Management and Development	29
9	Information Communication Technology	17
10	Procurement and Property Admin Service	19
11	Corporate Communication Service	21
	Total number of employees	361

3.4 Instruments of Data Collection

Data collection techniques refer to secure information from individual for survey research purpose (Kothari, 2004). The study depended on primary data collected from the staff and some secondary data. Primary data Sources from which researchers can gain data by direct, detached observation or measurement of phenomena in the real world, undisturbed by any intermediary interpreter. It is a matter of philosophical debate as to what extent the detachment and undisturbed state are possible or even desirable Geoffrey Marczyk et al, (2005). The primary data will be collected from the field survey using questionnaires and interview schedules. The questionnaires comprised both close-ended and open ended questions. These formed the basis of the analysis of the study. The researcher will go to various departments within The Ethiopian shipping and logistics enterprise (ESLSE) and hand the questionnaires to the various respondents. The secondary data was sourced from the audited reports.

3.5 Procedures of Data Collection

In order to collect data, 27 (twenty seven) close -ended and 6 (six) open-ended questions were organized into the questionnaire and 13(thirteen) interview questions were prepared to conduct the interviewee. Then the questioners were distributed to the 126 (one hundred twenty six) randomly selected employees to b randomly selected employees to be randomly selected employees to be filled and the interview was conducted with the 11 departments of the Head office of the enterprise.

3.6 Methods of Data Analysis

To make the analysis and interpret the data, both qualitative and quantitative methods were used. Descriptions and simple statistical tools such as frequency and percentages were used. The presentation used tables in a very vivid and understandable manner to help the researcher conduct the analysis easily.

3.7 Observation Method

Observation will be made during data collection in order to understand the physical of the study area, whereby the motive behind adopting observation, firstly, subjective bias is eliminated if observation is done accurately. Secondly, the information obtained under this method data are related to what is currently happening; thirdly, it is relatively less demanding of active cooperation on the side of respondents.

3.8 Secondary Data Methods

In this study, Secondary Data Methods as a method of data collection was employed. Various documents will be used to obtain relevant information about the study. In this method, the study compose by documentary review, news reports from sources such as internet and newspapers, reviewing related literature such as journals, previous studies, website referencing, and other relevant documents. This method used in order to help the researcher to obtain enough and relevant information about the study from various relevant documents on the effect of motivation on individual employee performance in The Ethiopian shipping and logistics enterprise (ESLSE).

3.9 Validity and Reliability

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure. To ensure the validity of the study: Data has been collected from the reliable sources, i.e. respondents who have experiences in Ethiopian shipping and logistics enterprise (ESLSE) Furthermore the study has been examined by the advisor and other colleagues to determine its clarity. Reliability of the instrument refers to consistency of the tools for data collection which leads to similar findings overtime, place, and sample (Cohen, 2007 this study is reliable to study done Meseret Haile (2015) so, financial factor play an important role in the employee's motivation. Working conditions has also proven to be a strong influence on employee's motivation and her study depicts that motivation had an impact on productivity as employee who were motivated performed better.

3.10. Ethical Consideration

The questionnaire will always be an intrusion into the life of the respondent, be it in terms of time taken to complete the instrument, the level of threat or sensitivity of the questions, or the possible invasion of privacy. Questionnaire respondents are not passive data providers for researchers; they are subjects not objects of research. Respondents cannot be coerced into completing questionnaire. They might be strongly encouraged, but the decision whether to become involved and when to withdraw from the research is entirely theirs.

Hence for security of participants and for the goodness of the study, ethical issues will be given a due consideration throughout the research process. At the starting place, participants will well aware of to be free from their responses and the researchers are too much confidential not to expose their secret and their names. More over participants are informed to skip questions that they might not want to reply and can with draw from the interview if they do not like it.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter represents the findings of the study through data based on the specific objective. The researchers were able to analyze data using descriptive analysis which was used in representing the findings.

4.2 Response Rate

According to Table 4.1 a total of 126 employees were targeted to represent the whole employee of Ethiopian shipping and logistic service enterprise. Unfortunately out of that 126 employees given the questionnaires only 111 employees who returned answered questionnaires and 15 employees did not return questionnaires complete.

Distribution of Questionnaires and Response Rate

Table 4.1: Questionnaires Distribution and its Responses

Details	Numbers	Percentage
Total Questionnaires given	126	100
Returned Questionnaires	111	88.1
Non Returned Questionnaires'	15	11.9
Analyzed Questionnaires'	111	88.1

Source: Researcher's survey 2018

4.3 Demographic Profile of Respondents

This part of the questionnaire requested a limited amount of information related to personal and demographic characteristics of respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent tables. These variables include: Gender, Age, marital status, Educational background and experience of employees in the enterprise.

4.3.1 Gender of Respondents

According to Table 4.2 revealed that 61.2% of respondent are male while 38.9 % of the respondents are female employees this indicate that the Head Office of Ethiopian shipping and logistic enterprise service has large number of male employee than female employee. This realizes that it is unequal opportunity in job employment, so due to that, women should look employment opportunities in Ethiopian Shipping and logistic service enterprise as an important government enterprise which can employ them and improve their living standards as equal to men and as a result give equal opportunity in job employments to all gender.

Table 4.2: Shows Gender of Employee from Sample Size

Sex	Frequency	Percent	Valid Percent	Cumulative
Male	68	61.2	61.2	61.2
Female	43	38.8	38.8	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.3.2 Age of the Respondents

According to Table 4.3, findings of age distribution in this Enterprise Shows those 24 employees aged between 20 to 30 years. And 55 employees aged between 30 to 40 years. And 32 employees aged 40 years and above. This result show that about 79 employees out of 111 respondents are young employees aged between 20 to 40 years. This indicates that the Enterprise has many young employees than older employees. This age group is reasonable and well needed in employment implementation since it is young and still energetic.

On the other hand older employees have workplace experience that comes from years of experience in a working environment, Have better attendance records, Have better customer service, and Are loyal, reliable, and dependable.

Table 4.3: Age of the respondents

Age ranges	Frequency	Percent	Valid	Cumulative
20-30	24	21.6	21.6	21.6
31-40	55	49.5	49.5	71.1
40 and above	32	28.9	28.9	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.4 Marital Status

According to Table 4.4 findings on marital status shows that 42.3 % of employees are single, 50.5% of employees are married, 4.5% of employees are window and finally 2.7 % are divorced. This result has discovered that many employees in this enterprise are married.

Table 4.4: Marital status

Responses	Frequency	Percentage
Single	47	42.3
Married	56	50.5
Window	5	4.5
Divorced	3	2.7
Total	111	100

Source: Researcher's survey 2018

4.5 Education of the Respondents

According to the Table 4.5 below, the study involved different respondents with different level of education as follows, Certificate level, 19 (17.1%) , Diploma level 45 (40.5%) of the respondents, those who were having Degree level of education were 39(35.1 %) respondents and the remaining respondents were having master degree and above level were 8 (7.3%) respectively, in accordance with the revealed data it showed that majority of respondents working at Ethiopian shipping and logistic service enterprise are having diploma level followed by degree level. However, those with certificate and master degree and above levels of education are few. Mostly individuals that getting higher education they are not satisfied their jobs and their turnover is more than so that organizations are overcome to that problem design the compensation plain to retain the employees as well plays more to attract, retain and motivate to give man power.

Table 4.5: Education of the Respondents

Education level	Frequency	Percentage
Certificate	19	17.1
Diploma	45	40.5
Degree	39	35.1
Master and above	8	7.3
Total	111	100

Source: Researcher's survey 2018

4.6 Working Experience of the Employees

The study intended to see how long the respondents have managed to survive in working with the Ethiopian shipping and logistic service enterprise, whereby according to the collected data, 60 respondents have been working in the enterprise in between 1-5 years, while those who have worked in between 6-10 years were 51 respondents and those who have worked in the company between 11-20 years and for more than 20 years no employees responded. Doing work experience shows passion and interest.

Table 4.6: Working experience of the employees

Working years		Percentage
1-5 years	60	54.1
6-10years	51	45.9
11-20	-	-
Above 21	-	-
Total	111	100

Source: Researcher's survey 2018

4.7 Does the Organization Promote its Employee on Time?

According to table 4.7 The findings on table show that 15% of employee strongly agrees that 14% agree and make up 29% of employee support that the organization promote employee on time but 56% of employee disagree that the organization does not promote employee on time and according to the table the results shows 15 % of employee they are not aware of whether the enterprise promotes its employee on time or not therefore this result show that many employees do not agree that the organization promotes its employee on time this can be the main causes of dissatisfaction to many employees. The effects of this dissatisfaction cause demotivation of employees in the enterprise. Promoting from within an enterprise boosts morale and helps keep productivity high. New employees can see the potential for growth. If your employees know there is a potential career path within the organization, you are less likely to lose promising employees to another organization. Employees are more likely to take advantage of organizational training and educational opportunities if they know these activities can improve their chances of promotion.

Table 4.7: Does the organization promote its employee on time?

Valid	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	17	15.3	15.3	15.3
Agree	15	13.5	13.5	28.8
Neutral	17	15.3	15.3	44.1
Disagree	62	55.9	55.9	100
Strongly disagree	-	-	-	100
Total	111	100	-	100

Source: Researcher's survey 2018

4.8 Show Working Tools and its Effect on Performance

According to Table 4.8 The finding after data analysis of working tools toward employee performance show that 36% strongly agrees and 33 % agree total makes 69% of employee accept that working tools have effect on employees performance and 23% disagree and 8% they don't know hence majority of employee accept that availability of working tools have an effect to employees performance. The quest to equip employees with tools and techniques to discharge their duties efficiently, an elegant and functional working Tools often results in improved employee efficiency and productivity. In recognition of this fact, most departments are now designed and furnished with the employee in mind to ensure that his/her working tools including furniture and equipment adequately supports and induces high performance.

Table 4.8: Show Working Tools and its Effect on Performance

Does working tools have any effect toward employee performance?

Valid	Frequency	Percent	Valid	Cumulative %
Strongly agree	40	36	36	36
Agree	37	33.3	33.3	69.3
Neutral	9	8.2	8.2	77.5
Disagree	25	22.5	22.5	100
Strongly Disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.9 Enterprise Working Environment

According to Table 4.9 one of the other factors explored in this question is whether employees are motivated by enterprise working environment or not. Results show that 49.6 percent strongly agree and 41.4 percent agree giving a total of 91 per cent that is for total percent of employee who agree with working condition of this enterprise, 2.7 percent neutral, and 6.3 per cent disagreeing that the organization working environment does not motivate them. On the other hand, Lindner (1998) in his study found out that good working environment cannot motivate the employees in themselves, but can determine the employees' performance and productivity. Despite the other factors being mentioned by respondents, still better salaries and good working conditions are considered to be the major motivational factors that can influence employees to have better job performance in the study area.

Table 4.9: Show Working Environment Influence Performance

Is working environment of this organization good for you?

Valid	Frequency	Percent	Valid Percent	Cumulative %
Strongly agree	55	49.6	49.6	49.6
Agree	46	41.4	41.4	91
Neutral	3	2.7	2.7	93.7
disagree	7	6.3	6.3	100
Strongly Disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.10 Payment According to Qualification, and Work Duties

According to Table 4.7 The result show 20 % of employee strongly agree and 57 % agree this makes 77 % of all employee in the sample accept that they are paid according to qualification work duties and experience but 18 % of all employee disagree with the statement and 5% they remain neutral therefore the general finding show that majority of employee 77 % agree that employee are paid according to their qualification, duties, and experience this may cause satisfaction to employees hence high job performance. Since employees have different levels of qualification and work duties it is based on a salary range that is an established range of pay organized into salary grades. Each job is assigned a salary grade that represents employees performing similar work utilizing similar knowledge, skills and abilities.

Table 4.10: Show Payment According to Work Duties and Qualification

Are you paid according to your work duties, experience and qualification?

Valid	Frequency	Percent	Valid Percent	Cumulative %
Strongly agree	22	19.8	19.8	19.8
Agree	63	56.8	56.8	76.6
Neutral	6	5.4	5.4	82
disagree	20	18	18	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.11 Reward to Good Performers

According to Table 4.11 the findings for rewards given to employee who perform excellent in this enterprise shows that a total of 74.8 per cent (15% strongly agree and 59.5% agree), and 4.5% they remain neutral whereas 20.7 percent disagree. This result indicates that many employees are happy with rewards given to employee in this enterprise this contributes greatly to motivate employee performance in this enterprise. This result is in agreement with the findings by Patrick (2008) who found out that rewards are so important in motivating employees because rewards can be a driving force towards better employee performance. Performance is the easiest to address because of the direct link between the initial goals the enterprise set for its employees and the final outcomes that result. The reward could be Compensation, benefits, recognition and appreciation.

Table 4.11: Does employer gives rewards to employee who performs excellent?

Valid	Frequency	Percent	Valid%	Cumulative%
Strongly agree	17	15.3	15.3	15.3
Agree	66	59.5	59.3	74.8
Neutral	5	4.5	4.5	79.3
Disagree	23	20.7	20.7	100
Strongly disagree	-	-	100	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.12 Equality on Training

According to Table 4.12 the 45.1 per cent of employee strongly agrees that organization gives proper training to employee and 40.5 percent agree whereas 10.8 percent disagree and 3.6 percent they don't know. This results show that training gives employees high morale since they become more confident and feel motivated. This is suitable with the UK, companies are legally required to adhere to certain practices that ensure discrimination is eliminated and expectations of equality are always met in the workplace. All workers must be treated equally and be given the same set of opportunities regardless of their race, age, gender, sexuality, disability, culture or anything else that might be discriminated against. The legislations in place are in existence to ensure that an inclusive working environment is always fostered, and that any form of 'difference' should never prove to be an obstacle in career progression or indeed getting a job in the first place(Marshall eLearning). In addition to this the Ethiopian the 1995 constitution together with the labor proclamation of 377/2003 uplifts proper training programs to its employee by considering the right of worker.

Table 4.12: Show Equality on staff Training

Is equality on employee training considered in this organization?

Valid	Frequency	Percent	Valid%	Cumulative%
Strongly agree	50	45.1	45.1	45.1
Agree	45	40.5	40.5	85.1
Neutral	4	3.6	3.6	89.2
Disagree	12	10.8	10.8	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.13 Ethiopian Shipping and Logistic Service Enterprise Motivation Polices

According to Table 4.13 the findings shows that 36 Percent of the employee strongly agrees, 47.8 percent agree strongly totaling to 83.8 percent of employee who think that the enterprise has motivation polices. And 11.7 % of the employee are disagree that the enterprise does not, from this result it shows that many employee agree that this enterprise does have motivation polices to employee this has been proved by 83.8 % of employee the organization which have

good motivation policies is like enterprise which care its employees and final it lead into motivated employee morale to work. Motivation policy represents stable rules of access to motivate employees in the enterprise intends to apply. It is defining the motivational practices of dealing with employees and principles of expected dealings of enterprise in the application of the motivational processes. It supports the implementation of the incentive strategies in the all major areas of the Human Resource.

Table 4.13: Does this enterprise have well polices to motivate its employees?

Valid	Frequency	Percent	Valid%	Cumulative%
Strongly agree	40	36	36	36
Agree	53	47.8	47.8	83.8
Neutral	5	4.5	4.5	88.3
Disagree	13	11.7	11.7	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.14 Show Effects of Motivation Polices to Employees Performance

According to 4.14 analysis was done to determine motivation packages available and their effect on employee performance, whereby the majority of the respondents who were 99 equivalent to 89.2% agreed that they perform well through motivation packages they obtain, while other 10 (9%) respondents disagreed with the motivation getting and the remaining 2 (1.8 %) respondents said that they don't know about motivation but what they know is to perform their daily activities at work.

These results are relying to the theory of Abraham Maslow's Hierarchy of Needs (1943) was applied to offer an explanation of how motivation influence employees in the institution. In accordance with Maslow's theory, which was not specifically developed to explain behavior in the workplace, employees strive to satisfy their needs in a hierarchical order. At the most basic level, an employee is motivated to work in order to satisfy basic physiological needs for survival, such as having enough money to purchase food The next level of need in the hierarchy is safety, which could be interpreted to mean adequate housing or living in a safe neighborhood.

Although Maslow's theory is widely known, in the workplace it has proven to be a Poor predictor of employee behavior. Maslow theorized that people will not seek to satisfy a higher level need until their lower level needs are met. There has been little empirical support for the idea that employees in the working place strive to meet their needs only in the hierarchical order prescribed by Maslow.

Table 4.14: Represent Existence of Enterprise Motivation Polices

Motivation packages	Frequency	Percent	Valid%	Cumulative%
Strongly agree	34	30.6	30.6	30
Agree	65	58.6	58.6	89.2
Neutral	2	1.8	1.8	91
Disagree	10	9	9	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.15 Provision of Transport

According to Table 4.15 the findings shows that 58 Percent of the employee strongly agrees, 33 percent agree totaling to 91 percent of employees who think that the enterprise has provision of Transport Allowance. And 8 % of the employee are strongly disagree that the enterprise does not, from this result it shows that many employee agree that this enterprise does have transport provision and 1 percent employee neutral to this fact. Hence the results shows that greater percentage of respondents which is 91% agree which imply that transport benefits offered motivate large number of employees. Transport allowance in general could mean allowance provided for the purpose of transport.

Table 4.15 Provision of Transport

Transport allowance	Frequency	Percent	Valid%	Cumulative%
Strongly agree	64	57.7	57.7	57.1
Agree	37	33.3	33.3	91
Neutral	1	0.9	0.9	91.9
Disagree	9	8.1	8.1	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.16 Employees of this Enterprise are they Happy with the Job

According to Table 4.15 state that 53 % strongly agree and 28% employee agrees that they are happy with their job and 10% disagrees and 9% they were neutral hence for this result show that many employee in this enterprise are happy with their job Marchington (2013). Who came up with the statement that motivation is a core factor for job satisfactions for the reason that when employees are well motivated become committed in their jobs, hence, job satisfaction. Hence, this shows that motivation leads to job satisfaction among employees.

Table 4.16: Show How Happy Employees Are

Valid	Frequency	Perc	Valid percent	Cumulati
Strongly agree	59	53.2	53.2	53.2
Agree	31	27.9	27.9	81.1
neutral	10	9	9	90.1
Disagree	11	9.9	9.9	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.17 How Employees See Future in this Enterprise?

According to Table 4.16 The finding of whether employee see the good future of this enterprise show that 36% of employee strongly agree and 55 % agree that they see good future in this enterprise this makes 91% of employee who hope that the enterprise has good future for them .However 9% of employee disagree that they don't see good future in this enterprise and - % are employee who didn't know whether the enterprise will have good future to them or not (See page38, Figure 2:4).

Table 4.17: Show how employee sees the future in this organization

Valid	Frequency	Percent	Valid percent	Cumulative
Strongly agree	40	36	36	36
Agree	61	55	55	91
Neutral	-	-	-	91
Disagree	10	9	9	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.18 Employee Involvement in the Decision Making

According to Table 4.18 the findings shows that 14.4 Percent of the employee strongly agrees, 16.2 percent agree totaling to 30.6 percent of employee who think that the enterprise has allowed the involvement of employee in the decision making where as 63.1 percent strongly disagree that the practice of involvement of employee in the decision making in Ethiopian shipping and logistic service enterprise. And 6.3 % of the employees are neutral to this fact. This result is not compromised with (Hewitt, 2002) a modern forward-looking business does not keep its employees in the dark about vital decisions affecting them. It trusts them and involves them in decision making at all levels. “Command and control” is no longer an adequate model. A more open and collaborative framework will exploit the talents of all employees.

Table 4.18: Employee involvement in the Decision making

Employee involvement	Frequency	Percent	Valid	Cumulative
Strongly agree	16	14.4	14.4	14.4
Agree	18	16.2	16.2	30.6
Disagree	70	63.1	63.1	93.7
Neutral	7	6.3	6.3	100
Strongly disagree	-	-	-	-
Total	111	100	100	100

Source: Researcher’s survey 2018

Employee’s motivation does not improve job performance? According to Table 4.19, the result show that 20.7 % of employees strongly agree and 24.3% of employee agree that employees motivation does not improve job performance total makes 45 % of employees support that motivation of employee does not improve job performance but 53.2% agree that motivation improve the performance of employee and 1.8 % of employee they didn’t show any response. Therefore this results conclude that 53.2 % of employees believe that motivation improve employee performance.

Table 4.19: Employee’s motivation does not improve job performance?

Link b/n motivation and performance	Frequency	Percent	Valid percent	Cumulative %
Strongly agree	23	20.7	20.7	20.7
Agree	27	24.3	24.3	45
Neutral	2	1.8	1.8	46.8
Disagree	59	53.2	53.2	100
Total	111	100	100	100

Source: Researcher’s survey 2018

4.19 Provision of Housing Allowance

According to Table 4.20 the findings shows that 7 Percent of the employee strongly agrees, 8 percent agree totaling to 15 percent of employee who think that the enterprise has provision of Housing Allowance. And 83 % of the employee are strongly disagree that the enterprise does provide housing allowance , from this result it shows that many employees disagree that this enterprise provide housing allowance and 2 percent employee neutral to this fact.

Table 4.20: Provision of housing allowance

Housing allowance	Frequenc	Percent	Valid	Cumulative
Strongly agree	8	7.2	7.2	7.2
Agree	9	8.1	8.1	15.3
Neutral	2	1.8	1.8	17.1
Disagree	92	82.9	82.9	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher’s survey 2018

4.20 Other Motivation Packages

According to the open ended questioners conducted revealed further that, Ethiopian shipping and logistic service enterprise employees are given better salary provision of education allowance to employees, provision of medical insurance. But they said that provision of

education allowance and provision of health services to employees' husbands or wives, children is now stopped.

4.20.1 Better Salary

Employees who managed to answer the questionnaire argued that, Ethiopian shipping and logistic service enterprise provides better salary to them due to the fact that the package of salary given to them enables them to fulfill their basic needs depending on their life style

4.20.2 Provision of Education Allowance

Respondents said that provision of education allowance to them is a kind of motivation as it allows them to widen their mind. Ultimately they said it is helpful in the overall economic development in Ethiopian shipping and logistic service enterprise.

4.20.3 Provision of Medical Insurance

Results revealed by the respondents' shows that, majority of them have said that provision of health services free is a motivation because not all public institutions are providing free medical attention to its employees.

4.21 The link with motivations Packages on Ethiopian Shipping and Logistic Service Enterprise Employees' Performance

The results revealed that, 68.0% of the respondents said that from the motivation package they are self developed and interested with their work as well, while 32.%said that the motivation package harmonize working environment, as shown in the Table 4.21 below.

Table 4.21: Description on how motivation package link with employees' Performance

Responses	Frequency	Percent
Attractive salary	75	67.6
PDP bonus	36	32.4
Total	111	100

Source: Researcher's survey 2018

The study carried out revealed that, motivation packages influenced employees to perform their duties and tasks with high morale, efficiency and effectiveness. Furthermore Attractive

Salary and PDP bonus as would be explained below influences loyalty, job satisfaction and the many associated working novelties.

Attractive Salary had 68% where as PDP Bonus had 32% of the study carried out Moreover, according to the study attractive Salary influence employees to perform their tasks according to their job descriptions, respondents who mentioned attractive salary as one among the factors influencing employees’ performance were 75 equivalents to 68%. The theory of Abraham Maslow is agreed with the inner satisfaction of the employees because at each point of respondent’s years with the company needs is met per the policy of the company. This indicates that there is a good relation between motivation in terms of Attractive Salary and employees’ performance for Ethiopian shipping and logistic service enterprise. Management must ensure that most employees’ needs must be identified and satisfied to enhance performance. Besides that, every needed resource must be provided to the manager and ideas from employees objectively evaluated and if relevant, used to assist operations and push the enterprise to achieve its performance target and overall its goals.

4.22 Description Analysis on How PDP Bonuses Link with Employees Performance

According to the study conducted at Ethiopian shipping and logistic service enterprise 57 (51%) of the respondents mentioned that finance is an incentive to Ethiopian shipping and logistic service enterprise employee to meet targeted goal, while 43 respondents equivalent to 39 argued that PDP bonus is influencing team player among employees and the remaining 11 (10%) respondents said that through PDP bonus employees managed to perform their tasks well as shown in the table below:-

Table: 4.22: Analysis on how PDP Bonuses link with employee’s performance.

Responses	Frequency	Percent	Valid	Cumulative %
Meet targeted	57	51.4	51.4	51.4
Team player	43	38.7	38.7	90.1
Perform well	11	9.9	9.9	100
Total	11	100	100	100

Source: Researcher’s survey 2018

The study revealed that 57 respondents equivalent to 51% agreed that through PDP bonus they have been influenced to perform well and meet their targeted goal. This implies that motivation to any employee is very essential as it motivates them to perform accordingly to

their job descriptions, along in the same line; respondents who mentioned team player were 43 out of 39 respondents admitted that they are working in a team because of PDP bonus as one among the motivation package offered by the enterprise. It implies that through team work workers can cooperate and performs their tasks effectively while the remaining 11 (10%) respondents mentioned that they had been performing well because of the PDP bonus. The question was addressing the third objective of the research which states that to find out how PDP Bonuses influencing employees' performance in the study area.

4.23 Link among different PDP Packages and Employees Performance

Another important factor to consider on the relationship between PDP packages and employees performance, is in consideration on wither it motivates workers/employees when performing their duties. The joy of every employee would produce a conducive and friendly business environment for customers to be served. The inner satisfaction produces some high moral for the core employees to give out their best in terms of service delivery. We deduce that motivational packages had influenced some employees to come to work early, stay longer to work, serve customers cheerfully with great joy.

It was revealed that most of the respondents 47 (42%) said it increases job performance while other 34 (31%) respondents responded that through PDP they are managed to work hard and accomplish their tasks on the required time and the remaining 30 (27%) said they have been cooperated well when performing their duties all because of PDP, as shown in the table 4:23 below:

Table: 4.23: Link among different PDP packages and employees performance

Responses	Frequency	Percent	Valid	Cumulative
Job performance	47	42.	42	42
On time	34	31	31	73
Cooperation	30	27	27	100
Total	111	100	10	100

Source: Researcher's survey 2018

It is true that interesting work contributes to better job performance because when employees are interested in their jobs they become committed and more productive. The discoveries by Roberts (2005) found out that if the employers set the goals appropriately for each employee, interesting work can become a motivational factor for the employees to perform better in their

jobs. Nevertheless, it has been discussed previous in this study that interesting work can be an important motivator for the employees to have better job performance. Thus, this verifies that interesting work contributes to better job performance.

4.24 Working Extra Time/Hours

According to Table 4.24, the result show that 43 (38.7%) of employees strongly agree and 67(60.3. %) of employee agree that it is presented and when they perform a job in extra time/hour they paid. i.e. 110 (99%) employees they agree the existence of extra hour work and the practice of payment for it. As proclamation number 377/2003 article 68 sub article one a-d (Labor proclamation of Ethiopia) clearly stipulates that in addition to his normal wage, a worker who works over time shall be entitled extra time payment. The employees of Ethiopian shipping and logistic service enterprise during the interview say the practice of working extra time/hours is highly deep-rooted and consistent with labor proclamation 377/2003 article 68 sub article 2. An employer (Ethiopian Shipping and Logistic Service Enterprise) who requires or permits an employee to work overtime is generally required to pay the employee for such overtime work.

Table 4.24: work extra time/hours

Extra time/hours	Frequen	Percent	Valid	Cumulative %
Strongly agree	43	38.7	38.7	38.7
Agree	67	60.3	60.3	99
Neutral	-	-	-	99
Disagree	1	1	1	100
Strongly disagree	-	-	-	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.25 Motivational Packages for Employees in ESLSE

According to table 4:25 shows a response of employees supported by literature i.e. Enhance salaries 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, Marchington (2005). 41(37%) responds enhance salaries is ranking first in order of priority. 34(31%) of employee responds promotions is second in ranking, promotion are considered to

be powerful motivation factors for employees to satisfy their need for esteem and self actualization Lai, (2009). 20 (18%) of employees responded that recognition is third in ranking of importance Saying thanks and admire individuals is the most commonly ways of motivating employees. It is easy to use, and it is said usually from the heart and naturally. Looking on the employee's eyes in front of others and say thanks, really means a lot (Rosmawati, 2010). As the employees have stated Fringe benefits ranking fourth in order of priority 16(14%) See page 27 Figure 2:1

Table 4.25: Ranking them in order of priority

Motivational packages	Frequency	Percent	Valid percent	Cumulative percent
Enhance salaries	41	37	37	37
Fringe benefits	16	14	14	51
Promotions	34	31	31	82
Recognition	20	18	18	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.26 Labor Union Play Its Role in the Right to get Motivation to Employees

According to the study conducted at Ethiopian shipping and logistic service enterprise 41 (37%) of the respondents strongly disagree and 34(31%) disagree, 20(18%) agree and 16(14%) strongly agree that the role of labor union is significant towards the right to get employee motivation Ethiopian shipping and logistic service enterprise. Better wages and employment stability are aims pursued by unions. The primary role of labor unions is to fight for its members so that their members will have better rights, working condition, wages, and benefits. They play a vital role in building the positive attitude in the organization by motivating the employees to work in the interest of the organization which is equal to saying that their influence can be as effective in the opposite direction. Workers' attitudinal and behavioral reactions to human resource management innovation can be influenced by the guidance they received from their local union leader. Thus, it can have influence on the leading function of Human Resource Management.

Promotion is one of the most efficient ways to keep employees motivated by offering them opportunities along their careers, giving them more responsibilities or even more authority. It may be applied by giving the opportunity to increase the salary compensation.

This commodity can also cover a part of security needs by increasing the buying power of the employee. Promotions help assigning workers to jobs that better suit their abilities and are a way to move up quickly the talented workers, Gibbons (1997). It can be used to reward the employee's past efforts, promote investments in specific human capital and have lower rates of job-turnover. 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 organization 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).

Table 4.26: Labor union role towards employee's motivation

Labor union right	Frequency	percent	Valid percent	Cumulative
Strongly agree	16	14	14	14
agree	20	18	18	32
neutral	-	-	-	32
Dias agree	34	31	31	63
Strongly disagree	41	37	37	100
Total	111	100	100	100

Source: Researcher's survey 2018

4.27 Financial Performance of Ethiopian Shipping and Logistic Service Enterprise

According to document analysis of ESLSE the Ethiopian Shipping and Logistics Services Enterprise was established with the total capital of Birr 3.7 billion. Now, its capital reached to 22 billion this indicate that the performance of the employees were very good and the motivation that the enterprise provide was good enough. The enterprise income level has grown over the years from 2011-upto now. The achievement of this results in a concerted effort from employees. The income of the enterprise means more customers can be sure that their business enterprise is secure. The Assets of the enterprise has increased over the years and this expansion of the enterprise asset in the future brings about future profit of the enterprise.

4.28 Discussion of the Findings

Majority of employees mentioned and agreed with the following motivation factors which trigger the performance of employee these are trainings, working environment, promotion, rewards, and equality on job, transportation, working tools, and good salaries.

Therefore the results of this study to large extent agree with the findings of study conducted by Meseret Haile (2015) whose study Factors affecting employee motivation in Ethio-telecom employees Performance of selected branches. This also is in line with equity theory which emphasizes that fairness in the remuneration package tends to produce higher performance from employees.

The researcher recommends that the enterprise should adopt housing allowance since the findings shows that 7 Percent of the employee strongly agrees, 8 percent agree totaling to 15 percent of employee who think that the enterprise has provision of Housing Allowance. And 83 % of the employee are strongly disagree that the enterprise does not provide housing allowance , from this result it shows that many employees disagree that this enterprise provide housing allowance and 2 percent employee neutral to this fact. And the enterprise should adopt housing allowance to the employees ultimately increase their performance.

In addition to this the bond between motivation and performance the result show that 20.7 % of employees strongly agree and 24.3% of employee agree that employees motivation does not improve job performance total makes 45 % of employees support that motivation of employee does not improve job performance but 53.2% agree that motivation improve the performance of employee and 1.8 % of employee they didn't show any response. Therefore this results conclude that 53.2 % of employees believe that motivation improve employee performance. This is supported by literatures that are Performance is the dependent variable which depends upon motivation of employees. The performance of employees always depends on the motivations given by employer if the employers or managers gives good motivations to their employees then the performance of employee will also increase the same is true if the Employer fail to provide good motivation to his /her employee the performance will be poor.

The factors which affect the performance of employee are reward, salaries, appreciation, recognition, good working condition, employee participation, transport allowance. These factors may increase motivation of employee if they are properly given to employee but also they may decrease the performance if they are not given to employee.

Ivancevich (2008) demonstrates that a motivated employee is easy to spot by his or her agility, dedication, enthusiasm, focus, zeal, and general performance and contribution to organizational objectives and goals.

The motivation is independent variable it is very important in influencing the employees to accomplish individual as well as the organizational goals.

Employee involvement is creating an environment in which people have an impact on decisions and actions that affect their jobs. This little encouragement On the part of enterprise enables them to accomplish their goals efficiently by acknowledging employees on their work and effort. Providing them good work environment, considering their needs and forming pleasant job design. The motivation increases performance.

The role of labor union at Ethiopian shipping and logistic service enterprise 41 (37%) of the respondents strongly disagree and 34(31%) disagree, 20(18%) agree and 16(14%) strongly agree that the role of labor union is significant towards the right to get employee motivation Ethiopian shipping and logistic service enterprise.

The finding also revealed that 61.2% of respondent are male while 38.9 % of the respondents are female employees this indicate that Ethiopian shipping and logistic enterprise service Head Office has large number of male employee than female employee. This realizes that it is unequal opportunity in job employment, so due to that, women should look employment opportunities in Ethiopian Shipping and logistic service enterprise as an important government enterprise which can employ them and improve their living standards as equal to men and as a result give equal opportunity in job employments to all gender. Employee involvement in the Decision making: the findings shows that 14.4 Percent of the employee strongly agrees, 16.2 percent agree totaling to 30.6 percent of employee who think that the enterprise has allowed the involvement of employee in the decision making where as 63.1 percent strongly disagree that the practice of involvement of employee in the decision making in Ethiopian shipping and logistic service enterprise. And 6.3 % of the employees are neutral to this fact. The result shows that motivated employees are more productive as compared to de-motivated employees. There is positive relationship between employee motivation and employee performance, ultimately the financial status of the enterprise as per 4.28 shown is highly increased.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This section highlights the results and the findings based on the analysis were done on the data collected from respondents. This research focuses on Effects of Motivation on Employee Performance in Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise. The discussion then was tried to accomplish all the objectives of the study. As a result, recommendations are given for the target Enterprise to tackle problem at hand. Shortcomings of this thesis are also one of the highlight from which future research insights are imagined.

5.1 Summary

The overall attempt of this thesis was to address the 4(Four) basic questions raised and to achieve the objectives set in chapter one of this study.

As regards to educational level and years of work experience of employees found to be useful because Diploma level 45 (40.5%) of the respondents, those who were having Degree level of education were 39(35.1 %) respondents. And experience concerned 60 respondents have been working in the enterprise in between 1-5 years, while those who have worked in between 6-10 years were 51 respondents.

The study result shows Employees of Ethiopian shipping and logistic service enterprise Head Office agrees that employee motivation help to increase employee performance these findings concur with motivation study conducted by Thomas Owusu (2012) who explored the extent to which incentive and motivation had an impact on productivity in commercial bank service in Kumasi zone. Findings revealed that motivation had an effect on productivity as employees who were motivated performed better than those who were not adequately motivated.

He finally concluded that if workers morale was good it could result in a rise of productivity. Also this study agrees with study of by Meseret Haile (2015) who researched on the link between motivation and performance. She concluded that motivations given to employee have significance effect on employee performance. However it is inconsistent with regard to promotion on time , on table 4.7 the findings shows that 15% of employee strongly agrees that 14% agree and make up 29% of employee support that the organization promote employee on time but 56% of employee disagree that the organization does not promote

employee on time. and according to the table the results shows 15 % of employee they are not aware of whether the enterprise promotes its employee on time or not therefore this result show that many employees do not agree that the organization promotes its employee on time this can be the main causes of dissatisfaction to many employees. The role of labor union at Ethiopian shipping and logistic service enterprise 41 (37%) of the respondents strongly disagree and 34(31%) disagree, 20(18%) agree and 16(14%) strongly agree that the role of labor union is significant towards the right to get employee motivation at Ethiopian shipping and logistic service enterprise.

Employee involvement in the Decision making: the findings shows that 14.4 Percent of the employee strongly agrees, 16.2 percent agree totaling to 30.6 percent of employee who think that the enterprise has allowed the involvement of employee in the decision making where as 63.1 percent strongly disagree that the practice of involvement of employee in the decision making in Ethiopian shipping and logistic service enterprise, and 6.3 % of the employees are neutral to this fact. 83 % of the employee are strongly disagree that the enterprise does not provide housing allowance. Most employees agree the existence of transport allowance. Working extra time hours is highly deep-rooted in the enterprise. There is positive relationship between employee motivation and employee performance, ultimately the financial status of the enterprise as per 4.28 shown is highly increased.

5.2 Conclusions

Based on the foregoing summary the following conclusions were drawn

The Descriptive survey method was used for the study. The study revealed that, Ethiopian shipping and logistic service enterprise can make use of different strategies and policies to motivate employees in its environment.

The general objective of the study was to determine the effect of motivation on employee performance and the place of motivation in increasing job performance also the study used descriptive techniques to assess the employee's motivation toward the job performance. The results of study reveal that there is a connection between employee motivation and employee performance where by whenever motivation increases the performance increase too, The findings reveal that majority of employees listed number of motivation items which motivate them most like Employee training, transport, Equality, working environment, working tools, motivation, good salaries of employees, good organization polices, and recognition of good performers.

This is evidenced by data obtained from enterprise which conclude that 53.2 % of employees believe that motivation improve employee performance. The study carried out revealed that, motivation packages influenced employees to perform their duties and tasks with high morale. Additionally Attractive Salary and PDP bonus as would be explained below influences loyalty, job satisfaction and the many associated working innovations.

The role of labor union at Ethiopian shipping and logistic service enterprise 41 (37%) of the respondents strongly disagree and 34(31%) disagree, 20(18%) agree and 16(14%) strongly agree that the role of labor union is significant towards the right to get employee motivation Ethiopian shipping and logistic service enterprise. The finding also revealed that 61.2% of respondent are male while 38.9 % of the respondents are female employees this indicate that Ethiopian shipping and logistic enterprise service has large number of male employee than female employee.

Employee involvement in the Decision making: the findings shows that 14.4 Percent of the employee strongly agrees, 16.2 percent agree totaling to 30.6 percent of employee who think that the enterprise has allowed the involvement of employee in the decision making where as 63.1 percent strongly disagree that the practice of involvement of employee in the decision making in Ethiopian shipping and logistic service enterprise. And 6.3 % of the employees are neutral to this fact.

Employee training, promotion, transport, working environment, working tools, motivation, salaries of employees ,motivation polices, and appreciating good performance were considered as satisfactory to majority of the employee of Ethiopian shipping and logistic service enterprise. on the other hand there is no housing allowance in the enterprise in addition to this many employees have dissatisfaction with regard to promotion on time. All in all the financial performance of the organization increased alarmingly.

5.3 Recommendation

The following recommendations have been made based on the summary:

- ❖ Women should look employment opportunities in Ethiopian Shipping and logistic service enterprise Head Office as an important government enterprise which can employ them and improve their living standards as equal to men and as a result give equal opportunity in job employments to all gender.

- ❖ Housing allowance should be existed in Ethiopian shipping and logistic services enterprise.
- ❖ Promotion should be on time.
- ❖ When employees are involved in making decisions that concern them, their performance is expected to significantly increase than when employees are not involved in making decisions concerning them this is absence in Ethiopian shipping and logistic service enterprise and I recommend the enterprise to reconsider it.
- ❖ Labor unions should be more active in defending the right and privilege of employees in Ethiopia shipping and logistic service enterprise since it is pressure group should take advantage of pluralism and demand to be involved in employee motivational rewards. And it should play its role being connectors between employees and their employer. The last but not the least promotion on time should be rectified.
- ❖ Since the present research is an attempt to investigate the effect of motivation on employee performance in Ethiopia shipping and logistic service enterprise at Addis Ababa head office 11 departments. Hence additional studies needed to be under taken to investigate effects of motivation on employee performance in the rest 10 departments in head office plus in other regions and with larger samples. Notwithstanding, the researcher would argue that these findings provide additional insight into employees' observed motivation within the enterprise domain.

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16. Do you work extra time/hours if yes are you paid?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

17. Does this organization have well polices to motivate its employees?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

18. Is there any equality and fairness on employee training and promotion?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

19. Are you paid according to your work duties, experience and qualification?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

20. Does working tools have any effect toward employee performance?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

21. Are you satisfied with the salary your paid?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

22. Does the organization promote its employee on time?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Strongly Disagree (e) Strongly Disagree

23. Does this enterprise have any motivation practices?

- (a) Strongly agree (b) Agree (c) Neutral
(d) Disagree (e) Strongly Disagree

24. Does labor union play its role in the right to get motivation to employees?

- (a) Strongly agree (b) Agree (c) Neutral
- (d) Disagree (e) Strongly Disagree

Part 2: Motivational Packages for Staff at Ethiopian shipping and logistics services Enterprise.

25. By ranking them in order of priority which package is most important to you?

(Please begin with the most from a to d)

- A. Enhanced salaries to employees
- B. Fringe benefits (i.e. allowances)
- C. Promotions
- D. Recognition

26. PDP Bonuses effects on employee's performance

- A. Meet targeted
- B. Team player
- C. Perform well

27. How motivation package effects on employees' Performance

- A. Attractive salary
- B. PDB bonus

Part 3: Questions based on employee's motivation

28. How does the motivation package available influence your work performance?

.....

.....

29. What types of Motivation package available for you as an employee?

.....

.....

30. How do such motivation packages stimulating yourself and your relationship with the enterprise?

.....

.....

31. Is financial an incentive to your job performance?

A. Yes (If the answer is yes, please explain why)

.....
.....

B .No. Why?

.....
.....

32. How does Performance Development Program (PDP) Bonuses influencing your work performance at your working place?

.....
.....

33. How does PDP Bonuses associated with your job performance?

.....
.....

*** Thank you all **

Appendix II

Structured Interview

Structured Interview for ESLSE Employees on Effects of Motivation on Employee Performance in Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise (ESLSE).

Dear respondents

I am a postgraduate at Addis Ababa University Department of Public Administration and Development Management currently, I am conducting a research entitled “Effects of Motivation on Employee Performance in Public Enterprise: In the case of Ethiopian shipping and logistics services Enterprise.” The Purpose of the study is to fulfill a thesis requirement for the masters in public management and policy (MPMP). Your genuine responses are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study you will be kept strictly confidential. Finally, I would like to thank you for your cooperation and spending your valuable time for my request.

Part 1: Personal Information

1. What is your sex?

2. What is your age?

3. What is your marital status?

.....

4. What is your Education level?

.....

5. How many years you have been spent in ESLSE?

.....

6. What motivated you to work for such period of time?

.....
.....

Part 2: Questions Based on Employee's Motivation

7. How does the motivation package available influence your work performance?

.....
.....

8. What types of Motivation package available for you as an employee?

.....
.....

9. How do such motivation packages stimulating yourself and your relationship with the enterprise?

.....
.....

10. Is financial an incentive to your job performance? Explain

.....
.....

11. How does performance development program (PDP) Bonuses influencing your work performance at your working place?

.....
.....

12. What is the role of the labor union theoretically and practically in safeguarding the right and privileges of the employees?

.....
.....

13. How does PDP Bonuses associated with your job performance?

.....
.....

GLOSSARY

Corporation: it is a legal entity that is separate and distinct from its owners. Corporations enjoy most of the rights and responsibilities that an individual possesses; that is, a corporation has the right to enter into contracts, loan and borrow money, sue and be sued, hire employees, own assets and pay taxes. It is often referred to as a legal person. (Ekhatov, V.E. 2002:40)

Extrinsic Motivation: People sometimes act because external factors have influenced them or prompted them to act in a certain way, and this is referred to as extrinsic motivation (Maryam, 2013). As opposed to intrinsic motivation where the reward of the action is within the action itself, for extrinsic motivation the outcome or reward is separable from the activity itself (Maryam, 2013).

Gross domestic product (GDP) is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly) of time.

Intrinsic Motivation: Intrinsic motivation originates from within the individual and causes the individual to feel stimulated internally (Maryam, 2013). According to Hurlbert, L. (2003) intrinsic motivation is more about an individual's self-satisfaction and the reward is normally within the action itself and does not need external factors to influence behavior.

Logistics: it is generally the detailed organization and implementation of a complex operation. In a general business sense, logistics is the management of the flow of things between the point of origin and the point of consumption in order to meet requirements of customers or corporations

Motivation: According to Maryam (2013) motivation is coined from the Latin word motus, a form of the verb movere, which means to move, influence, affect, and excite. Motivation can also be defined as the act of providing motive that causes someone to act (Brown, W.2007).

Labor Union: is organizations of workers whose primary objectives are to improve the financial & nonfinancial conditions of employment among their members.

Employee motivation is the level of energy, commitment, and creativity that a company's workers bring to their jobs. Whether the economy is growing or shrinking, finding ways to motivate employees is always a management concern

Public enterprise: defined as an organization that is set up as a corporate body and as part of the governmental apparatus for entrepreneurial or entrepreneurial-like objectives. Public enterprises are organizations which emerged as a result of government acting in the capacity of an entrepreneur (Obikeze, 2004:248). It is also known as public corporation defined by the same author (Obikeze, 2004:69) as publicly-owned enterprise that has been chartered under federal, state or local government law for a particular business or financial purpose. "Enterprise" means a wholly state owned public enterprise established pursuant to this Proclamation to carry on for gain manufacturing, distribution, service rendering or other economic and related activities (PUBLIC ENTERPRISES LAW PROCLAMATION NO. 25/1992).

Role: it is a set of connected behaviors, rights, obligations, beliefs and norms as conceptualized by people in a social situation.

Service: a valuable action, deed, or effort performed to satisfy a need or to fulfill a demand.

Share Company means a share company partially owned by the state, but excluding those share companies in which the state owns through public enterprises (PROCLAMATION NO 277/2002).

Shipping: the act of sending goods from one place to another, especially by ship.