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**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE**

**THE EFFECT OF EMPLOYEE MOTIVATION ON
EMPLOYEES' PERFORMANCE:**

**A CASE STUDY OF ETHIO TELECOM, CUSTOMER SERVICES
DIVISION, ADDIS ABABA**

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HUMAN RESOURCES MANAGEMENT GRADUATED PROGRAM

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**June, 2017
ADDIS ABABA**

Acknowledgement

My sincere thanks go to the Almighty God for making it possible for me to finish this project work. I am very grateful to my advisor, Dr. SeifeMamo for all the necessary support accorded during the project. I want to thank all my classmates specially Andualem and Haget.

I cannot find the words to express my gratitude to my friend YaredAssefa for all kind of support. If I did not have supportive family and special mother , i would have reached nowhere in this graduate program.

In all sincerity, my greatest admiration must be reserved for my friend AnimawTadessewho contributed toward the success in my study through thoughtfulness and encouragement and give me clarifications on the statistics.

If this award is transferred to one dearly mate i will transferred it without hesitation to my beloved husband Behailu.

Finally I am indebted Customer Service Division employee"s willingness for the data collection.

DECLARATION

I, the undersigned, declare that this thesis is my original work and all sources are duly acknowledged. To the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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ABSTRACT

Motivation is stated as one of the most important contributor for high performance in a company. Organizations design motivation systems to encourage employees to perform in the most effective way. The key to create efficient motivation system is an answer to the question what really motivate employees. The general objective of this research is to study the impact of Ethio telecom motivational packages on employees' performance in Ethio Telecom Customer Services Division. Thedescriptive research design was employed for the study. Stratified sampling method was used to select departments. To select respondents simple random sampling is usedTo this end, mixed method was employed to collect and analyze data. The data collecting instruments werequestionnaire and interview. To analyze the data, descriptive statistic such as mean, percent and standarddeviation were computed. Moreover, inferential statistics of correlationanalysis, regression analysisand ANOVAanalysis with a .05 alpha level employed to test for statistical significance. The finding of this study also showed that both financial and non-financial motivator motivated employee, however financial reward is more motivator than non-financial reward.In conclusion, financial rewards docontribute more for employee performance than non-financial rewards. Moreover, further in depth investigation of the problem is recommended.

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Human capital is indispensable to increase productivity in an organization. So managing human resource is challenging and at the same time rewarding job for an organizations success. If employees are properly managed then Performance of employees is increased (Guest 1997, as cited by Armstrong, 2009 . Performance is attained when employees achieve their job related activities or organizational goals effectively and efficiently.

It is well documented in different literatures that in this complex and pluralistic society there are many variables that affect employee's performance(Huczynski and Buchanan, 2007). For example, Porter (1968) listed the following as factor for employee performance .Such as intelligence; skills, knowledge, motivation and personality affect once performance to do a given activity. Similarly,Oreg (2003) cited in Mulatu, (2014) identifieda factor that determines individual differences in job performance contain cognitive ability, conscientiousness, goal orientation and motivation.

Among them the importance of motivating employees to do accordingly is unquestionable. It is significant to note that the availability of well-motivated employees are fundamental in order to maximize productivity and at the same time to attract potential candidate (Mullins, 1999). However designing effective rewarding system is required serious study. It is clear-cut to motivate once employees so as to accomplish organizational goals effectively. Conversely, as a result of the nature of human being, motivation is not an easy task to do (Bateman and Snell (1996) cited in Thomas, (2012). Sometimes motivation package that are designed by an organization may be de motivating factors for employees. Nonetheless, if all employees are motivated, the results can be better productivity and increased employee confidence(Flamholtz, 1996).

The motivation of a company's employees, therefore, plays a major role in achieving high level of satisfaction among its customers(Petcharak, 2004).(Kovach ,1980) states that although several studies done on motivation, however managers still are not close to understanding

employee's motivation. Motivation has the role to develop and build up the desire of every employee of the organization to work effectively and efficiently in located position. Even though money occupies a major place in the mix of motivators, yet money only cannot motivate employee well to work unless it is attached with other non-financial motivators (Frey and Osterloch, 2002; Nickols, 2003; Fort and Voltero, 2004), performance are closely related the following factors and affect employee performance in the workplace. They include: comprehensible goal and job expectations, suitable selection, immediate feedback, skills to perform, knowledge of the organizational structure, functional feedback system, sound mental models, sufficient motivation through self-satisfaction and incentives.

Performance is an evaluation of employee task results in workplace. It involves determining how low or high an employee's job performance. Motivation is one factor among that contributes to increase employee's job performance. If one employee highly motivated will deliver high-quality service than those did not motivated.

Several factors affect performance – factors such as personality, the difficulty of the task, availability of resources and working conditions. When performance is not at the standard level, it must determine which performance factor needs to improved (Lussier, 2005). Considering many approaches to motivation and how difficult it is to find or identify one that only motivates workers, the study seek to determine whether motivation have effect on employees' performance or not.

In as much as motivation impacts on employee performance, there is a need to combine the appropriate motivational tools with effective management and leadership to achieve this goal. Studies on motivation depicts that there are several ways to motivate employees. The motivation of a company's employees, therefore, plays a major role in achieving high level of satisfaction among its customers (Petcharak, 2004).

1.2. Statement of the Problem

Motivation has the role to develop and inspire every member of an organization to work effectively and efficiently. Motivation is about giving your staff the right combination of guidance, direction, and resources and reward, so that they are inspired and keen to work in the way that you want (Mulatu, 2014). Inadequate motivation of employee has led to industrial actions most of the time resulting in the low level of public confidence and respect in the institution and had further negative multiplier effects of poor performance, low morale and lack of discipline in the service (Ludhanas, 1992).

Effectively motivating employees is one of the most important functions of organization. Organizations face challenges in retaining employees due to limited opportunities for advancement and in the current competitive market. The loss of employees represents a loss of skills, knowledge and experiences which can create a significant impact on the overall operations of a company. Some of the threats companies face related to human resource challenges. Threats in this area include volatile loyalty and commitment, potential defective morale, employees taste for different motivational package and increase in the cost of recruitment and placing (Mullins, 2005).

Different scholars try to point out the effect of motivation on employees' performance in case of Ethio Telecom and different sectors different countries of the world. Some of them are: (Appiah, 2011; Thomas 2012; Sileshi (2016)), and they all survey issue about impact of motivation on employees, performance and their finding indicates performance of the employees has significantly affected by different factors including financial reward and non-financial reward factors. However as to the researcher knowledge no one conduct impact of motivation on employee performance in Ethio Telecom employee customer service division.

Ethio telecom provides different motivational packages to its employees in terms of financial and non-financial like training, bonus, compensation and benefit recognition. In Ethio telecom there are nine divisions among and them customer service division is the one. Customer service is the process of ensuring customer satisfaction with a product or service (Ethio telecom, 2009)

The concern this research addresses is the various effect motivational packages used by Ethio telecom in order to help it out-perform and raise its service delivery standards. How can Ethio telecom motivate its employees" so that performance targets can be achieved? Besides as an employee of Ethio telecom, it has been said by public discourse noted that employees of the company, who work at the division, faced by problems of feeling demotivated and overworked. These issues have inspired the researcher to assess the effect of motivational packages on employee"s performance in Ethio Telecom Customer Services Division.

1.3. Research Questions

The main purpose of this study is to find out the impact of motivation on employee performance in Ethio Telecom Customer Services Division. The following research questions was be addressed in the study:

What is the effect of employee motivation on employee performance in customer service division of Ethio Telecom?

What is the relationship between these motivational programs and employees" performance?

How effective is the existing motivation packages?

1.4. Objective of the Study

Given the above stated problem, the following research objectives are formulated.

1.4.1. General Objective

The general objective of this research is to study the impact of Ethio Telecom motivational packages on employees" performance in Ethio Telecom Customer Services Division.

1.4.2. Specific Objectives

Specific objectives of this study are:

To determine the impact of employee motivation on Ethio Telecom Employee Performance Customer Service Division.

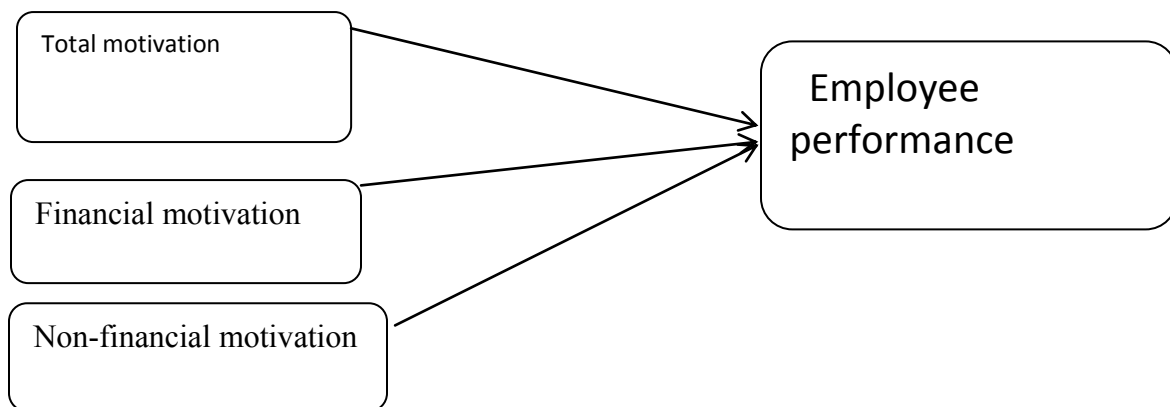
To examine the relation between motivation and employee performance.

To assess the existing motivation packages.

1.5. Conceptual Framework

The conceptual framework explains the key concepts used in the study and how they are linked to one another to produce the final outcome. In this particular case the below mentioned framework has been used in order to elaborate the relationship between different variables. Under the independent variables motivational tools, financial and non-financial and under dependent variable employee performance is used. Researcher is provided with detailed information on the application and results of motivational factors, so that it can justify the association or the connection of outcomes of motivation.

Figure 1 conceptual framework



1.6 . Significance of the Study

The finding of this study is beneficial for the following;

Ethio telecom; the finding of the study is provide useful information to human resource managers of the company to either continue or revise ways of motivating their employees.

Academician/Researchers: The findings of this study are assisting in providing knowledge on impact of motivation on employee performance.

Finally, the information produced from this study is expected to be an input for decision and policy makers. The result of the study has also added to the existing body of knowledge on the issue of motivation and productivity in the telecom sectors.

1.7 Scope and Limitations of the Study

The study is aimed at finding the impact of motivation on employee performance in Ethio Telecom, Customer Service Division. The Company is structured in different divisions with over 12,000 employees and it is geographically dispersed throughout the country. However this study is geographically delimited to Ethio telecom customer service division in Addis Ababa. It has not addressed effect of motivation on all employees of Ethio Telecom.

1.8. Organization of the Study

The introduction part of the study is discussed in chapter one. Background information, statement of the problem, research questions, and objective of the study, operational definitions, significance and delimitation of the study is also discussed in this chapter.

The next chapter, chapter two, is reviewing related literatures on the subject matter. Among the various topics, Traditional Motivational Approached, Maslow's Need Hierarchy Theory, Criticisms on Maslow's Need Hierarchy Theory, Contemporary Motivation Theory, definition of Employees' performance.

The third chapter was discussing the methodology of the research. The research design and research method is explained in this chapter starting from how the data collection instrument is prepared to how the collected data is analyzed.

The following chapter, chapter four, was discussing the empirical findings and analysis of the study with interpretations. And the last chapter, chapter five, is presented summary, conclusion based on the analysis result and recommendations provided by the researcher

1.9 Definition of Term

Motivation: Internal and external factors that stimulate desire and energy in employee to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal (Mulatu, 2014).

Performance: performance is defined as an individual outcomes based on the size and behavioral standards for the related job, and which led to an outcome, especially behavior that can change the environment in certain ways (Chaplin, 2005).

Financial motivation; are monetary incentives that an employee earns as a result of good performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of its goals, a reward often follows(Ballantine et al. 2012).

Non-financial motivation : incentive inspire and engage employees in ways that money is incapable of doing .non-financial incentive are the type of rewards that are not a part of an employees pay(Rutkowsky and Stealman, 2004).

Customer service: Customer service is the provision of service to customers before, during and after a purchase

CHAPTER TWO: LITERATURE REVIEW

2. THEORETICAL BACKGROUND

2.1 The Concept of Work Motivation

The term motive usually is explained as desires, needs, emotions or impulses that make someone do something. Following this definition, motivation is the state of being incited to action. When we take into consideration work environment it becomes clear that work motivation refers to motivation within a work setting. Typically, it refers to employees' motivation to perform, stay and commit in a company, cooperate, lead or support a leader, help customers and so forth. Obviously, this definition from International Encyclopedia of Organizational Studies (ed. Bailey & Clegg, 2008) is just an example from a mass of work motivation definitions which can be found in almost every paper about this topic. Some authors define what motivation is by explaining where it comes from. In this approach work motivation has been defined as "a psychological process resulting from the reciprocal interaction between the individual and the environment that affects a person's choices, effort, and persistence" (Latham & Ernst, 2006). In other definitions work motivation is associated with the goal attainment. People are motivated to do something if they believe it is likely that it will bring desired result. People who are well motivated take action that they expect will achieve their clearly defined goals (Armstrong, 2007). Kanfer (1990, as cited in Bjorklund, 2001) stressed that motivation is a phenomenon which cannot be directly observed. The only way to infer motivational processes is to analyze streams of behavior caused by environmental or inherited factors which can be observed through their effects on abilities, beliefs, knowledge and personality.

In other words motivation is usually described as an invisible force that pushes people to behave in a certain way. According Pinder used work of Jones (1995), Locke, Shaw, Saari, and Latham (1981), Steers and Porter (1979), and Vroom (1964) to formulate following definition (1998, p.11) :

“Work motivation is a set of energetic forces that originate both within as beyond an individual’s being, to initiate work-related behavior, and to determine its form, direction, intensity, and duration”.

Pinder (1998) believes that presented definition has some features that make it better than others. Firstly, it is not general as many other definitions, it presents motivation in a close relation to work and careers. His definition is intended to apply behavior such as joining or leaving company, being punctual, respecting or not supervisor’s orders, inventing better ways to performing a job and accepting relocation to another place. According to Pinder one of the key elements that are important in defining motivation is a concept of force. It not only makes the definition consistent with other authors work but also allows motivation level to be weak or strong depending on circumstances. The idea of force suggests that motivation is related to an effort. Pinder believes that effort is a consequence and indicator of motivation rather than the same phenomena.

He points out that his definition does not present hedonism as a primary force in work motivation. However, it does not exclude it either. There are three more important elements of Pinder’s work motivation definition: intensity, direction and duration. Author describes the intensity dimension using two terms created by Brehm and Self (1989) – potential motivation and potential arousal. The first of those two terms is created by expectations that performance of behavior will affect final outcome. The second term is dependent on magnitude of potential motivation and occurs only to the extent that particular behavior is difficult. In Pinder’s opinion intensity is not affected by the potential available and is defined as the transient size of motivational arousal in a particular point of time. The direction can be understood by considering towards which goals the energy of motivation is directed. Finally, the duration suggests that goal achieving might be a possible outcome of on job behavior. As the last but also very important feature of the definition Pinder mentions the fact that motivation is presented as a hypothetical construct which cannot be measured or seen directly but is treated as an existing psychological process.

2.1. Why to Motivate Employees:

The performance of any organization and its continuity depends on their key assets, employees, as well as the capabilities of the managers to be able to create a motivating environment for

their people. On the other hand, it is a challenge for the managers to keep their people and employees motivated and satisfied. Thus why every manager has to be aware about the needs and requirements their employee and what they are looking for.

The main objective and concern of most of the organizations is to make the benefit from people who are feeling positively toward the work and motivate unsatisfied employees in order to end up with a win-win situation for both the company and workers.

Urichuck (2002) stated that motivated employee will increase the capability of the organization to achieve its mission, goals and objectives. It will also engage all to build a strong organizational culture. Also, motivated employees will feel as having a strategic partnership with the organization and their commitments and loyalty will increase from day to day (Anne, 1994). Also, Buttner and Moore (1997), based on their research about “Happy Employees Make Productive Employees” found that when employee attitudes improved by 5%, customer satisfaction jumped by 1.3%, and the revenue increased by 5%. So, motivated employees usually produce more than others and hence the customer satisfaction increases.

Motivated employees can impact a company’s bottom line and make the workplace somewhere employees look forward to interact with instead of just a place to “pick up a paycheck”

(Nandanwar ,Surnis, Nandanwar 2010). Furthermore, A well-motivated organization for sure will have more motivated employees and hence they will be more productive and this will lead to extreme cost savings (Urichuck, 2002). In addition, satisfied employees positively impact corporate culture, resulting in many intangible but equally important returns (Yongsun, Barbara, Christy, 2002). They also sees that people, who were motivated by sending them to foreigncountries in order to live and work, are seen as valuable resource as they give more than usual when they return.

On the other hand, Deci and Ryan (1985), definite that an organization whose employees have low motivation is completely vulnerable to both internal and external challenges because its employees are not going the extra mile to maintain the organization's stability. An unstable organization ultimately underperforms.

Firm's needs to motivate their people and keep them motivated in order to obtain the productivity gains and to insure their competitiveness. Sometimes people who are given responsibilities feel motivated and do their best and work hard accordingly (Ludivine, 2011).

Mansoor (2008) also sees that motivation is about creating the environment where employees will be motivated and hence work with their full effort. So, organizations should motivate their employees to enhance competitive advantages and reach the firm's vision and mission (Philip, Yu-Fang, Liang-Chih, 2007).

Researchers have recommended that employee's commitment toward their organizations will enhance their satisfaction and which will benefit the firm (Morris & Sherma, 1981). Moreover, researchers have stressed that satisfied and encouraged employees are crucial to the organization effectiveness (Rachel, Yee, Yeung, Edwin, 2010). Also, business and company's succession depends on motivated employee; they can make all the difference in the company's ability not to just survive but also to succeed (Hislop, 2003).

Although some experts argue that companies who spend money on motivating their employees is waste of money but most of them agreed that the wasted money is achieved in a very short time by the motivated employees (Khodov, 2003). In addition, performers and experienced employees are actually who produce the results of the business and they are the backbone of any company and the reason of the business growth and gain (Meyer, Becker, Vandenberghe, 2004).

According to Jonathan, Christine and Yvonne (2002), motivated people and their commitment are vital to the productivity of the work as they will perform with their full potential and with high quality and Michael and Crispen (2009) stated that having a motivated workforce provides the competitive advantage that the organization seeks and better employee performance helps the organization achieve higher productivity.

Jonathan, Christine and Yvonne (2002), identified that greater motivation will have a direct effect in improving productivity through greater effort and possibly innovation. They also stated that motivation leads to a productive with high performance employee who does the best at work, saves time and effort and also volunteers to do more than what is required. Such employee will be a great resource to the business and a great model to be followed by others.

“If employees are motivated and happy they will do to the work to the best of their ability instead of just doing it because they have to” (Ryan, &Deci, 2000).

2.2 Motivation Theories

Psychologists and behavioral scientists have developed some motivation theories and some of these theories have been developed by researchers. There are a number of different views of motivational theories. But, we will be discussing Abraham Maslow Theory, ERG Theory, Two-Factor Theory of Fredrick Herzburg and Acquired-Needs Theory of David McClelland’s.

2.2.1 Hierarchy Needs of Abraham Maslow’s Theory of Needs

Abraham Maslow (1908 – 1970) along with Frederick Herzberg (1923) introduced the Neo-Human Relations School in the 1950’s, which focused on the psychological needs of employees. Maslow put forward a theory that there are five levels of human needs which employees need to have fulfilled at work (Mary & Ann, 2011).

Before the employee can move to the higher level of the hierarchy, he/ she has to be satisfied and got the needs from the previous level.

The five levels of needs according on Maslow are – figure 1:

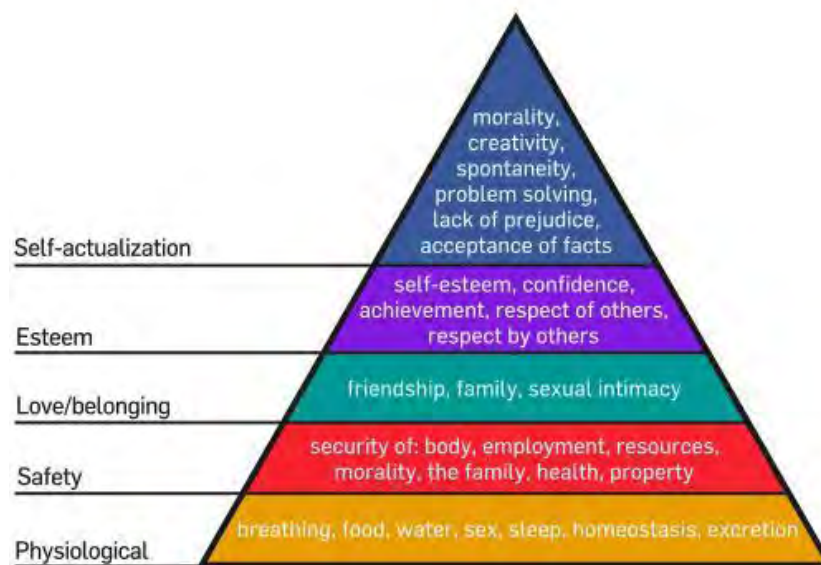


Figure-1: Hierarchy Needs of Abraham Maslow's

1. Physiological Needs:

Physiological Needs are the basic needs that every individual needs to survive. They are like food, air, shelter and water. If these basic needs are not met, then the employee will not be able to go through other levels (Mary & Ann, 2011).

2. Safety Needs:

Safety needs are the needs related the feeling of the employee of being secure and safe like having the medical insurance, job security, etc.

3. Social Needs – Love & Belonging:

These needs are related to the interactions with other. The relationship of the individual with the people surroundings. Like having friends and feel accepted from others.

4. Esteem Needs:

Esteem is the feeling of being important. Esteem needs are classified to internal and external needs (Vance & Pravin 1976).

Internal esteems are these related to self-esteem like respect and achievement.

External esteem needs are those such as social status and recognition that comes with the achievement.

5. Self-Actualization Needs.

It is the need of reaching the full potential as an employee. According to Vance & Pravin (1976) this need is never fully achieved. Self-Actualization Needs are like truth, wisdom and justice.

There are different ways the organization can satisfy their employees and motivate them. Money is the number one motivation factor that may satisfy the employee's physiological needs as well as the safety needs. Social needs can be met by providing the employee a workplace in a way that it is easy to communicate and collaborate with others. Also, organizations get to gather and entertainment activities will build good relationships between employees from different levels which will satisfy the social / Love & belonging needs (Bradley, 2003).

Recognitions and rewards either verbally or formally will enhance the self-esteem of the employee. Finally, providing a challenging job with somehow interesting aspects will enrich the self-actualization needs of the employee (Gardner and Lambert, 1972).

2.2.2 ERG Theory:

According to figure 2, Alderfer re-categorized Maslow's hierarchy needs into three simple classes of needs, which are:

1- Existence needs (Physiological and Safety needs):

These needs are basic and necessary to live like food and shelter.

2- Relatedness (Social & Belonging needs):

These include the aspiration individuals have for maintaining significant interpersonal relationships (be it with family, peers or superiors), getting public fame and recognition.

Maslow's social needs and external component of esteem needs fall under this class of need (Ryan, & Deci, 2000).

3- Growth (Self-esteem and Self-actualization):

These include need for self-development and personal growth and advancement (Ryan & Deci, 2000). Maslow's self-actualization needs and intrinsic component of esteem needs fall under this category of need.



Figure-2: Alderfer Erg Theory

Every employee's needs and satisfaction factors differ from the other and every one of them has more than one satisfaction factor and needs, and this is what the manager should be aware. According to the ERG theory, the manager shouldn't concentrate only on one need at a time which will not effectively motivate the employee (Ryan & Deci, 2000).

2.2.3 Two-Factor Theory of Fredrick Herzburg

In 1959 Fredrick Herzburg introduced a theory with two motivation factors. The two factors are hygiene factors and motivators. The theory explains the factors that motivate employees by identifying their individual needs and desires. The dissatisfaction factor is called “hygiene” and the satisfaction factor is “motivators” (Bradley, 2003).

1- Hygiene factors

Hygiene factors are organization related. Like the policies and procedures, salary and job security. Dissatisfaction comes if these factors are not existed in the workplace. It simplifies the physiological needs which the employees expected and need to be satisfied (Bradley, 2003).

2- Motivator factors

Motivator factors determine satisfaction. They are intrinsic factors such as sense of achievement, recognition, responsibility, and personal growth which motivate employees for a greater performance (Bradley, 2003).



Figure-3: Two-Factor Theory of Fredrick Herzburg

2.2.4 Acquired-Needs Theory of David McClelland's

1961 David McClelland's identified three needs that employees require to be satisfied and motivated in the workplace (Ryan & Deci, 2000).

1- Need for Achievement (nAch)

The employee with high need of achievement tries and does the best to attain challenging goals and objectives. Taking responsibilities is a character of the need for achievement person.

2- Need for Affiliation (nAff)

The person who has a high need for affiliation is people oriented more than task oriented. The desire and needs of making relationships with people is there.

3- Need for Power (nPow)

The person who has a need for power is in a managerial level where he wants to give orders and direct employees.



Figure-4: Acquired-Needs Theory of David McClelland'

2.2.5 Comparison of the four motivational theories

Table-1: Comparison of the Four Motivational Theories

MASLOW Need Hierarchy Theory	ALDERFER ERG Theory	Fredrick Herzburg – Two Factors Theory	David McClelland's Acquired Needs Theory
Self actualization	Growth	Motivators	Power
Esteem	Relatedness		Achievement
Social			
Safety	Existence	Hygiene	
Physiological			

2.3. Motivation Approaches and their Effect on Employee's Satisfaction and Performance:

Despite the variety of number of theories have been studied by researchers, they have come to increasingly emphasize on the importance of different motivation approaches toward employee's performance.

Motivation approaches have been defined as tools and techniques which can be used to motivate employees. Some of the approaches are:

Praise- one of the effective methods is being used to motivate individuals.

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 (Salasiah, Zainab, Rosmawati, Ermy, 2010).

Employees appreciate being recognized for doing a great job and the feeling of being valued as an individual. The praise tends to carry even greater meaning and motivational effect (David, Louis, Micheal, 2004). (ID, 1983) stated that praise was the response of the most of employees who surveyed about motivation. Also attendees from different seminars about motivation agreed that praise is the most important thing when motivating employees. In addition to that, ID clarified that praise is the most powerful of human needs. When it comes to get the best performance from employees, praise should be on the top of the motivation approaches list.

When employees feel that their managers appreciate and praise them, they tend to perform better which leads to higher business productivity (Salasiah, Zainab, Rosmawati, Ermy, 2010). So, the more managers' praise their employees, the easier the tasks will be and the more productive they will be. Furthermore, when managers look around for a way to complement their employees on their work, it is a large drive shot. It is served to let employees know that their work and what have been accomplished by them so far is appreciated (David, Louis, Micheal, 2004).

Salary / wages/ increments- all these are temporary approaches used to motivate employees.

Most of the researches and studies have proved that money and payments are important to employees relative to other motivators as earning a lot of money is an advantage for pushing toward motivation. It clarifies that when employees are satisfied financially, they motivate at work and work hard.

Financial aspects like payments, allowances, salaries and bonuses increase and affect employee's productivity positively as a result of a study which has been done by Locke, Ferenc, McCaleb, Shaw and Denny (1980), they have concluded that introducing of individual pay, increase productivity rate from 9% to 17%. So, it is obvious that when employees are motivated and satisfied, have done analysis on motivation programs and productivity, they found that financial their productivity increases which adds value to the whole business. Also, Guzzo, Jette, and Katzell (1985), aspects and payments are the largest effect on employee's productivity. Furthermore, Judiesch, 1994 stated that paying and salary increments for individuals from the organizations, increases the productivity.

Furthermore, for employees to feel safe in terms of work, they prefer getting good salaries and allowances rather than receiving appreciation (Trank, Rynes, & Bretz, 2002). Yes, appreciation is important in order for employee's motivation, but the previous statement explains that good salaries are more important.

On the other hand, when employees get high performance rate and a very good appraisal, they appear to be sensitive to whether their performance will be rewarded by money and pay increase or not (Harrison, Virick, & Williams, 1996; Trevor, Gerhart, & Boudreau, 1997). So, money concerns are always there and it is important for employees to work and give.

Recognition- it is a useful positive tools where usually people get recognized by their work and job done and based on that they receive recognition.

Pinar, (2011) stated that employees work harder when they are recognized and appreciated for their effort toward the work and tasks have been given and this is a simple, easy and powerful strengthen system. When employees get recognized and appreciated, they do their best to prove the skill, talents and abilities they have. Furthermore, recognizing employees is also considered a way of communication that strengths and rewards the outcomes people create for your business. For that, leaders should develop recognition system which is powerful for both employees and organization (Hsiu-Fen, 2007).

Employees who feel appreciated and recognized are more positive about themselves and their abilities to contribute. It also guarantees positive, productive and innovative organization

environment. Saying thank you as recognition will make the business successful (David, Louis, Micheal, 2004).

Assigning New roles- usually satisfied employees who are given higher roles and responsibilities work as motivators toward unsatisfied employees.

In order for employees to successfully take the new role, they should be given specific directions and expectations. They also are more open to the new responsibilities when they feel supported and have all the resources to perform the job (Jurgensen, 1978).

Employees who are given new role and high responsibilities are motivated to work harder because they see that all their effort in work will accomplish positive results and based on that they will receive recognition (David, Louis and Micheal, 2004).

Management style

Most researchers agreed that in order to motivate employees and get the desired outcome from them, we need leaderships, not managers. So, being a leader instead of a manager is more important for motivation (Yongsun, Barbara, and Christy, 2002).

A successful leader is aware of the value of helping employees to be successful.

Helping employees to become more successful on their career and to be recognized and appreciated is the key concern of leaders (Holly, Buttner and Dorothy, 1997).

A basic role of leaders is that they have to understand their employees' needs and rank the importance of them and be aware of what their employees enjoy most about the work in order to adopt motivation (Kuratko, Hornsby, and Naffziger, 1997).

To be a motivator, it is important to be a leader in order to discover what really motivates employees and it is necessary to discover the fundamental needs of the employees (Freeman, Edward & Stoner, 1992).

One of the reasons that motivators can successfully be motivators because they understand that every employee should be motivated differently which are not the characteristics of the managers and they need time to outline it (Kuratko, Hornsby, and Naffziger, 1997).

True and real motivational leaders are those who are self-motivated to energize others. Also, they demonstrate qualities that develop responses to success (Chadwick, Hunter, &Walston, 2004).

In order for a leader to be a successful motivational leader they have to have knowledge and skills, always confident toward their abilities, have the commitment and energy and very winning communicator (Hislop, 2003).

Management communication style

Communication is an important aspect of motivation. It affects directly the employee motivation and satisfaction and choosing the best communication style to apply on employees when going for motivation is an important factor on motivation approach. For example, when management communicates with their employees face to face is a motivated approach to people than sending those emails (Helen, & Jacques, 2002).

Employees who know what is going on in the company as soon as they can and directly from their boss and manager are very important. It builds a good relationship between them which will help a lot with motivation. By this, they can take the important decisions toward their job and work (Helen, & Jacques, 2002).

The other way of good communication style and motivation aspect is communicating daily with every employee, hold one to one meetings and make sure that they aware about the changes to the work are an effective way of motivation (James & Lyman, 1982). As when managers/leaders communicate openly, honestly and be transparent with their employees has an affective on motivation of managers on employees (Jurgensen, 1978).

Furthermore, implementing the “open door policy” for employees to share their ideas and discuss issues will make the managers and leaders understand the main issues of their employees will strength the relationship between the management and their employees which will help a lot with the motivation process (Zakeri, Olomolaiye, Holt, & Harris, 1996).

2.4 Reward System for Employees

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

their market worth. It emerges within the framework of the organization's reward philosophy, strategies and policies. The reward systems of employees has arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. The reward system consists of financial rewards (fixed and variable pay) and employee benefits, which together comprise total compensation. The system also incorporates non-financial rewards (recognition, praise, achievement, responsibility and personal growth) and in many cases, performance management processes. (Armstrong 2002, 4)

An organization's reward system is the way by which it encourages and discourages certain characteristics of the employees. The most important machinery of the reward system includes salaries, bonuses and privileges. The reward system as a means to support innovation by employees is a fairly mechanical but nevertheless effective management technique. Once the members of an organization understand that they will be rewarded for such activities, they are more likely to work creatively. The initiative to provide financial and non-financial rewards to people and groups who develop innovative ideas is important for organizations. But it is equally vital to avoid punishing creativity when it does not result in highly successful innovation. (Griffin 2006, 346) Reward systems are necessary because they give preference to service over self-interest. It also means there need to be an equitable distribution of wealth. One test of equity is how well to affirm the fact that the success of the institution is in the hands of people at each level. An institution's wealth and value, in the broadest sense, is then a community creation. (Block 2005, 173)

2.4.1 Purpose of Reward

Reward system is very important in any organization as the process that is in command of human behavior within an organization. It helps to verify not only performance in relation to current goals but also influences the possibility of people joining and remaining in an organization. It also shapes the degree to which effort is directed in the development of the organization future capabilities. If correctly designed or administered, reward systems can lead to attractive behavior for a firm. On the other hand, if incorrectly designed or administered, reward systems can lead to the steady deterioration of an organization and why not its immediate demise. (Flamholtz 1996, 99) every company is in competition with other companies in similar

businesses or in other businesses for recruiting and retaining prolific employees. For instance, two professional sport organizations may seek good candidates for front-office jobs. Two fitness clubs may require good accountants. The managers in these circumstances must keep in mind that the potential candidates are employable in different kinds of organizations. An accountant may find lucrative jobs with a construction company, a law firm, a hospital, or a university. Therefore, the managers must guarantee that its reward structure is equivalent to the market rate. An effective reward system shall enable competitiveness with those of the other firms seeking a particular kind of competency and talent which is more striking to prospective candidates. According to Lawler Company, managers can design reward systems to diminish absenteeism by linking bonuses to levels of attendance. This strategy is particularly positive in compensation for low job content and poor working conditions that cannot be improved. Further-more, some of the jobs in facility management companies may be simple and routine and therefore may lack motivational properties. The facility manager may attempt to decrease such absenteeism by linking certain rewards to attendance. For example, the manager may set a policy of giving a monetary bonus or extra days of paid leave for an ideal or near-perfect attendance. Company's effectiveness is augmented through employee performance that in turn can be facilitated by an effective reward system. Porter and Lawler suggest that the linkage between performance and reward (that is intrinsic and extrinsic rewards) is a strong factor influencing subsequent performance. (Chella-durai2006, 234).

2.4.2 Financial Reward

Many types of financial inducement exist. Some directly provide the employee with cash. Bonuses based on performance against budget, quality or other standards may be used as immediate financial incentives. Management rewards by bonuses have become popular in some companies as a means of providing employees with an immediate buster for completion of a project or activity. While the number of companies delivering cash awards has increased, only 7 percent actually use such rewards at present (Ulrich & Lake 1990, 157).

Most companies make use of financial compensation plan to motivate their employees. Sales contests are short term incentive programs that can be an effective motivational tool if they are cautiously and accurately designed. A sales contest should have a precise purpose, such as to increase in sales in short term sales of slow moving products or getting new customers. The design of the sales contest should take into consideration the following points: each salesperson has an equal opportunity to win, use sales quotas and select either open ended in which unlimited number of sales persons can win. In addition to the above, closed ended contest could be use in which there are limited number of salespersons winning the contest. Prizes should be attractive, each consisting of cash prizes. At least 10 percent of the budget should be spent on sale contest, so there is an excitement in the company. Care should be taken in order that employees do not use undesirable methods such as using pressure tactics to attend their targets. In order to reduce the undesirable method is not to announce the contest period in advance (Havaladar&Cavale 2007, 18).

High level executives of most companies have separate compensation programs and plans. These programs anticipated to reward these executives for their performance and for the performance of the company. The senior executives collect their compensation in two forms. One is a base salary as the case maybe with the staff member or professional member of the company. The base salary is a definite amount that the employees will be paid. Above the base salary, most executives also receive one or more forms of incentive pay. The conventional manner of incentive pay for executives is in the form of bonuses. The bonuses in turn are generally determined by the performance of the company. Thus, at the end of the year, some fraction of a corporation profits may be diverted into a bonus pool. Senior executives then receive a bonus expressed as a percentage of this bonus pool. The chief executive officer and president are apparently likely to obtain a larger percentage bonus than a vice president. In addition to salary and bonuses, many executives receive other kinds of compensation as well; this could be in the form of stocks. Stock option plan was established to furnish senior managers the option to buy company stock in the future at a predetermined fixed price. The idea was that if the managers contribute to a high level of the company performance, then the company stock should increase in value. This implies that executives will be able to purchase stock at a predetermined price, which theoretically should be lower than the future market price. (Griffin 2006, 456 - 457).

2.4.3 Non-Financial Reward

Organizations with positive ambitions could make available a framework within which high levels of motivation could be accomplished through non- financial reward systems by the provision of opportunities for learning and development. But personal management skills still have a key role to play in deploying their own motivating skills to get individual within their organization to give their best performance by to making good use of the motivational systems and processes provided by the company. (Armstrong 2008, 221)

Recognition is appreciation of performance by the organization of an act done by the team or team member. In common language, it is some time expressed as “I caught you doing something right.” It is an approach of expressing gratitude for the special or extra effort done by an employee within an organization. Recognition has two essential goals: to encourage the employees or team to repeat or continue the behavior and to encourage others employees to do the same. Most team recognition plans fall into celebrating organizational objectives habitually as an event, designed to acknowledge the successful completion of important company goals. This is to create a greater awareness or to remind people of the importance of the goals achieved within the company. For instance, a division of large telecommunications company held an all hands meeting at an off-site facility to celebrate the accomplishment of their goals. (Parker 2003, 125) Recognition, either informal (oral) or formal (written remarks and events), has been the most cost effective way to strengthen required actions for performance within an organization.

However, when recognition is acting in isolation of compensation and equity rewards, it’s frequently loses much of its appeal. (Wilson 2003, 330)²¹ Feedback in particular constructive criticisms is necessary for the expansion and development of the employee. Negative reinforcement such as indicating mistakes and threatening employees with job loss, causes employees to adjust their behavior just enough to avoid punishment. It may get to produce a positive result at the job but it won’t generate enthusiasm. Negative reinforcement produces responses like “That’s not my job” or “I don’t know.” On the other hand, periodic positive performance re-views generate extra or discretionary effort on the part of the employees. Positive feedback motivates the employees to function as a team. Employees will produce responses like “I don’t know but I will find out” or “That’s not my job but I will find someone who can help

you.” Once a year discussions with employees will not produce extraordinary endeavors. (Baum &Zablocki 1996, 135 - 136)

According to Herzberg, managers do not motivate employees by awarding employees higher wages, more benefits or status symbols. Rather, employees are motivated by their own inherent need to accomplish something at a challenging task. The manager’s job then is not to motivate employees to get their tasks achieved; rather, the manager should provide opportunities for people to achieve their task so that they will become motivated. (Marchington& Wilkinson 2005, 368) Moving employees through a diversity of jobs, departments or functions is particularly an excellent approach to expose the employees to challenging task. This is very suitable to employees who have been on a job for a long time and are no longer challenged by the job but rather who have a strong need for activities or change. By open-handed the opportunity to change jobs, the manager has definitely exposed the employees to new challenges and it will enable the employees to put in their best in order to meet up to expectations. (Stone 2003, 40-41). This therefore creates an enabling environment for greater motivation and performance within the organization.

2.5. Empirical Study

In Poland Kirstein 2010 conducted a study in titled as „„The role of motivation in human resource management Importance of motivation factors among future business persons” for the partial fulfillment of M.Sc. in Strategy, Organization and Leadership. The purpose of the study was to find out which motivation factors are considered as the most important by students. The researcher intended to analyze findings in the based on the existing motivation theories. The researcher used questionnaire as data collecting instrument. The study used 152 samples respondents from Aarhus School of Business, and 148 participants from Management and Marketing Department at University of Gdansk (UG).The study find out that Interesting work and Good wages were the most important factors for all students. Based on the finding, future business persons are motivated by factors from many different categories. Therefore, the study suggested that knowing of the factors are the most important to attract, motivate and retain future business person.

In Ethiopia Sileshi (2016), conducted a study on " The effect of employee motivation on workers performance :a survey study on Ethio-Telecom". He studied the relation between Motivational Incentives and Employees Performance in the Ethio-Telecom Enterprise. As a research design he used both quantitative and qualitative research methods. Regarding sampling stratified random and purposive sampling techniques were used . For data collection he used questionnaire and interview. He found out that, there is a positive relationship between incentives and employee motivation towards achieving better performance, on the other hand, the motivational level and the employees' perception on some types of motivational incentives is different.

In Ethiopia Mulatu(2014), investigated a study on " Determinant factors affecting employees performance in Ethio Telecom Zonal Offices: the case of Addis Ababa Zonal Offices" The objective of the paper was to explain the determinants of employees' performance in Ethio telecom within Addis Ababa city by examining the determinant factors of motivation, ability and some bio data variables in Ethio telecom six Zonal offices. The quantitative research approach used. He found out that in Ethio telecom, ability has no significant effect on employees' performance. However, motivation positively determines performance until some stage of experience. He recommended, more in training and development program in order to nourish employees work attitude and behavior.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter describes the methodology which was used for the study. The following research design and approaches, sources of data, sampling techniques, instrument procedures for data collection and data analysis was used.

3.1 Research Design

According to Saunders et al. (2007), research design is the general plan to accomplish the research objectives and to answer research questions. The research design for this study was causal research design. It was help to assess the relationship between the impacts of motivation on employee performance. Survey is a method of data collecting, to find out employs motivation survey method is believe to be a useful instrument to achieve the objective of the study.

3.2. Population, Sample Size and Sampling Techniques for the Study

3.2.1. Target Population

Quality customer service is the key element for a successful business. A number of organization under estimate the importance of customer satisfaction while laying the foundation of their business they focus on the quality of service organization infrastructure but often overlook the fact that it is customers who can make or break a business .Hence quality customer service can benefit a business by providing a company critical lining experience to understand the dynamic of the customer's needs and keep up which latest business trends.

The target population for this research was Ethio telecom's employees who are working in customer service department. The reason behind is the fact that the researcher is an employee of the company at the specified department and has, through personal experiences and many meetings held, observed that the staff at the division are less motivated that other employees at other divisions. Therefore, this study was find out why customer service division staffs are not motivated.

3.2.2. Sample Size Determination

To select determine the sample; Malhorta, Marketing Research: an applied approach, 2007 was used. Therefore, sample selection was determined based on table 1 as follows:

Sample size determination

Table .1 Sample size determination

Population size	Sample size		
	Low	Medium	High
50-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10 000	80	200	315
10000-35000	125	315	500
35001-15000	200	500	800

(Source: MalhortaNaresh, Marketing Research: an applied approach, 2007)

3.2.2. Sampling Procedure

Based on above table population of ethio telecom customer service division 944 means according to applied approach between 501-1200 this Stratified Random Sampling Method was used as a sampling technique. This technique was chosen because it helps to divide the population into separate group like work positions, managerial levels, educational background, gender. Stratified Random Sampling Method is used to support in minimizing bias when dealing with the population. The sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample. The strata are customer service departments those located in Addis Ababa. After determining the sample size, population has been stratified simple, the researcher used simple random sampling to generate the complete sample respondents were selected from each of the departments (strata). After stratified, researcher used lottery method to selected starting point.

Table2.List of customer service division

S.N	Customer service division	No. of employees	Sample size
1	Activation and Registration	57	57/944*125=14
2	Billing and Credit Control	22	3
3	NANA	4	0
4	Customer Profile Management	74	10
5	BONA	1	
6	Retention and Loyalty	50	6
7	Contact Centre	600	79
8	FONA	1	
9	Trouble Ticket	60	10
10	Technical support	21	3
11	Reporting / Operations	17	2
12	On the Job Training	9	1
13	Process & quality	23	3
14	PMO	5	
	Total	944	131

Sources: Ethio telecom from Report section

3.3 Data Sources

The study has used both primary and secondary data sources; the primary data was collected from the field survey using questionnaires and interview. Interviews were conducted with customer service managers and questionnaires were distributed for customer service division staffs. Both interviews and questionnaires included structured and non-structured questions.

Secondary data was obtained through the analysis of various documents relevant to the study. It included reports, thesis, dissertations, journals, historical records and organizational papers which provide baseline information for the study.

3.4. Data Analysis Methods

Analysis, particularly in case of survey or experimental data, involves estimating the values of unknown parameters of the population. Data Analysis can be categorized two types as descriptive analysis and inferential analysis.

motivation package in employee of Ethio telecom customer service division) Researcher has used descriptive analysis such as frequency distribution (Percent), central tendency (mean) and dispersion (standard deviation) to compare their actual practice within the organization based on employees' perception, table was used.

To measure the relationship of variables motivation and performance and to answer the second research question for (what is the relationship between these motivational programs and respective employees' performance?) correlation analysis (chi square and Karl Pearson's coefficient of correlation) was employed, with this statistical analysis. The reason why the researcher used the above technique in order to understand whether there is cause-effect relationship between independent and dependent variables or not. Finally, to address the last research question (How effective is the existing motivation packages?) The researcher was use regression analysis.

3.5 Data Collection Instrument

So as to achieve the research objective, questionnaire and interview were used as data collection instruments. Questions in the questionnaire were adopted from Habatu(2014). The questionnaire was used to measure motivation (independent variable) and employee performance (dependent variable). The researcher used structural and non-structural questionnaires. A five point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used to measure the impact of motivation on employee performance. This instrument was previously used in determinant factors affecting employees' performance in Ethio telecom zonal offices by Habetu(2014). The researcher tested the instruments validity in his study by conducting pilot study before the main study.

3.6. Reliability of the Instrument

Golafshani (2003) defines reliability as the extent to which results of a study are consistent over time and there is an accurate representation of the total population under study. According to Toke *et al.*, (2012), the aim of reliability analysis is to find the extent to which a measurement procedure produced the same result if the process is repeated over and over again under the same conditions. The most common technique used in the literature to assess the scales reliability and stability is use of the Chronbach Alpha Statistics. Chronbach Alpha should be over 0.70 to

produce a reliable scale and any scale with Chronbach Alpha less than this standard should be eliminated Sekaran (2005). The researcher conducted pilot survey on the questionnaire by taking 30 employees, the result of this reliability statistics is 0.828 this means acceptable for main researcher.

Reliability Statistics

variable	Cronbach's Alpha	Item
motivation	.690	22
performance	.750	5
total	.828	27

Own survey result, 2017

3.7.Ethical Considerations

To maintain ethical standards in this research, the researcher was conduct the entire research with following and abiding by the general direction of the Addis Ababa University Senate Legislation (2013), sub article 177.2 about academic exercises, unauthorized information, plagiarism, negligence and falsification. Moreover, based on the accepted ethical issues suggested by Saunders, et al. (2009), the research was conducted according to ethical principle of scientific research that includes:-

Privacy of possible and actual participants was be maintained,

Voluntary nature of participation and the right to withdraw partially or completely from the research process was be granted,

maintenance of the confidentiality of data provided by individuals or identifiable participants and their anonymity was be secured, effects on participants of the way in which the researcher use, analyze and report the data, in particular the avoidance of embarrassment, stress, discomfort, pain and harm.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

Under this chapter the analysis and interpretation were carried out based on the data collected through questionnaire from Customer Service Division. The data was analyzed using Statistical Package for Social Science (SPSS v.20).Based on the methodologies, research design and tools the data was collected from 107 respondents. From the total 131 questionnaire distributed 22 were not correctly filled and rejected. Therefore 107 were effectively used for analysis that shows response rate of 82 percent. This is a good response rate based on Fowler (2002) a 75 percent response rate is considered adequate.

Accordingly, data analysis, discussion and interpretation of the results are presented in the following subheadings: presentation of demographic data and frequency of respondents, analysis of mean, analysis of correlation and regression coefficient. To facilitate ease in conducting the empirical analysis, the results of descriptive analyses are presented first, followed by the inferential analysis. The purpose of this study is to critically assess impact of employee motivation on employee performance in Ethio Telecom Customer Service Division data were collected from employees of Ethio Telecom Customer Service Division in Addis Ababa city.

4.2. Demographic Data Presentation and Analysis

Observing the demographic trend or characteristics of the sample population before starting the data analysis is useful to make the analysis more meaningful for the reader. This part of the questionnaire requested limited amount of information related to personal and demographic status of respondents. The purpose of demographic analysis in this research is to describe the characteristics of the sample such as proportion of male and female in the sample, department of respondents, academic qualification of respondents and experience of respondents. Accordingly these variables are summarized and described in tables 4.1 shown

Table 4.1 Demographic Profile of Respondents

Variable		Frequency	Per cent	Valid per cent	Cumulative Per cent
Gender	Male	49	45.8	44.8	44.8
	Female	58	54.2	55.2	100
Total		107	100	100	
Level education	2nd degree	5	4.7	4.7	4.7
	Degree	99	92.5	92.5	95.3
	Diploma	1	0.9	0.9	2.8
	Certificate	2	1.9	1.9	100
Total		107	100	100	
Age	<25	14	13.1	13.2	13.2
	25-35	89	83.2	84.0	97.2
	36-45	4	3.7	100	100
	45<	0	0		
Total		107			
Total experience	<3year	2	1.9	1.9	1.9
	4-5	1	0.9	0.9	2.8
	5-10	99	92.5	92.5	95.3
	10<	5	4.7	4.7	100
Total		107			
Expe in customer service	<3year	36	31.8	33.7	33.7
	4-5	51	47.7	50.5	84.2
	5-10	10	9.3	9.9	94.1
	10<	6	5.6	5.9	100
Total		107			
Salary	3000-5000	10	9.3	9.3	9.3
	5000-7000	49	45.8	45.8	52.3
	7000-9000	25	23.4	2.4	75.7
	9000-11000	9	8.4	8.4	84.1
	11000-4000	14	15.9	15.9	100
Total		100			
Current position	Supervisor	6	5.6	5.6	5.6
	Coach	10	9.3	9.9	15.8
	Employee	76	71.0	75.2	91.1
	Other	15	8.9	8.9	100
Total		107			

Source: Own survey result, 2017

As stated in section 3.2.2, for the main study, 107 employees were randomly selected as research participant. Of these, 49 (45.8%) were males and 58 (54.2 %) were females. Randomly, this indicates that there is somehow female dominance within the respondents for this study.

Regarding level of education of the respondents, around 99 (92.5%) of respondents are degree graduates; while 1 (0.9%) of them are diploma holders; 2 (1.9%) of the respondents are certificate graduates and the remaining 5 (4.7%) of the respondents are second degree holders. In short, majority of the respondents are first degree holders. Hence employees' development is important to deliver the service effectively. When we have more educated individuals in the organization, organization would be more flourished and the employee performance would increase.

Concerning the age of respondents; which showed 89 (83.2%) of them are between 25-35 age category; 14 (13.1%) of the employees are found below 25 years and the remaining 4 (3.7%) are found in the age category of 36-45 years. Here we can understand that majority of the respondents are found in the age category of 25-35 years old. This means almost all are in productive age.

The table presents comparison of total work experience in Ethio telecom and part of Customer Service Division Experience. Majority 99 of employees has 5-10 years' experience whereas 55 of the respondents have 4-5 years' experience in Customer Service Division. The data confirm that the employees have relevant work experience in Customer Service Division. Therefore, employees of Customer Service Division are appropriately selected.

Salary of the employees categorized based on the following five categories. The first category in this study is 5000 to 7000 birr category. In this category majority 49 (45.8) is found. The next category is from 7000 to 9000 birr category 25 (23.4). The remaining three categories 11000 to 14000, 3000 birr to 5000 and 9000 to 11000 birr is found 14 (15.9), 10 (9.3) and 9 (8.4) respectively.

On the subject of current position employees are found in different positions to mention it 76 (71%) are employee, other positions 15 (8.9%), coach 10 (9.3) and supervisors 6 (5.6%). This implies employees are more participated in the study than management staffs.

4.3. Descriptive Analysis

As it is stated in literatures, mean or average is a measure of central tendency. It offers a general picture of the data without unnecessarily covering one with each of the observations in the data set. In this study, 5 point Likertscale is used and the mean statistical values of the items were evaluated based on these points. Accordingly, the mean scores have been computed for two motivation type financial motivation and non –financial motivation. The average mean result of each typeof motivation together with their respective variables wasseparately presented, analyzed and interpreted as follows.

4.4.Existing Motivation Packages

Analysis has been done for the questionnaire collected from the sample of 107 among employees in the organization and based on that several findings have been gathered which will be discussed in this section. Below the existing motivational package (financial, non-financial) is presented.

4.4.1. Financial Reward

Table 4.2 Financial Motivation

Items	N	Mean	Std. Deviation
Payment compared with other	107	3.4673	1.04897
Payment accordanceemployee.Experience	107	3.4112	1.10704
Payment accordance job responsibility.	107	3.1682	1.16138
provides motivational incentives	107	3.2710	.96710
provides financial rewarded	107	2.8972	1.22038
Retirement benefits and the medical coverage	107	3.4299	1.22945
Reasonablebonuses are given to employees	107	3.3832	1.26375
Periodical increase of salary	107	3.4206	1.09921
Incentives provided by Ethio telecom	107	3.1028	1.14870
Over all Financial motivation	107	3.2869	.62677

Source: Own survey result, 2017

As table 4.2 indicates the means for the analysis for the data gathered through questionnaire showed that most of the participants are satisfied with the financial rewards the company is offering. This can be explained through respondents’ over allmeanwhich is above three (M=3.3,SD= 0.63).This implies that, Ethio telecom has a competitive payment schemes when

compared with other companies. The data in the table, also, illustrates that most of the participants feel satisfied taking in to consideration their salary versus work experience, their payment versus responsibility, incentives, bonuses, and periodical salary increases, which is (M=3.4,SD=1.1), (M=3.1,SD=1.16), (M=3.SD=1.14), (M=3.4, SD=1.09), (67, 67.6%), respectively. Generally, based on the data financial motivation in Ethio Tele com Customer Service Division is highly motivating factor. This indicates that employee is motivated by financial motivation package.

4.4.2. NON-FINANCIAL REWARDED

Table 4.3 Non-Financial Motivation

Items	N	Mean	Std. Deviation
Ethio telecom provides non- financial rewarded	107	3.2617	.98418
Hard working employees are recognized.	107	3.0280	1.30643
Customer service division is best places	107	2.6636	1.40715
Employee involve in the decision making	107	2.8037	1.29905
Conducive Job environment in	107	2.8785	1.19520
Merit based competition for promotion	107	2.7944	1.23425
Fair and transparent administration system	107	2.6168	1.18676
Fair Promotion system	107	2.5888	1.19711
Flexible work hours	107	2.7477	1.27452
Employer and employees discussions on motivation	107	2.7196	1.15574
Recognition for best performer	107	3.2243	1.20775
There is entertaining & recreation Programs	107	2.6075	1.31578
effective performance appraisal	107	2.6075	1.33004
There is opportunity to learn and develop	107	2.8204	.69616
Overall non-financial motivation	107	2.9439	1.17226

According to the findings shown here table 4.3, overall non-financial motivation (M=2.9, SD=0.69) the result indicate that non-financial motivation not a motivating factor when we compare it with financial motivation factors. The mean of the participants (M=2.8.SD=0.56) indicated that employees are not encouraged by the given opportunity to learn and develop in the Customer Service Division. Furthermore, many of the participants are not satisfied with the working environment, it is not conducive, the absence of flexible working hours, lack of fair and transparent administration system, and the inexistence of recreational and entertainment programs, (M=2.8, SD=1.1), (M=2.7, SD=1.2), (M=2.6, SD=1.1) and (M=2.6, SD=1.3) respectively. Sometimes get feedbacks from their management about their work and again big number of them replied that their work is recognized and appreciated by their managers.

Furthermore, little number of the participants replied that they are encouraged by their manager's to take decisions and said that they are usually involved in decision making process. So, more than half of them are not encouraged and involved in decision making task by their employees. This is a point that they are not satisfied and motivated. So, we can comment that the above employees are drive reduction where Sara, Barry, and Kathleen, 2004 mentioned that this approach looks after the relationship between needs and how to fulfill it and every person has certain drives which takes him toward self-actualization and satisfaction.

However, most of the participants feel satisfied by the management support and recognition for best performers in their division ($M=3.2.SD=1.2$). Besides as the respondents in the questionnaire, indicate the management involves employee in the decision making process ($M=2.8.SD=1.2$) which is below the mean; there is a fair promotion system ($M=2.5.SD=1.1$), a discussion between employer and employee on the motivational package is ($M=2.7.SD=1.1$). Therefore, from the above paragraph one can deduce that the non- financial package is not give adequate attention by the management of the division.

4.5. Relationship between Motivation and Performance

In this section of the study relation and impact of motivation (independent) and performance (dependent) variable is presented based on correlation and regression analysis.

4.4.1. Correlation Analysis

According to Field (2005) correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1. The general symbol for the correlation coefficient is „r“. So, a perfect positive relationship ($r=+1.00$) indicates a direct relationship and an „r“ of -1.00 indicates a perfect negative relationship. Hence, in this study Bivariate Pearson Coefficient (r) was used to examine the relationship between the motivation and performance by using a two-tailed test of statistical significance at the level of 95% significance, $P < 0.05$. Interpretation of correlation coefficient (r) size is as follows: if the correlation coefficient falls

Between 0.1 to 0.20, it is slight correlation or small; if it is between 0.20 to 0.40 is low correlation or weak relationship, if it lies between 0.40 to 0.70 moderate; if it falls along 0.70 to 0.90 high correlation or substantial relationship and if it is within 0.90 to 1.00 it is very

high correlation or very strong correlation between variables (B. Burns & R. Burns, 2008). Different studies found out that motivation influence on employees' performance. Frey and Osterloch (2002) explain the relation between performance and motivation. Accordingly they suggested that different people have different goals in their life. Therefore, particular motivators influence performance of individuals differently. However, it is an important factor for most people to be motivated.

Table 4.3 Correlation of Financial Motivation and Performance

Correlations				
		Non-Financial Motivation	Financial Motivation	Performance
Non-Financial Motivation	Pearson Correlation	1	.530**	.706**
	Sig. (2-tailed)		.000	.000
	N		107	107
Financial Motivation	Pearson Correlation		1	.748**
	Sig. (2-tailed)			.000
	N			107
Performance	Pearson Correlation			1
	Sig. (2-tailed)			
	N			
**. Correlation is significant at the 0.01 level (2-tailed).				

The result indicates that the independent variables (financial and non-financial components of motivation) has positive correlation and this correlation magnitude is significant at alpha 0.01 level, r (.530, $P < 0.05$). The non-financial motivation component has also strong positive correlation with employees' performance and this much magnitude of correlation is statistically significant at alpha 0.01 level, r (0.706, $P < 0.05$). Nevertheless, the highest magnitude of correlation is observed between financial component of motivation and employees' performance which is statistically significant at the same alpha level, r (0.748, $P < 0.05$). The implication is that as the motivation schedules increase the work performance of employees also increases and the increment in employees' performance is high as the financial motivation schedules increase.

4.5 Regression Analysis

Regression analysis is a way of predicting an outcome variable from one predictor variable (simple regression) or several predictor variables (multiple regressions) (Andy field, 2009). The model of regression shows how much of the variance in the employees' performance is illustrated by motivation factors.

In this regard, as Garson (2012) noted, if VIF is greater than 5 and if the tolerance is less than .20, the independent variable should be dropped from the analysis due to multicollinearity. Consequently, multicollinearity is not the problem of this model, because, as shown in the following table, VIF of the model is well less than 5 and the tolerance values are also well above .20 for both variables.

Table 4.5. Multicollinearity Coefficients

Model	Collinearity Statistics	
	Tolerance	VIF
Financial Motivation	.719	1.390
Non-Financial Motivation	.719	1.390

Source: own survey result, 2017

This indicated the model is fit to the purpose. This is to say financial and non-financial motivation can examine separately.

Table 4.7 Anova of financial and non -financial motivation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.484	2	17.742	117.112	.000 ^b
	Residual	15.756	104	.151		
	Total	51.240	106			

a. Dependent Variable: Performance

b. Predictors: (Constant), Non_Financial_Motivation, Financial_Motivation

The ANOVA result shows the model is fit to predict employees' performance from financial and non-financial motivation. This because, at $\alpha = 0.05$, the obtained F-value (117.112) is greater than its table value (2,104; $P < 0.05$).

table 4.6 model summary of financial and non -financial motivation model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832 ^a	.693	.687	.38923

a. Predictors: (Constant), Non-financial Motivation, financial Motivation

To assess impact of motivation on employee performance the researcher used regression analysis. Accordingly, the result shows the value of the adjusted R2 is .687. This value implies 68.7% of the variance in performance is explained by financial and non-financial motivation. The prediction equation is $Y = .577x_1 + .43x_2 - .03$.

Table 4.8 Coefficients of Financial and Non-Financial Motivation

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-.030	.210		-.142	.887
	Financial Motivation	.577	.071	.520	8.108	.000
	Non -financial Motivation	.430	.064	.430	6.715	.000

a. Dependent Variable: Performance

Table-4.7 Stepwise regression

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.748 ^a	.559	.555	.46380
2	.706 ^a	.498	.493	.49488
3	.832 ^b	.693	.687	.38923

a. Predictors: (Constant), Financial Motivation

b. Predictors (constant) ,Non-Financial Motivation

c. Predictors: (Constant), Financial Motivation, Nonfinancial Motivation

The stepwise regression indicates that the financial motivation alone predicts 55.5 % of the variance in performance while the non-financial component predicts 49% of the variance as indicated in Table-4.7.

4.7.Discussion

This research found it relevant to discover the impact of motivation on employee performance. Employee performance is directly related to motivational factors. To be effective, managers need to understand what motivates employees within the context of the roles they perform. Of all the functions a manager performs, motivating employees is believed to be the most complex (Bowen, 2000). This is due to the fact that what motivates employees changes constantly.

From the analysis in this study, employee performance is directly related to motivational factors. Majority of the respondents agreed that when well paid their motivation to work for better performance increases. As an employee the salaries will form the bond that will keep them closer with the company. When this need is achieved it will trigger another dimension of thinking to realize another achievement. This perception is in accordance with Maslow's hierarchy of needs which is termed the basic needs (Srivastava 2005, 69). From the findings the psychological state of the employee has a major influence on their motivation. Within this category are collaboration with other employees and frequent company meetings. These attributes creates a friendly working environment which gives rise to higher motivation at work. By referring to Maslow's hierarchy of needs, we realize these attributes will support the belonging needs (Sri-vastava 2005, 69). In addition, letting employees to partake in decision making for the company and employees are free to make decisions for the interest of the company will enable the employees to have an additional motivation. It is, hence, believed to be vital for employees to be involved in decision making within their company. This is because employees at the division are closer to the clients and they can best give feedback about the reactions of clients to the service renders in the company. The utilization of the employee ability, free to make decision at their job area and valuing their services further provides employees of a self-esteem .Hence, as the lower needs are fulfilled it gives the employees additional confidence at their job environment. It therefore activates the desire for the achievement of company targets.

Based on the findings, higher wages for employees will spur their motivation for higher performance. When employees are appreciated when they perform their task in the right manner it stimulates motivation for greater performance. These findings are underscored by the main assumption in Victor Vroom expectancy theory which states that motivation is a product of the anticipated value to a person in an action. (Bose, 2004)

Furthermore, some employees enjoy working in a company where they have job satisfaction. Moreover, some employees still considered a better pay will arouse their motivation at work. On the other hand some employees considered company policies such as contest for best worker, end of year certificates for outstanding employees, internal promotion system and the publication of good performance within the company as aspects which trigger their motivation for high performance. Furthermore, most the respondent are motivate when there are operating in a favorable working condition which include: having daily communication with the boss to note their progress, having a verbal and written appreciation from the boss will increase their motivation for high performance (Saiyadain 2009, 158)

Good working environment is another crucial factor that affects the level of motivation of employee significantly. If organizations become unable to provide better working environment high dissatisfaction will arise from the part of employee"s .But ensuring better working condition may not be a high satisfier.

The survey findings shows that majority of the respondents are more motivated when they take part in general meetings and are given the opportunity to contribute their opinion on the overall company policies. The findings equally illustrates that it is the responsibility of the managers to motivate the employees which creates an enabling ground for high performance within employees.

Employee"s motivation for better performance is so vital in order for the company to achieve its goals. The management of the company should understand the diversity that exists within the company. To summarize this finding, employees at the customer service division have an overall not enough job satisfaction. The employees are not satisfied with their current salary situation at the company which illustrate that financial motivation is important within a company. The finding equally shows that majority of the employees are motivated most to perform when they receive nonfinancial reward. Also, majority of the employees show a great intrinsic value for higher performance.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Major Findings

The purpose of this study was to investigate the impact of motivational packages on employees' performance in Ethio Telecom Customer Services Division. The study was conducted taking samples from customer services division. Customer Services Division was selected for different reasons. Firstly, as to employee discourse customer services division employee in general and Call Center in particular are de motivated. Besides, study conducted by (Meseret, 2016) indicated that in some zones of Ethio Telecom employees are de motivated. This and other factors provoked the researcher to conduct the study in this area.

The main purpose of this study was to investigate the effect of motivation on employee performance in Ethio telecom customer services division. To this end, the following basic research questions were formulated on the basis of the general theme of the study. These are:

How effective is the existing motivation packages?

What is the relationship between these motivational programs and employees' performance?

What is the effect of employee motivation on employee performance in customer service division of ethio telecom?

In order to find answer to those basic questions, related literatures were properly reviewed, and appropriate types of data gathering instruments, questionnaire and interview were used. The study was conducted in Customer Service Division of Ethio Telecom. Out of 944 employees the questionnaire is distributed to 131 employee however, 107 were returned and included in the study. Finally, the collected data were analyzed both quantitatively and qualitatively. To analyze quantitatively statistical tools such frequency, percentage, mean, standard deviation, correlation and regression were employed. Data collected through interview is analyzed by employing thematic analysis. Therefore, on the ground of analysis made on the data, the following major findings were identified.

Based on the results, the first category has focused on assessing the findings of financial motivators. In this category

All the financial related benefits which include; (Better Salary, bonuses, different allowances, compensations have been conversed. As a result, majority of the respondents seemed to be happy on the financial aspect, which can be explained over all financial mean, were around 3.3 points.

The second category of the survey results were focusing on non-financial motivators, in this topic all motivational tools like (Recognition, Training opportunities, Participation, Merit based Competition.), have been discussed. In most cases, the respondents have expressed their dissatisfaction as the overall non-financial motivation average mean were below 3 points.

Relationship between motivation and performance is positive means if employee motivation is increase then performance of employee is increase, significant relationship is also found at 0.01

Correlation is observed between financial component of motivation and employees' performance which is statistically significant at the same alpha level, $r (0.748, P < 0.05)$. Impact of employee motivation on employee performance is regression result r is 0.686 value indicates that there is almost 68% variation in the dependent variable (performance) due to a one unit change in the independent variable (motivation). financial motivation is correlated with employee motivation 55% and non-financial is 49 %.

5.2. Conclusion

The study attempted to identify the effect of motivation on employee performance. It examined the relationship between motivation and employees' performance. In conclusion, since the non-financial motivation factors are below the average mean, this indicates that there is a poor relationship between the management and employees and there is a gap in making the work environment more socially attractive for employees. As a result, employees might be demotivated in their work and this will have a negative impact on their performance. This implies that employees' love and belongingness and need for affiliation is not up to the required level to impact the performance of employees and increase the effectiveness of the Ethio Telecom. However, the presence of a financial motivation program has a better impact on employees' performance as a result employees, due to their better financial income, are more motivated to remain in their position in Ethio Telecom. This implies that financial motivation has an impact to retain more employees but it is not a sufficient motivation factor to increase the performance of employees.

5.3 Recommendations

Based on the findings of this study and the reviewed literature, financial and non-financial motivation are significant relationships with employee performance.

Based on the findings of the study, the following possible recommendations were forwarded:

- ✓ According to Maslow's theory, financial motivation is important to fulfill basic and psychological needs like shelter, food, and water. Ethio Telecom, also, requires to provide financial reward to motivate employees by taking into consideration their needs as per the standard.
- ✓ Customer Service Division manager needs to encourage employees to develop their skills and potential to increase performance and realize the company's mission.
- ✓ Ethio Telecom must create a conducive work environment in the Customer Service Division which is suitable for customer communication, encouraging one another, avoiding negative attitudes, and giving feedback.
- ✓ Managers must be aware of individual and group differences in motivation. Employees need various motivation packages which motivate for one division or department.

may de motivate the other division and department. Motivation is deferent from department to department based on their work type, it will be vital to prepare an inclusive motivation package.

- ✓ Before provide motivation package, managers need to conduct a survey how employee feel about benefit, recognition and other aspect that contribute to increase employee performance.
- ✓ Ethio telecom customer service division must focus on both financial and Non – financial motivation packages.
- ✓ Human resources management in an organization take an important role to decrease de motivation and increase employee performance .Constructive relationship between teams and manager to employees can minimize problem with non-financial motivation, customer services worker are the one who build good image for the company. So applying different motivationpackagethat suits for customer service division will definitely lead it toward high motivated people and employees with high rate of performance.
- ✓ Moreover, those recommendations are believed to be seen as good practices to achieve the high motivated and performance employees. Not only motivated people will enhance the business productivity, but also employees will be more innovative and creative which might find other beneficial ways of doing the work with considering cost saving and high quality.
- ✓ Generally, implementing motivating employees in an organization is has positive output process, it has to be done with high concentration and care from the decision makers. It also needs to be done with a high priority task and awareness should be there for employees.

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ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Dear madam / Sir,

My name is Genet Mosisa, and I am graduate student of Human resource management in Addis Ababa University, School of Commerce. I am currently gathering data for my Thesis in titled as “IMPACT OF EMPLOYEE MOTIVATION ON EMPLOYEE PERFORMANCE”. As part of my assessment, I will ask you about several issues related to the subject of my study. I would like you to know that all information you provide today will be strictly confidential and will be used solely for academic consumption. Please complete all the given statements otherwise incomplete responses will not fulfill researcher’s requirements and also it will not take much of your time to complete all of the questions. To this end, your genuine and prompt response is a valuable input to achieve the objective as well as for the quality and successful completion of the research.

Thank you in advance for taking time to complete the questionnaire.

General Instruction

- ✓ There is no need of writing your name;
- ✓ In all case where answers options are available, Please make circling on appropriate numbers, and/ or put mark (✓) in the appropriate box; that indicate your response to the question.
- ✓ In case of any inquiry about this questionnaire or if you get difficulty in responding for the questions, you can call me through my cell phone or contact me thorough the following email address;

Email: - [genetMosisa@ethiotelecom .et](mailto:genetMosisa@ethiotelecom.et)

Phone: - +251-930011630.

PART ONE

I. Demographic Information

This section of the questionnaires refers to general information about your background. The information will allow the researcher to compare groups of respondent based on their response on the study area. Please tick (\checkmark) the boxes which are more applicable for your biographical information or write on the space when it is necessary.

1. **Date of response** _____

2 **Gender** Male Female

3 **Age** Below 25 25-35 35-45 Above 46

4 **Your Education Level**

Certificate Diploma First Degree Masters other
specify _____

5. **How long have you worked in Ethio telecom ?**

Below 3 years 3-5 5-10 Above 10 years

6. **How long have you worked in department of customer service?**

Below 2 years 2-4 5-10 Above 10 years

7. What is your current position

(A) supervisor (C) employee
(B) coach (D) Other ?specify _____

8. What is your current salary level ?

(A) 3000-5000 Birr (C) 7000-9000 Birr (E) 11000-14000 Birr
(B) 5000-7000 Birr (D) 9000-11000 Birr (F) 15000- Birr and above _____

PART TWO

Questions about Motivation

This section of the questionnaires prepared to collect data about the related to motivation. Please indicate the extent to which you agree or disagree with each statement **by tick (√) a box to a correspondent number.**

No	Items	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Payment inEthio telecom is competitive compared with other organizations.					
2	Payment in Ethio telecom is in accordance with workExperience of the employee.					
3	Payment inEthio telecom is in accordance with job responsibility.					
4	Ethio telecom provides employees with motivational incentives					
5	Ethio telecom provides financialrewarded					
6	Ethio telecom provides non- financial rewarded					
7	I am satisfied with the incentives provided by Ethio telecom.					
8	Financial incentives motivates more than non-financial incentives.					
9	I frequently receive financial rewards					
10	The retirement benefits and the medical coverage provided by Ethio telecom is sufficient					
11	Reasonable bonuses are given to employees based on the company profit					
12	Hard working employees are recognized.					
13	Customer service department motivation package higher than other departments					
14	Customer service department motivation package lower than other departments					
15	Job performance is highly influenced by motivational package of Ethio telecom					
16	Employees, who receive frequent feedback concerning their performance, are usually more motivated than those who do not					
17	Organizational motivation highly contributes for job accomplishment					
18	Customer service department is best places to work					
19	The management involve employee in the decision making process					
20	There is a reasonable periodical increase of salary in the					

