



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS**

**EFFECTS OF MOTIVATION ON EMPLOYEE PERFORMANCE: A CASE
STUDY IN COMMERCIAL BANK OF ETHIOPIA NORTH ADDIS ABABA
DISTRICT CITY BRANCHES**

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This is to certify that this thesis prepared by Muluken Feleke Abdecho, entitled; “*Effect of motivation on employee performance: A case study in commercial bank of Ethiopia north Addis Ababa district city branches*” and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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DECLARATION

I, **Muluken Feleke Abdecho**, hereby declare that the thesis work entitled “**Effect of motivation on employee performance: A case study in commercial bank of Ethiopia north Addis Ababa district city branches**” is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestions of the research advisor. This study submitted by me for the award of the degree of Master of Business Administration (MBA) in graduated studies of Addis Ababa University College of business and Economics at Addis Ababa, Ethiopia, it is original work and it has not been submitted for the award of any Diploma or Degree or other similar titles of any other university or institution.

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This Thesis has been submitted for examination with my approval as a University advisor.

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LIST OF ACRONYMS AND ABBREVIATIONS

CBE	Commercial Bank of Ethiopia
CL	Car loan
EN	Enhanced salary
EP	Employee performance
FB	Fringe benefits
ML	Mortgage loan
SPSS	Statistical package for social sciences
WE	Working environment

ABSTRACT

Employee's motivation is crucial for any business to survive and prosper in today's competitive business world. Realizing this, the main aim of this research was to analyze the effect of motivation on employee performance in the case of commercial bank of Ethiopia north Addis Ababa district city branches with the motivational dimensions of enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition, and working environment. The study used primary and secondary data sources. Simple random sampling technique and purposive samplings were employed. Questionnaire was designed to collect relevant data from the selected 125 respondents 120 questionnaires were completed and analyzed. Both descriptive and inferential analytical techniques were used. Statistical Programme of Social Science (SPSS) version 20 tool was used to generate data that was presented in tables as was necessary. The multiple regressions result indicated that all the independent variables had positive relation and significant effect on employee performance. Correlation analysis also used in this study based on this, all variables had positive relationship with employee performance. The regression result showed that the independent variables used in the study explain 86% variability on employee performance. The study concluded that all the independent variables such as enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition, and working environment had positive relation and significant effect on employee performance. Finally, recommendation forwarded as all the independent variables have positive relation and significant effect on employee performance the bank needs to work on these motivational variables continuously and consistently with a due attention to attract, motivate, satisfy and retain its staffs as this works directly proportional to the employee performance which is the base for the bank to prosper and to be a leading competitive bank in the industry.

Keywords: *motivation, performance, employee, salary, mortgage, promotion and recognition.*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Commercial Bank of Ethiopia plays significant roles in national, regional and global economies and the best sources of providing products to customers are its staffs. Employees can create a good perception and long-lasting image in the eyes of banks customers by offering excellent service. Petcharak(2004), stated that motivation of employees has a significant role in attaining maximum level of satisfaction to bank's customers.

The banking industry is one of the most competitive and more globalized sector as the highly use of information communication technology by banks across the world operating in the sector. Even though, information technology has become the back bone of all banks in the financial sector at the global level, human resource is still remains invaluable in the highly digital banking industry, because all the jobs performed by banks cannot be performed exclusively by electronic devices such as automated teller machines (ATM), point of sale (POS), computers or other similar devices. Ombati (2010), stated that services are intangible and categorized into high-touch and high-tech services. The primary one services are more dependent on human beings and the later one services are primarily based on the use of information technology devices but the firms still demand human beings to operate them.

In using staffs to provide services, it is not good to completely rely on the number of staffs employed, year of experience, qualification and their capability but motivating them adequately and consistently is also necessary. Robbins and Judge (2018), stated that motivation is the force that energizes, direct and consistently maintain an individual's effort towards the accomplishment of a goal. In the presence of capability and willingness a motivated staffs will exert maximum efforts towards the accomplishment of organizational objectives. The difficult task for this day's management is to run motivational packages which will motivate staffs to enhance their job performance. Today's management of firms in the banking industries are therefore

implementing different kind of motivational packages not only to retain staffs and also to achieve competitive advantage.

The research has proposed useful recommendations for enhancing the employees' performance. The findings of the research have support academicians in broadening the existing body of knowledge in the area of motivation and its impact on performance. Additionally, the findings of the research has benefit the human resource management of the firm and others, by providing an opportunity to deeply view the benefits of using different variables that has studied in this research, to foresee the variables that affect the performance of employees and develop corrective actions to exploit their best performance.

1.2 Statement of the Problem

The desire to improve productivity and efficiency in any firms has led to raising academic interest about motivation over the years. Academicians have been highly interested in figure outing as what factors are affecting the level of motivation to work. Therefore, for both academicians and practitioners of human resource management motivation has become an important issue (Loretta Sarpong, 2016). Motivation is not simple thing rather it is a complex and it is about providing for the employees the appropriate guidance, plan or direction, resources and incentives that stimulates the employees to achieve the organizational goal (Ludhans, 1992).

Employees of an organization are one of the most valuable assets. Motivated staffs are loyal to their organization and keeping motivated staff builds an organization and reduces the cost of recruitment and training. Mullins (2006), one of the major responsibilities of managements in any organization is motivating their staffs effectively. According to Omollo (2015, p.88), "the loss of employees represent a loss of skills, knowledge and experiences which can create a significant economic impact and cost to corporations as well as impacting the needs of customers. Managers who can motivate employees assist the organization by improving employee retention." Anthony Kusi (2014), as employees is not motivated adequately they will quit their organization and inversely as they motivated adequately in a consistent manner they become loyal to their organization.

Commercial Bank of Ethiopia is using several approaches in order to motivate and maintain employees by providing mortgage loan, car loan and various fringe benefits in addition to basic salary. Unfortunately, the bank still faces the challenges of employee retention, high cost of recruitment, training, increased competition, and high rate of technological growth especially the mobile phones that now offer banking services for example M-birr, Hello cash & others. The probability of potential and experienced staff moving from this bank to other banks is a source of worry because they need to be replaced at a higher cost to fill the gap. The data from the bank corporate human resource office showed that the total number of staffs leaved CBE in the last five years are 4,490 and the number of staffs leave the bank increase from year to year as the figures revealed in year 2014 the number of staffs leaved CBE are 430, by the year 2015 increased to 616, in year 2016 the figure is 709, in year 2017 the figure increased to 1,097 and in the next year 2018 as of December 31 the number of staffs leaved the bank increased in a shocking manner to 1,638. The bank incurred a lot of millions for these staffs starting from recruitment up to their resignation the cost of recruitment, cost for training and education, medical cost and others.

The bank should also need to give attention to the loss of competitive advantage strategies specially related with the loss of vice presidents and directors because as the data from the bank corporate human resource office showed that the number of directors and vice presidents resigned their job in the last five years are twenty five including the bank president. As evidenced by Commercial Bank of Ethiopia labor union press release in the presence of known TV stations held in Addis Ababa exhibition center in 23 July, 2018 Commercial Bank of Ethiopia employees are faced by problems of feeling de-motivated and overworked specially in the recent period related with the new structure launched by the bank. As the loss of staffs lead to a loss of knowledge and experiences that have a big economical influence to the firm and affecting the customers need thus in the light of these that the research intends to look into the effects of motivation on the performance of employees at CBE North Addis district city branches this is the essence of the study.

1.3 Objectives of the Study

The general objective of the study is to analyze the effect of motivational packages on employee performance at CBE. The specific objectives are:

- To examine the effect of salary on employee performance at CBE.
- To assess the effect of house (Mortgage) loan on employee performance at CBE.
- To assess the effect of car loan on employee performance at CBE.
- To evaluate the effect of fringe benefits on employee performance at CBE.
- To assess the effect of promotion on employee performance at CBE.
- To assess the effect of recognition on employee performance at CBE.
- To examine the effect of working environment on employee performance at CBE.

1.4 Research Questions

The research has addressed the following specific questions:

- What is the effect of salary on employee performance at CBE?
- How do Mortgage loan affect employee performance at CBE?
- How do car loan affect employee performance at CBE?
- What is the effect of fringe benefits on employee performance at CBE?
- What is the effect of promotion on employee performance at CBE?
- How does recognition affect employee performance at CBE?
- How does working environment affect employee performance at CBE?

1.5 Hypothesis of the Study

In light of the specific objectives, the following hypotheses are investigated;

H1: Enhanced salary has positive relation and significant effect on employee performance.

H2: Mortgage loan has positive relation and significant effect on employee performance.

H3: Car loan has positive relation and significant effect on employee performance.

H4: Fringe benefits has positive relation and significant effect on employee performance.

H5: Promotion has positive relation and significant effect on employee performance.

H6: Recognition has positive relation and significant effect on employee performance.

H7: Working environment has positive relation and significant effect on employee performance.

1.6 Significance of the Study

The study is important in so many ways. It would reveal:

Whether these packages improve employee performance and how organizations can strategically maximize their employees' potentials and benefit from it. The findings of the research therefore give important information to policy makers and human resource managers of the bank to consolidate or revise ways of motivating staffs of the bank. The results of the research have also added to the existing body of knowledge on the area of motivation and its effect on performance and academically the study is vital for future advanced studies in this area.

1.7 Delimitation of the Study

Even though North Addis Ababa district of CBE has 58 city branches, the study is limited to ten purposively selected city branches namely Silassie, Arat Killo, Arada Giorgis, Kidiste Mariam, Mehateme Ghandi, Yared, Shiro Meda, Birhanena Selam, Menbere Patriarik and Ras Mekonnen. Although the population size is finite which requires sample size determination formula but the sample size determined through the formula made the collection of data unmanageable, and the study has utilized standardized table which is representative.

1.8 Organization of the Paper

This thesis had been structured in five chapters as follows. Following introduction in the first chapter, chapter two contained a review of literature. The research methodology were presented in chapter three. Specifically, this chapter shows the Population and Sampling Techniques, Research Design, Instruments of Data Collection and Method of Data Analysis. In chapter four, the results and findings of the study were discussed. Finally, the last chapter encompassed the summary of findings, conclusions drawn and recommendations of the results.

CHAPTER TWO

RELATED LITERATURE REVIEW

Introduction

This chapter reviews related theoretical and empirical literature on the subject matter. The relevant literature would be reviewed under the following outline: motivation and corporate performance in the banking sector, theories of motivation, effects of motivation on employee performance, the motivational packages, level of employee motivation, performance appraisal methods, employee performance measurement, research gap and conceptual framework.

2. Motivation and Corporate Performance in the Banking Sector

2.1 The Concept of Motivation

According to Robbins and Judge (2018), motivation is an intensity, direction, and persistence of an employee's effort in order to accomplish a goal." Intensity is about how strongly an individual attempts. Majority of us concentrate on intensity when we think about motivation but high intensity not assure best output unless it is through with the right direction that consistent with the firm objective and benefits the firm. The persistence dimension is about how long an individual keep up its attempts. Motivated staffs staying on the job long enough to attain their objectives.

Motivation can be categorized into extrinsic and intrinsic motivation. Extrinsic motivation is related to external factors like salary and fringe benefits and promotion. Intrinsic motivation is related to internal factors like job satisfaction, responsibility, challenging work and achievement, appreciation and recognition (Kinicki, Cole, Digby, & Natash, 2014).

Firms focus on how employees consistently be motivated by those both extrinsic and intrinsic motivations as their target is to ensure that employees are performing their job as directed to the organizational goals. Various authors are stated that motivation has a goal directed behavior. Mullins (2006), stated that, motivation is essentially interested with why and how an employee's exert their maximum effort what we called intensity, for a long period of time as to achieve their

goals even with difficulties what we called persistence, towards a specific goal what we said direction.

2.2. Theories of Motivation

There are many theories that trying to elaborate the nature of motivation. Mullins, et al. (2006), classified those theories in to two broad categories Content theories and Process theories.

2.2.1. The Content (Need) Theories

Content theories are trying to elaborate those specific issues which really motivate an employee at work. Theories under this category are deals with identifying employee's needs and their comparative ability, and the objectives they pursue to satisfy these needs. Generally, content theories focus on the nature of needs and the factors what motivates. Theories that are included under content theories are Hierarchy needs theory (Maslow's hierarchy of needs), ERG theory, Herzberg Two Factor Theory and Acquired needs theory (McClelland's/Learned need theory).

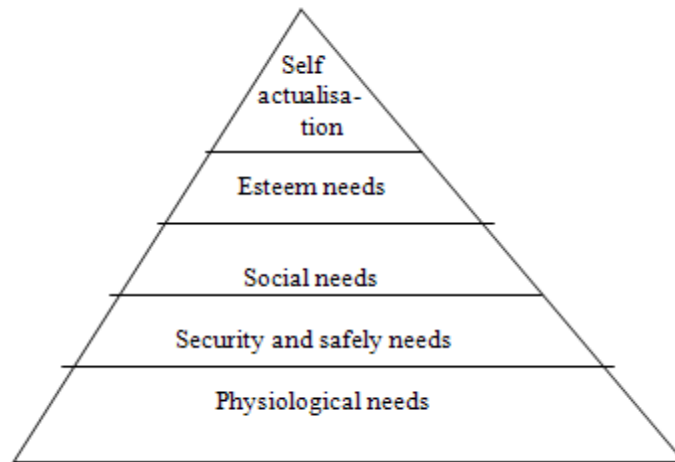
2.2.1.1. Hierarchy Needs Theory (Maslow's Hierarchy of Needs)

Abraham Maslow's hierarchy of needs theory is the most popular content (need) theory of motivation (Kinicki et al. 2014). He listed out that each person has a hierarchy of five needs:

- Physiological needs: the needs for food, shelter, clothe, and other basic needs.
- Safety needs: the needs for security and protection.
- Social needs: the need for affection, acceptance, belongingness, and friendship.
- Esteem needs: the need for internal esteem and esteem of others, internal esteem includes self-respect, confidence, independence, strength, achievementand esteem of others includes reputation, status, recognition, attention and appreciation.
- Self-actualization need: the need for achieving one's potential, and self-fulfillment, becoming what one is capable of becoming.

As each of these needs essentially satisfied, the next need becomes more crucial and essentially satisfied need will no longer motivate. Therefore, if someone needs to motivate somebody, according to Maslow, first it is necessary to understand the level of hierarchy that person is currently on and emphasis on satisfying that person's needs.

Figure 2.1 Hierarchy Needs of Abraham Maslow's



Source: Brooks (2006), Organizational Behavior (3rded.).

2.2.1.2. ERG Theory

It is an alteration or adjustment of hierarchal needs of Abraham Maslow and it's introduced by Clayton Alderfer. Kinicki et al. (2014), according to Alderfer basic human needs classified in to three groups namely Existence, Relatedness, and Growth. The existence group is about basic material necessity which what listed in physiological and safety needs of Maslow. The relatedness is about the needs for developing relevant interpersonal relationships and it's related with social need and esteem of others need of Maslow's. The growth is about intrinsic desire for personal development and aligns with Maslow's need for internal esteem and self-actualization need. According to Alderfer's ERG theory in addition to replacing five needs to three, two needs may go simultaneously.

2.2.1.3. Herzberg's Two Factor Theory

There are two factors namely hygiene factor and motivators that affect motivation and performance. According to Mullins et al.(2006),The hygiene factors are organizational policy, work conditions and external to the job itself and become reason to dissatisfaction if not present and if present no dissatisfaction but not satisfaction. The motivating factors are those factors if present used to motivate employees to enhance performance which are accomplishment,

recognition, accountability, work itself and intrinsic to the job itself and become reason to satisfaction if present however, if absent cause to no satisfaction but not dissatisfaction.

2.2.1.4. Acquired-Needs Theory of David McClelland's

It is also named as Learned Need Theory or the Three-Need Theory. Kinicki et al. (2014), as the name indicates the three-needs theory emphasis on three needs namely achievement, power, and affiliation.

- Achievement need: The force to succeed, to attain the plan.
- Power need: The need to influence others in order to behave in attaining organizational goal.
- Affiliation need: The need for good friendly interpersonal relationship.

2.2.2. Process Theories

Process theories: trying to identify the relationship between the dynamic variables which increase motivation. These theories are interested more with how behavior is begun, directed and maintained. Process theories focus on the real process of motivation. The theories under process theories are Expectancy theory, Equity theory, Goal theory and Attribution theory.

2.2.2.1. Expectancy Theory

According to DuBrin (1978), how hard an employee does their job actually depends on what they anticipate to benefit in achieving organizational goal to satisfy their personal goal is the basic assumption of expectancy theory.

2.2.2.2. Equity Theory

According to Mullins et al. (2006), Equity theory emphasis on employee's feelings of how fairly they are treated in an evaluation of relative to the treatment others received for the same type of job and performance of job.

2.2.2.3. Goal Theory

It is one of the basic functions of the management to support the employees in order to achieve their goals and to give the required guidance and/or assistance in order to ensure that the employee's goals are compatible with the organizational goals (Kinicki, et al. 2014).

2.2.2.4. Attribution Theory

According to Brooks (2006), Attribution is the key reason for both our behavior and others behavior and it can be internal and external attribution. The internal attribution comes from our personal attributes and we have some control over it whereas, the external attribution comes from external factors in the organization.

2.3. The Effects of Motivation on Employee Performance

The best way to make the staff hard worker and enjoying the job is motivation. Companies in this dynamic and competitive world are attempting to consistently develop and motivate their staffs to assist in achieving high performance with various motivational packages. (Shahzadi, Javed, Pirzada, Nasreen, & Khanam, 2014). Even though, employees with specific, measurable, attainable, realistic and time bounded what we called smart objectives, the required skills and experience they are not perform their best without adequate motivation.

Mullins et al. (2006), Companies success is highly dependent on its employees motivation level whether they are experienced or not, professional or not their motivation to exert maximum effort and abilities that directed to the organizational goal is the bottom line of organizational success. Therefore, to delight the customer first companies are expected to delight their staffs which leads to customer satisfaction and delight which is the base for today's business survivability. The challenge for today's management is to motivating their employees consistently to provide excellent service beyond the customer expectations which is the secret of most successful companies in our competitive world (Shahzadi et al. 2014).

2.4. Employee Motivational Packages

The concern of the study is to analyze the effect of motivational packages on the performance of CBE employees because motivational packages has a major impact on the performance of employees by linking the individual or employee's need (goal) with organizational goals. Companies that is able to motivate their staffs consistently by different motivational variables their staffs will be satisfied, be loyal to their company and performs their best that leads to customer satisfaction and organizational success and prosperity. There are different motivational variables that affect the performance of employee's like enhanced salary, promotion, house loan scheme, car loan scheme, fringe benefits, working environment, recognition and so on.

2.4.1. Money

Money is a major motivating variable for most of peoples in different form either in salary and fringe benefits or in other form that satisfies various needs. Money is a crucial factor for human beings to meet basic physiological needs and safety need. In addition as money gives ability to purchase something that indicate the status of that person money also satisfies esteem needs (Ofelia Robescu, 2016). CBE considers enhanced salary is a major motivating variable for most of its employees and works on it in a continues manner (CBE Informer, 2016). Money in the form of salary and fringe benefits, house loan scheme, car loan scheme or in any other form given to employees for their performance, money is crucial. According to Koontz & Weihrich (1990); Edwin (1993), as cited in Omollo (2015), in order to ensure money as a successful reward tool for achievements employees done the compensation must be depends on their performance.

2.4.2. Recognition

Recognition is a reward for well performed staffs. Companies recognize their staffs in various ways either orally or in written form and officially or inversely but the important thing is that as money is not the only factor under any condition to motivate employees, today companies use recognition as a motivational variable to increase their staffs motivation without incurring much expense (Ofelia Robescu, 2016). Various authors state that recognition has significant impact on the performance of employees as the same as other factors. CBE considers recognition as one of the most important intrinsic motivational factor to motivate its employees (CBE Informer, 2017).

2.4.3. Working Environment

In today's modern and intensive competitive business world companies have a legal and social responsibility to create a supportive working environment that is free from unnecessary hazards and companies must be recognize that the need to create conducive work environment for their staffs and spend a lot to bring this pleasant work environment to their staffs in order to survive and prosper their business for a long period of time (Decenzo & Robbins, 2010). Employees need that their working environment to be safe for their physical as well as mental health with the necessary and adequate tools and equipment that support their comfort and achieving the organizational goal by performing their best.

2.5. Levels of Employee Motivation

According to Robbins et al. (2018), there are three levels of employees' motivations.

- (1) The direction; it refers to consistency with organizational goal.
- (2) The level of intensity; it refers to how strongly an employee's attempt.
- (3) The level of persistence; it refers to how long an employee's keep up its attempt.

Kinicki et al. (2014), the level of motivation is different from one person to other person and even it is different in one person at different circumstances. Organizational staffs satisfaction will leads to customer satisfaction which in turn leads to organizational success. In today's competitive world companies are trying to retaining staffs that have the abilities to provide excellent service because the satisfactions of their customers rely on their staffs to deliver excellent service to their customers (Khan, 2010).

2.6. Employee Performance Measurement

According to Porter and Lawler (1968), as cited in Chen and Silverthorne (2008), there are three types of performance measurement. The first one is measure of production rates or outcome rates. The second type of measure is evaluating one person performance by other person. The third type of measures is self-appraisal and self-evaluation. Appraisal is the process of assessing employee's performance against with the predetermined goals (Decenzo & Robbins, 2010). According to CBE employees are measured by early reporting to work, staying on the job,

delight to customers, respect amongst colleagues and loyalty to the bank to achieve the predetermined and cascaded goals of the bank.

2.6.1. Performance Appraisal

Decenzo et al. (2010), Performance appraisals must communicate and know how well an employee's done the predetermined goals. It is advisable to have two way communications in setting goals as well as in performance measurement between the employees and the management because this process by itself affects the motivation of an employee's.

Staffs of an organization need to know as how well they do their job and willing to get feedback in order to ensure as they are performing towards the organizational goal. The evaluation of staffs assists the organization to grow, fill the gap, to facilitate training and development programs for the staffs. Performance appraisal is the process of assessing an employee's performance relative to the predetermined goals (Dessler, 2013).

2.6.2. Performance Appraisal Purpose

According to Dessler et al. (2013), there are five reasons to appraise employee's performance.

- * First, for compensation and retention decisions purpose.
- * Second, appraisals have a major impact in the overall performance management process.
- * Third, the appraisal gives the opportunity to the management and employees to develop corrective actions for deficiencies, and to reinforce the good job of employees.
- * Fourth, appraisals help to prepare future career planning in light of SWOT analysis.
- * Finally, the appraisals help to identify training and development needs of employees to the management.

2.6.3. Performance Appraisal Methods

Decenzo et al. (2010), stated that there are three ways for measuring employee's performance appraisalsuch as (a) absolute standards, (b) relative standards and (c) outcomes. Each has its own strengths and weaknesses and there is no a single approach always best.

2.6.3.1. Absolute Standards

It is the process of measuring employee's performance relative to the predetermined goals. It is related to a condition that employees are compared to a predetermined goals and their evaluation is free from other staffs in a work group (Decenzo, et al. 2010). Absolute standard also called the old method for performance appraisal of staffs. There are different appraisal methods that included in absolute standards such as the graphic rating scale, the checklist, critical incident appraisal, forced choice and behaviorally anchored rating scales.

2.6.3.2. Relative Standards

In this approach the employees are compared relative to other employee's performance. It is relative standards measure rather than absolute measure. There are also different appraisal methods that included in relative standards such as group order ranking, individual ranking and paired comparison.

2.6.3.3. Outcomes/Objectives

Employees are assessed on how well they achieve a particular objective that has been predetermined as important organizational goal. This approach is also called Management by Objectives (MBO). Management by objectives is a process that changes organizational objectives in to employee's objectives (Decenzo, et al. 2010). There are four points that are common to MBO such as time bound, participative decision making, specific goals and performance feedback.

2.7. Empirical Literature Review

Empirical literature review is to discuss different previous researches in relation to this study.

Thomas Owusu (2012), conducted a research on effects of motivation on employee job performance. The research intends to evaluate the motivational packages available at Ghana Commercial Bank and the way how it influences the staff performance towards the corporate goals. The research identified that companies can apply different motivational packages to motivate staffs in the banking environment. The staffs are interested in enhanced salaries, fringed

benefits, promotion, and car loans as motivating variable to motivate the bank staffs as to give out their best performance. The study also revealed that the core functions of the bank is mainly performed by clericals and their numbers are more than their supervisors to this end adequate motivational packages should be provided to the clerical workers in order to assure customer satisfaction. The research also revealed that convenience office environment has first time impression on the customers and the wellbeing of the staffs.

Omollo (2015), conducted a research on effects of motivation on employee performance. The main purpose of the research was to evaluate the impact of motivation had on the performance of employees of the Kenya Commercial Bank in Migori County. The research also interested on the demotivating variables such as lack of promotion, irrational over load, unfair working hours and absence of recognition. The researcher revealed that monetary incentives highly affect the staff performance and also job enrichment as well as convenience working environment with a fair and rational work load would significantly affects the motivation level of employees.

Alalade (2015), also conducted a research on effects of motivation on employee performance. The main purpose of the research was to analyze the impact of motivation on performance of staffs in the Nigerian Banks. The research find out that staffs are frequently motivated with average mean of 3.938 and average standard deviation of 0.93383. Additionally, the research was find out that the level of performance of the organizations involved are excellent with average mean of 4.12 and standard deviation of 0.85553. The major finding of the research revealed that motivation has a significant impact on employees' performance. The researcher advises that banks should use different motivational packages for their employees in order to enhance their performance and firms in the future may face more challenge to develop motivational packages that attracts and motivate as well as retain their staffs.

Loretta Sarpong (2016), conducted a research on the effect of motivation on the performance of employees of Ecobank Limited, Knust Branch and Stadium branch. The main purpose of the study is to examining motivation and its impact on employee performance. The research find out that truly there is a clear relationship between motivation and performance and money is the most key motivational variable to employees and employees are becoming interested to the intrinsic motivation in stepwise. The research also find out that, management can use various

motivational variables such as house loan, car loan, enhanced salary and fringe benefits and promotion to motivate employees and enhance their performance. The researcher advises that it's necessary to give opportunity to staffs to participate in decision making and concluded that 86.7% of the respondents confirmed that they are enjoying their job because of different motivational packages available for them.

Belly Onanda (2015), also researched on the effects of motivation on employees job performance. The research analysis the impact of employee motivation on performance of 7 selected Kenya commercial bank region of coast. The study revealed that even though KCB is making various efforts in order to motivate their employees but still the challenge exists. The motivated staffs always enhance their performance by performing their best to achieve the organizational goal. The researcher advises that bank managements need to update themselves to issues related to employee motivation to satisfy and retain their employees as well as survive and prosper their business.

Mohamedi (2013), conducted a research on effects of motivation on employee performance. The main purpose of the research was to evaluate the effect of employee motivation on performance in Tanzania banks. The research find out that enhanced salary, promotion and recognition are weighty motivational factors for staffs of Tanzania Postal Bank. The research observed that TPB does not provide any mortgage loan to its staffs and customers. The researcher advises that TPB should offer mortgage loan to their staffs as one motivational variable and the management as much as possible need to avoid the room of bias in measuring performance. The researcher also advises that the bank should invest seriously on employees training and development because the customer satisfaction mainly depends on them.

NurunNabi, Islam M, Dip TM, Hossain AA (2017), conducted a study on Impact of Motivation on Employee Performances. The main purpose of the research was how motivational packages affect the performance of employee for excellence in Karmasangsthan Bank Limited, Bangladesh. The research revealed that if staffs are positively motivated their efficiency and effectiveness enhances extremely for attaining organizational goals.

Shahzadi et al. (2014), conducted a research on effects of motivation on employee performance. The main purpose of the research is to identify what motivational packages affect employee motivation in Pakistan and analyze the level of motivation that affects the employee performance. The research revealed that employee motivation has a significant and positive relationship with employee performance. The research also revealed that staffs seen training effectiveness has a negative relationship with motivation. They are not interested with the training delivered to them and this negatively affected their motivation.

2.8. Research Gap

From the above and other empirical literatures, there are a lot of studies done on the effects of motivation on employee performance. Kusi (2014), conducted a research on the effects of motivation on job performance of local government employees in Ghana, Robescu (2016), also conducted a research on the effects of motivation on employees performance in companies in Romania. The studies revealed different findings and some of the find outs are contradicting because researchers have emphasized on different organizations, industries and countries. But the question persists that why companies still face motivational problems which hinder the level of organizational performance.

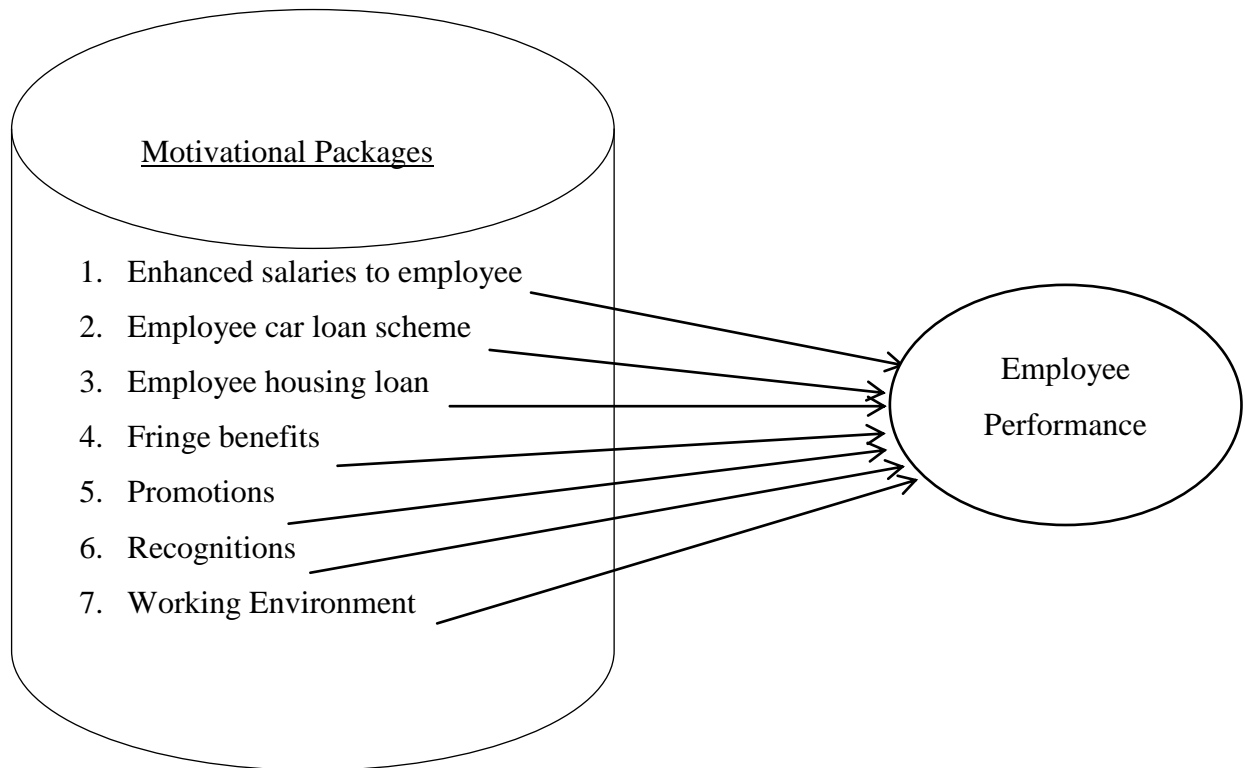
Commercial Bank of Ethiopia is using several approaches in order to motivate and maintain employees. Unfortunately, a gap still persists in establishing the effects of motivation on employee performance. Therefore, the baseline of this study is required to investigate what and how employee motivation is contributing to general performance and organizational objectives and goals in Commercial Bank of Ethiopia, particularly in North Addis district city branches.

As far as my reading concerns there is no prequel literature or research conducted on the effects of motivation on employee performance in commercial bank of Ethiopia. In other words, no major assessment has been made on effects of motivation on employee performance in commercial bank of Ethiopia. In addition, in my preliminary observation commercial bank of Ethiopia is playing significant role by creating job opportunity for many employees and maintaining the economy of the country. However, regarding the effects of employee motivation empirical studies fail to investigate by taking commercial bank of Ethiopia as a case study.

Therefore, in this study, the researcher will try to fill this gap through assessing the effects of motivation on employee performance in commercial bank of Ethiopia.

2.9. Conceptual Framework

Figure 2.2 Conceptual Frame Work



Source: The Researcher (2018)

In Figure 2.2 the dependent variable is employee performance. The independent variables are those variables listed under the motivational packages which are the source of employee motivation that affects employee performance.

To sum up, the theories and concepts of motivation, effects of motivation on employee performance, the motivational packages, the levels of employee's motivation, performance appraisal methods, employee performance measurement, the research gap, conceptual framework were discussed.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter describes the methodology that has used for the study. The main issues discussed here are research design, research population, sample and sampling technique, source of data and data collection methods, and method of data analysis.

3.2 Research Design

Research design is a general plan for the collection and analysis of data (Robert & Richard, 2008). It is the blueprint for satisfying research objectives and answering research questions (John, 2007). It assures that the research is pertinent to the problem and that it uses economical procedures.

The research design for this study was both descriptive and explanatory research design to evaluate the relationship between the effect of motivational packages and employee performance. The reason behind using descriptive study design was that the researcher had no control the variables rather than only report what is happened in the area where the research is conducted. According to Kothari (1990), the major purpose of descriptive research is to describe the state of affairs as it exists at present. This study used descriptive analysis that describes the effect of motivational packages on employee performance. Descriptive research design was employed for detail description of the findings displayed in tables. This study also was used explanatory research design, to explain understand, predict and control the cause and effect relationships between variables. The research approach is qualitative and quantitative in outlook. Research tools are the methods of data collection (e.g. questionnaire, observation, document analysis). The research tools that were used for the study are questionnaires and interviews.

3.3 Sampling Techniques for the Study

All the things considered in any field of study constitute a population. It can be presumed that in such study when all the things are covered and no element is left and the optimal accuracy is obtained. Population refers to the whole group of people, events or things of interest that the researcher interested to study (Sekaran, 2006).

Actually only a few items from the population were selected for the study purposes. The items so selected constitute what is technically called a sample. Sekaran et al. (2006), sample is part of the population that has attributes as the whole population. According to Catherine Dawson (2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. In this study the total population of the study was 518 employees of CBE in those ten branches as of August, 2018 obtained. To select the sample; the Malhorta Naresh (2007), Marketing Research: an applied approach was used to determine the sample size. Hence in table 3.1, the above population size categorized in the seventh row and the samples to be used as lowest (32), medium (80), and highest (125), in this study the highest sample size 125 employees were selected.

Table 3.1 Sample Determinations

Population size	Sample size		
	Low	Medium	High
51-90	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
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

(Source: Malhorta Naresh, Marketing Research: an applied approach, 2007)

After determining the sample size, respondents were selected from each of those ten branches based on proportional allocation as shown in the following table. In selecting the representatives following the method of proportional allocation under which the sizes of the samples from different branches are relatively kept proportional to the sizes of the branches. Thereafter, every respondent was selected randomly from each branch to give equal chance of selection since the study targeted to all staffs.

Table 3.2 List of branches

Branches	No. of employees	Sample size
Silassie	74	$74/518 \times 125 = 18$
AratKillo	75	18
Kidiste Mariam	60	14
MehatemeGhandi	65	16
Yared	40	10
BirhanenaSelam	35	8
ShiroMeda	41	10
AradaGiorgis	73	18
MenberePatrarik	30	7
RasMekonnen	25	6
Total	518	125

3.4 Method of Data Collection of the Study

The study was depending on primary data that was collected from the staff and some secondary data. The primary data was collected from the field survey using questionnaires and interview schedules. The interviewee includes branch managers and customer service managers in each of the ten branches. The questionnaires comprised both close-ended and open ended questions. The secondary data was sourced from different journals and annual reports of the bank.

3.5 Research Model

The research model for this study was regression model. The variables included for this study are: Enhanced Salary (ES), Mortgage Loan (ML), Car Loan (CL), Fringe Benefits (FB), Promotion (P), Recognition (R), and Working Environment (WE).

Thus, the model will be:

$$Y = \beta_0 + \beta_1(x_1) + \beta_2(x_2) + \beta_3(x_3) + \beta_4(x_4) + \beta_5(x_5) + \beta_6(x_6) + \beta_7(x_7) + u$$

$$EP = \beta_0 + \beta_1(ES) + \beta_2(ML) + \beta_3(CL) + \beta_4(FB) + \beta_5(P) + \beta_6(R) + \beta_7(WE) + u$$

Y=dependent variable

β_0 = is the intercept term- it gives the average value of Y when the stated independent variables are set equal zero.

β_1 = the coefficient of Enhanced Salary

X1 = Enhanced Salary

β_2 = the coefficient of Mortgage Loan

X2 = Mortgage Loan

β_3 = the coefficient of Car Loan

X3 = Car Loan

β_4 = the coefficient of Fringe Benefits

X4 = Fringe Benefits

β_5 = the coefficient of Promotion

X5 = Promotion

β_6 = the coefficient of Recognition

X6 = Recognition

β_7 = the coefficient of Working Environment

X7 = Working Environment

u = error term

EP = Employees Performance, dependent variable.

3.6 Data Analysis and Presentation

The data collected has been processed using the statistical package for social science (SPSS) 20 by using descriptive analysis to analyze the effect of motivation on employee performance in CBE. As many modern days regression packages including SPSS 20 report by a 95% confidence interval, the researcher has assumed a 95% confidence level for this thesis. The results of

the study were showed in tables and graphs. Both qualitative and quantitative methods of data analysis were used for the study.

3.7. Validity and Reliability Test

3.7.1. Validity

Validity represents how well a variable measures what it is supposed to measure more simply, validity is the accuracy of measurement (Saunders, 2003). In order to ensure the validity of this study and data collection instrument, a pilot survey was conducted on randomly selected 15 employees by making use of the questionnaire developed for this study in order to ensure that the questionnaire is appropriate and statements are generally understandable. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed and distributed.

The instruments selected can help to show motivational factors that affect performance of employees. It can clearly address how these factors affect the performance of employees in commercial bank of Ethiopia north Addis Ababa district city branches. The relevant data was collected on the motivational factors that affect the job performance of individuals which can better indicate the relationship between factors and the performance of employees. Moreover, to have valid conclusion, inferential statistical model was used to test the relationship between the variables.

3.7.2 Reliability Test

According to Sekaran (2006), reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of the measure. Thus the extent to which any measurement procedure produces consistent results over time and an accurate representation of the total population under study is referred to as reliability. Reliability refers to the extent to which the data collection techniques or analysis procedure yield consistent findings (Saunders, 2003). The research used Cronbach's Alpha as a measure of internal consistency. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are correlated to one another (Sekaran, et al. 2006).

Table 3.3 below, was a summary of the reliability test based on the Cronbach alpha coefficient for the five Scales items in the survey instrument. The Cronbach alpha value was mainly 0.892 and is thus considered as good.

Table 3.3 Summary of Reliability Test

Scale	No. of item	Cronbach Alpha
Enhanced Salary	5	.729
Mortgage Loan	5	.885
Car Loan	5	.768
Fringe Benefits	5	.705
Promotion	5	.722
Recognition	5	.710
Working Environment	3	.729
Employee Performance	5	.746

Source: own survey, 2019

As Cronbach's alpha reliability test was run on the data collected to determine the reliability of the data. Results showed that all the values were above 0.70 indicating acceptable reliability (Table 3.3). According to Hair (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability.

3.8 Ethical Considerations

As suggested by Trochim, (2000); and Sekaran, (2006), the researcher warranted the strict devotion of the following ethical conducts: Respondents take part in the research voluntarily and data was collected based on the purpose of the research was clearly explained to respondents, Information provided by respondents was treated with strict confidentiality and the researcher ensured that participants will remain unknown throughout the study and There was no misrepresentation or distortion of the actual data collected from respondents.

CHAPTER FOUR

DISCUSSION AND RESULT

The purpose of this research was to analyze the effect of motivational packages on employee performance at CBE: A study conducted in north Addis Ababa district city branches of Commercial Bank of Ethiopia. Data Analysis of the findings generated from the results of survey which were conducted through the questionnaires. This chapter presented a discussion of the final results and the process through which the results obtained. In addition to this, background information of respondents also presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a regression analysis through SPSS version 20.

4.1 Response Rate

A total of 125 questionnaires were distributed and the response rate was indicated in the table below.

Table 4.1 Response rate

Items	Response Rate	
Sample Size	125	100%
Collected	120	96%
Remain Uncollected	5	4%

Source: own survey, 2019

From the above table 4.1, 125 questionnaires were distributed and 120 questionnaires (96%) collected and 5 questionnaires (4%) were remaining uncollected.

The socio-demographic description of respondents, presented for analysis included

- a. Gender of respondent,
- b. designation of respondent,
- c. number of year's respondents have been working.

4.1.1 Gender of Respondents

Table 4.2 Gender of Respondents

Gender		Frequency	Percent
Valid	Male	79	65.8
	Female	41	34.2
	Total	120	100

Source: own survey, 2019

Table 4.2 presents the background information of the respondents of the study. The survey showed that from 120 samples of respondents Male respondents represent 65.8 Percent, and the rest 34.2 percent were females. It clearly indicates that majority of the respondents were male.

4.1.2 The Designation of Respondents

Ideally, a holistic view of the designation of employees of CBE revealed four different designations and they are customer service officers, senior customer service officers, Customer Service managers, Branch managers. The respondents of the study consist of 8.3% branch managers, 12.5% customer service manager, 12.5% senior customer service officer and the remaining 66.7% customer service officers. This helps the study to get the opinion of the mass that always need and sense to the effect of motivational packages on the performance.

Table 4.3 Designation of respondents

Job Position		Frequency	Percent
Valid	CSO	80	66.7
	SCSO	15	12.5
	CSM	15	12.5
	BM	10	8.3
	Total	120	100

Source: own survey, 2019

4.1.3 Years Respondents have been working with CBE.

Table 4.4 Years Respondents have been working with CBE.

Work Experience		Frequency	Percent
Valid	<3 years	35	29.2
	3-5 Years	59	49.2
	6-10 Years	17	14.1
	>10Years	9	7.5
	Total	120	100

Source: own survey, 2019

Majority of the respondents that is, (49.2%) have been worked with the bank for 3- 5 years, 29.2% of respondents have been worked for less than three years and 14.2% of the respondents have been worked for 6-10years and the remaining few (7.5%) of the respondents have been worked for greater than 10 years. This means in any case that majority of the employees are not entitled to and have received motivational packages in one way or the other if only it is awarded on the basis of time scale . As the company provide loan for car and housing after the 3 years of service, the problem is that these staff might not have received the housing loan or car loan which is a source of extrinsic motivation for them to stay on the job. In other word the number of years an employee remains in the employment of the bank enhances his/her Chances of getting motivated.

4.2. Data Reliability

Cronbach's alpha reliability test was run on the data collected to determine the reliability of the data. Results showed that all the values were above 0.70 indicating acceptable reliability (Table 4.5). According to Hair (2006), if α is greater than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. Reliability scale of the overall variables high as indicated in next page which is 89%.

Table 4.5 Cronbach's Alpha**Reliability Statistics**

Cronbach's Alpha	N of Items
.892	8

4.3. Descriptive Statistics Analysis**Table 4.6 Effect of Enhanced Salary on Employee Performance**

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	The salary scale of the bank is rational	11(9.3)	25(20.8)	40(33.3)	34(28.3)	10(8.3)	3.06
2	My current salary enables me to cover my basic needs so I can fully concentrate on my job	6(5)	23(19.2)	44(36.6)	41(34.2)	6(5)	3.15
3	There is periodical increase in salary	7(5.8)	19(15.8)	52(43.4)	36(30)	6(5)	3.13
4	The periodical increase in salary is considering to the real world	31(25.8)	44(36.7)	23(19.2)	14(11.6)	8(6.7)	2.37
5	The periodical salary enhancement make my customer service very delighted	6(5)	13(10.8)	65(54.2)	31(25.8)	5(4.2)	3.13
	Mean of enhanced salary effect on employee performance						2.99

Source: own survey, 2019

Enhanced Salary: - it is a motivational package to employees to perform their best. In the above **table 4.6 item 1**, 9.2 percent of respondents said strongly disagree, 20.8 percent of the respondents said disagree, 33.3 percent of the respondents were fair, 28.3 percent of the respondents agreed and 8.3% of the respondents were strongly agreed. The majority of the respondents said fair with 33.3% to the salary scale of the bank is reasonable and the respondents who said strongly agree were the least (8.3%). This implies that the majority of the respondents were moderate on the salary scale of the bank is reasonable.

In item 2. My current salary enables me to cover my basic needs; the majority of respondents said fair with 36.6%, 19.2% of the respondents disagreed, 34.2% of the respondents were agree, 5% of the respondents strongly agreed and 5% of respondents were said strongly disagreed. So, the majority of the respondents said that their current salary fairly enables them to cover their basic needs. This implies that the majority of the respondents were moderate on their current salary ability to cover their basic needs.

In item 3. There is periodical increase in salary; the majority of respondents said fair with 43.3%, 30% of the respondents were agree, 15.8% of the respondents were disagree, 5.8% of the respondents were strongly disagreed and the least 5% the respondents said strongly agreed. So, most of the respondents were fair on the existence of periodical increase in salary. This implies that most of the respondents believe that the existence of periodical increase in salary.

In item 4. The periodical increase in salary is considering to the real world; the 25.8 percent of the respondents were strongly disagree, 36.7 percent of the respondents were disagreed, 19.2 percent of the respondents were fair, 11.7 percent of the respondents were agreed and 6.7 percent were strongly agreed. The majority of the respondents were said disagree and strongly disagree with 36.7% and 25.8% respectively to the salary enhancement considerable to the real world and the respondents who said strongly agree were the least (6.7%). This implies that most of the respondents were disagree to the periodical increase in salary is considering to the real world.

In item 5. The periodical salary enhancement make my customer service very delighted; 5% of the respondents were strongly disagreed, 10.8 % were disagree, 54.2% the respondents were fair, 25.8% of the respondents were agreed and 4.2% of the respondents preferred strongly agree. The majority of respondents selected were fair which is 54.2% and 4.2% are the least for strongly

agree. This implies that the majority of the respondents were moderate on the periodical salary enhancement influence in their customer service. We can conclude that from the above explanations that majority of the respondents were moderate in their response and they are not entirely dependent on salary enhancement to excel their service to delight the customers rather they also look on various extrinsic and intrinsic motivational packages as a whole to exert their best effort.

Table 4.7 Effect of Mortgage Loan on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	The time period to benefit mortgage loan is rational	6(5)	34(28.3)	41(34.2)	34(28.3)	5(4.2)	2.08
2	The mortgage loan limit provided to the staffs is satisfactory	6(5)	26(21.7)	49(40.8)	32(26.7)	7(5.8)	3.07
3	The mortgage loan engineering estimation is competitive with market price	6(5)	7(5.8)	42(35)	53(44.2)	12(10)	3.12
4	The mortgage loan repayment interest rate is rational	6(5)	18(15)	45(37.5)	39(32.5)	12(10)	3.28
5	The mortgage loan repayment period is rational	6(5)	13(10.8)	65(54.2)	31(25.8)	5(4.2)	3.13
	Mean of mortgage loan effect on employee performance						2.94

Source: own survey, 2019

Item 1, table 4.7: The time period to benefit mortgage loan is rational; 5 percent of respondents said strongly disagree, 28.3 percent of the respondents said disagree, 34.2 percent of the respondents were fair, 28.3 percent of the respondents agreed, 4.2% of the respondents were strongly agreed. So, most of respondents were fair on the time period to benefit mortgage loan is rational and the strongly agreed respondents were the least (4.2%). This implies that the majority of the respondents were moderate on the time period to benefit mortgage loan is reasonable.

Item 2, The mortgage loan limit provided to the staffs is satisfactory; 5 percent of respondents said strongly disagree, 21.7 percent of the respondents said disagree, 40.8 percent of the respondents were fair, and 26.7 percent of the respondents agreed and 5.8 percent of the respondents were strongly agreed. So, most of respondents were fair on the mortgage loan limit provided to the staffs is satisfactory and the strongly disagreed respondents were the least with 5%. This implies that the majority of the respondents were moderate on the mortgage loan limit provided to the staffs is satisfactory.

In item 3, The mortgage loan engineering estimation is competitive with market price; 5% of the respondents were strongly disagreed, 5.8% of the respondents were disagree, 35% of the respondents were fair, 44.2% of the respondents were agreed and 10% of the respondents preferred strongly agree. The major respondents selected agree which is 44.2% of them and 5% are the least for strongly disagreed. This implies that the majority of the respondents were agreed on the mortgage loan engineering estimation is competitive with market price.

In item 4, The mortgage loan repayment interest rate is rational; 5% of the respondents were strongly disagreed, 15% of the respondents were disagree, 37.5% of the respondents were fair, 32.5% of the respondents were agreed on the mortgage loan repayment interest rate is reasonable and 10% of the respondents preferred strongly agree. The major respondents were fair which accounts 37.5% and 5% are the least for strongly disagreed. This implies that the majority of the respondents were moderate on the mortgage loan repayment interest rate is reasonable.

In item 5, The mortgage loan repayment period is rational; 5% of the respondents were strongly disagreed, 10.8% of the respondents were disagree, 54.2% of the respondents were fair, 25.8% of the respondents were agreed on the mortgage loan repayment period is rational and 4.2% of the respondents preferred strongly agree. The majority of respondents were selected fair and agreed

with 54.2% and 25.8% respectively. This implies that most of respondents believe that the mortgage loan repayment period is reasonable. We can conclude that from the above explanations that majority of the respondents were moderate in mortgage loan of the bank.

Table 4.8 Effect of Car Loan on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	The only new brand car loan procedure of the bank is rational	6(5)	17(14.2)	61(50.8)	24(20)	12(10)	3.16
2	The time period to benefit car loan is rational	6(5)	12(10)	60(50)	35(29.2)	7(5.8)	3.21
3	The car loan engineering estimation is competitive with market price	5(4.2)	13(10.8)	64(53.3)	27(22.5)	11(9.2)	3.22
4	The car loan repayment period is rational	2(1.7)	17(14.2)	65(54.1)	30(25)	6(5)	3.18
5	If the bank allows used car loan the staffs will be more motivated	5(4.2)	10(8.3)	54(45)	36(30)	15(12.5)	3.38
	Mean of car loan effect on employee performance						3.18

Source: own survey, 2019

Item 1, table 4.8 The only new brand car loan procedure of the bank is rational; 5 percent of respondents said strongly disagree, 14.2 percent of the respondents said disagree, 50.8 percent of the respondents were fair, 20 percent of the respondents agreed and 10% of the respondents were strongly agreed. So, most of respondents were selected fair on the only new brand car loan

procedure of the bank is reasonable and the strongly disagreed respondents were the least (5%). This implies that the majority of the respondents were moderate on the only new brand car loan procedure of the bank is reasonable.

Item 2, The time period to benefit car loan is rational; 5 percent of respondents said strongly disagree, 10 percent of the respondents said disagree, 50 percent of the respondents were fair, and 29.2 percent of the respondents agreed and 5.8 percent of the respondents were strongly agreed. So, most of respondents were fair on the time period to benefit car loan is reasonable and the strongly disagreed respondents were the least with 5%. This implies that most of the respondents were moderate on the time period to benefit car loan is reasonable.

In item 3, The car loan engineering estimation is competitive with market price; 4.2% of the respondents were strongly disagreed, 10.8% of the respondents were disagree, 53.3% of the respondents were fair, 22.5% of the respondents were agreed and 9.2% of the respondents preferred strongly agree. The major respondents selected fair which is 53.3% of them and 4.2% are the least for strongly disagreed. This implies that most of respondents believe that the car loan engineering estimation is competitive with market price.

In item 4, The car loan repayment period is rational; 1.7% of the respondents were strongly disagreed, 14% of the respondents were disagree, 54.1% of the respondents were fair, 25% of the respondents were agreed on the car loan repayment period is reasonable and 5% of the respondents preferred strongly agree. The major respondents were fair which accounts 54.1% and 1.7% are the least for strongly disagreed. This implies that most of respondents believe that the car loan repayment period is reasonable.

In item 5, If the bank allows used car loan the staffs will be more motivated; 4.2% of the respondents were strongly disagreed, 8.3% of the respondents were disagree, 45% of the respondents were fair, 30% of the respondents were agreed on if the bank allows used car loan the staffs will be more motivated and 12.5% of the respondents preferred strongly agree. The majority of respondents were selected fair and agreed with 45% and 30% respectively and 4.2% are the least for strongly disagree. This implies that most of respondents believe that if the bank allows used car loan the staffs will be more motivated. We can conclude that from the above explanations that majority of the respondents were moderate in car loan of the bank.

Table 4.9 Effect of Fringe Benefits on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	There is adequate level of allowances	6(5)	18(15)	59(49.1)	29(24.2)	8(6.7)	3.13
2	The different allowances and yearly bonuses of the bank is rational	6(5)	17(14.2)	52(43.3)	33(27.5)	12(10)	3.23
3	The various allowances of the bank is considerable to the real world	7(5.8)	13(10.8)	49(40.8)	40(33.3)	11(9.3)	3.29
4	There is a fair allowance between all staffs of the bank	11(9.2)	17(14.2)	54(45)	31(25.8)	7(5.8)	3.05
5	The various allowances of the bank enhances the staffs life standard and motivate to stay longer at the bank	7(5.8)	11(9.2)	56(46.7)	35(29.2)	11(9.2)	3.10
	Mean of fringe benefits effect on employee performance						3.20

Source: own survey, 2019

Fringe Benefits: - are a motivational factors in various allowance form and able to compensate the gap in basic salary to employees. In the above **table 4.9.item 1**, 5 percent of respondents said strongly disagree, 15 percent of the respondents said disagree, 49.2 percent of the respondents were fair, 24.2 percent of the respondents agreed and 6.7% of the respondents were strongly agreed. The majority of the respondents said fair with 49.2% to the existence of adequate level of

allowances and the respondents who said strongly disagree were the least (5%). This implies that most of respondents believe that the existence of adequate level of allowances.

In item 2. The different allowances and yearly bonuses of the bank is rational; the majority of respondents said fair with 43.3%, 14.2% of the respondents disagreed, 27.5% of the respondents were agree, 10% of the respondents strongly agreed and 5% of respondents were said strongly disagreed. This implies that most of respondents believe that the different allowances and yearly bonuses of the bank are reasonable.

In item 3. The various allowances of the bank is considerable to the real world; the majority of respondents choose fair which account 40.8%, 33.3% of the respondents were agree, 10.8% of the respondents were disagree, 9.2% of the respondents were strongly agree and the least 5.8% of the respondents said strongly disagreed. This implies that most of respondents believe that the various allowances of the bank is considerable to the real world.

In item 4. There is a fair allowance between all staffs of the bank; 9.2 percent of the respondents were strongly disagree, 14.2 percent of the respondents were disagreed, 45 percent of the respondents were fair, 25.8 percent of the respondents were agreed and 5.8 percent were strongly agreed. The majority of the respondents were selected fair and agree with 45% and 25.8% respectively to the fairness of allowances between all staffs of the bank. This implies that most of respondents believe that there is a fair allowance between all staffs of the bank.

In item 5. The various allowances of the bank enhances the staffs life standard and motivate to stay longer at the bank; 5.8% of the respondents were strongly disagreed, 9.2 % were disagree, 46.6% the respondents were fair, 29.2% of the respondents were agreed and 9.2% of the respondents preferred strongly agree. The majority of respondents were selected fair and agree with 46.6% and 29.2% respectively. This implies most of the respondents believe that the various allowances of the bank enhance the staffs' life standard somehow and motivate to stay longer at the bank.

Table 4.10 Effect of Promotion on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	There is adequate opportunity to promotion	15(12.5)	29(24.2)	39(32.5)	31(25.8)	6(5)	2.87
2	The promotion is through effective performance appraisal system	35(29.2)	39(32.5)	26(21.6)	17(14.2)	3(2.5)	2.28
3	Working hard in CBE awards promotion	34(28.3)	35(29.2)	25(20.9)	19(15.8)	7(5.8)	2.02
4	The bank benefits its staffs in various form in relation to promotion that improves their life standard	13(10.8)	19(15.8)	48(40)	29(24.2)	11(9.2)	3.05
5	The bank promote me rationally so that I have no intention of resigning	25(20.8)	26(21.7)	30(25)	29(24.2)	10(8.3)	2.18
	Mean of promotion effect on employee performance						2.48

Source: own survey, 2019

Item 1, table 4.10 There is adequate opportunity to promotion; 12.5 percent of respondents said strongly disagree, 24.2 percent of the respondents said disagree, 32.5 percent of the respondents were fair, 25.8 percent of the respondents agreed, 5% of the respondents were strongly agreed. So, most of respondents were fair on the opportunity to promotion and the strongly agreed respondents were the least (5%). This implies that the majority of the respondents were moderate on the adequacy of opportunity to promotion.

Item 2, The promotion is through effective performance appraisal system; 29.2 percent of respondents said strongly disagree, 32.5 percent of the respondents said disagree, 21.6 percent of the respondents were fair, and 14.2 percent of the respondents agreed and 2.5 percent of the respondents were strongly agreed. The majority of respondents were said disagree and strongly disagree with 32.5% and 29.2% respectively and only few 2.5% of respondents were strongly agreed. This implies that majority of respondents were believe that the promotion is not through effective performance appraisal system.

In item 3, Working hard in CBE awards promotion; 28.3% of the respondents were strongly disagreed, 29.2% of the respondents were disagree, 20.9% of the respondents were fair, 15.8% of the respondents were agreed and 5.8% of the respondents preferred strongly agree. The majority of respondents were said disagree and strongly disagree with 29.2% and 28.3% respectively and 5.8% are the least for strongly agreed. This implies that majority of respondents were disagree on working hard in CBE awards promotion.

In item 4, The bank benefits its staffs in various form in relation to promotion that improves their life standard; 10.8% of the respondents were strongly disagreed, 15.8% of the respondents were disagree, 40% of the respondents were fair, 24.2% of the respondents were agreed on the bank benefits its staffs in various form in relation to promotion that improves their life standard and 9.2% of the respondents preferred strongly agree. The major respondents were fair which accounts 40% and 9.2% are the least for strongly agreed. This implies that majority of respondents were moderate on the bank benefits its staffs in various form in relation to promotion that improves their life standard.

In item 5, The bank promote me rationally so that I have no intention of resigning; 20.8% of the respondents were strongly disagreed, 21.7% of the respondents were disagree, 25% of the respondents were fair, 24.2% of the respondents were agreed on the bank promote me rationally so that I have no intention of resigning and 8.3% of the respondents preferred strongly agree. The majority of respondents were selected fair with 25% and 8.3% are the least for strongly agreed. This implies that majority of respondents were moderate on thebank promote me rationally so that I have no intention of resigning.

Table 4.11 Effect of Recognition on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	There is adequate level of recognition for staffs in the bank	6(5)	14(11.7)	61(50.8)	33(27.5)	6(5)	3.16
2	I report work early, stay at nights, works on weekends and holidays so that I can be rewarded with appreciation letter	6(5)	23(19.2)	44(36.6)	41(34.2)	6(5)	3.15
3	The bank recognizes and acknowledges my work so that its enjoyable to go work	7(5.8)	19(15.8)	52(43.4)	36(30)	6(5)	3.13
4	When I get recognition my customer service is very delighted	11(9.2)	22(18.4)	55(45.8)	25(20.8)	7(5.8)	3.05
5	Excellent customer service resulted from recognition increase deposit mobilization of the bank	6(5)	13(10.8)	65(54.2)	31(25.8)	5(4.2)	3.13
	Mean of recognition effect on employee performance						3.12

Source: own survey, 2019

Recognition: - it is one of the most important intrinsic motivational factors that affect employee performance. In the above **table 4.11 item 1**, There is adequate level of recognition for staffs in the bank; 5 percent of respondents said strongly disagree, 11.7 percent of the respondents said disagree, 50.8 percent of the respondents were fair, 27.5 percent of the respondents agreed on there is adequate level of recognition for staffs in the bank and 5% of the respondents were

strongly agreed. So, most of the respondents were selected fair and agree with 50.8% and 27.5% respectively. This implies most of the respondents believe that there is an adequate level of recognition for staffs in the bank.

Item 2, I report work early, stay at nights, works on weekends and holidays so that I can be rewarded with appreciation letter; 5 percent of respondents said strongly disagree, 19.2 percent of the respondents said disagree, 36.7 percent of the respondents were fair, and 34.2 percent of the respondents agreed and 5 percent of the respondents were strongly agreed. So, most of respondents were selected fair and agree with 36.7% and 34.2%. This implies majority of the respondents believe that the bank rewards with appreciation letter for early report, stay at night, works on weekends and holidays.

In item 3, The bank recognizes and acknowledges my work so that its enjoyable to go work; 5.8% of the respondents were strongly disagreed, 15.8% of the respondents were disagree, 43.3% of the respondents were fair, 30% of the respondents were agreed on the bank recognizes and acknowledges my work so that its enjoyable to go work and 5% of the respondents preferred strongly agree. The majority of respondents selected fair and agree with 43.3% and 30% respectively. This implies majority of the respondents believe that the bank recognizes and acknowledges the work so that its enjoyable to go work.

In item 4, When I get recognition my customer service is very delighted; 9.2% of the respondents were strongly disagreed, 18.3% of the respondents were disagree, 45.8% of the respondents were fair, 20.8% of the respondents were agreed on when I get recognition my customer service is very delighted and 5.8% of the respondents preferred strongly agree. The major respondents were preferred fair which accounts 45.8% and 5.8% are the least for strongly agreed. This implies majority of the respondents were moderate on when I get recognition my customer service is very delighted.

In item 5, Excellent customer service resulted from recognition increase deposit mobilization of the bank; 5% of the respondents were strongly disagreed, 10.8% of the respondents were disagree, 54.2% of the respondents were fair, 25.8% of the respondents were agreed on excellent customer service resulted from recognition contributes positively to deposit mobilization of the bank and 4.2% of the respondents preferred strongly agree. So, most of respondents were

selected fair and agreed with 54.2% and 25.8% respectively. This implies majority of the respondents were believe that excellent customer service resulted from recognition contributes positively to deposit mobilization of the bank.

Table 4.12 Effect of Working Environment on Employee Performance

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	I feel as I am safe in my work place	6(5)	18(15)	50(41.7)	33(27.5)	13(10.8)	3.24
2	I have the necessary tools and equipment adequately to perform my tasks efficiently and effectively	16(13.3)	21(17.5)	42(35)	34(28.4)	7(5.8)	2.97
3	The overall working environment of the bank is good	6(5)	14(11.7)	61(50.8)	33(27.5)	6(5)	3.20
4	Mean of working environment effect on employee performance						3.14

Source: own survey, 2019

Working Environment: - it is also one of the most important intrinsic motivational factors that affect employee performance. In the above **table 4.12 item 1**, I feel as I am safe in my work place; 5 percent of respondents said strongly disagree, 15 percent of the respondents said disagree, 41.7 percent of the respondents were fair, 27.5 percent of the respondents agreed on I feel as I am safe in my work place and 10.8% of the respondents were strongly agreed. The major respondents selected fair which accounts 41.7% of them and 5% are the least for strongly disagreed. This implies majority of the respondents were moderate on feeling safe in their work place.

Item 2, I have the necessary tools and equipment adequately to perform my tasks efficiently and effectively; 13.3 percent of respondents said strongly disagree, 17.5 percent of the respondents said disagree, 35 percent of the respondents were fair, and 28.3 percent of the respondents agreed and 5.8 percent of the respondents were strongly agreed. So, most of respondents were selected fair and agree with 35% and 28.3% respectively and 5% are the least for strongly agreed. This implies majority of the respondents were moderate on the availability of the necessary tools and equipment adequately to perform their tasks efficiently and effectively.

In item 3, The overall working environment of the bank is good; 5% of the respondents were strongly disagreed, 11.7% of the respondents were disagree, 50.8% of the respondents were fair, 27.5% of the respondents were agreed on the overall working environment of the bank is good and 5% of the respondents preferred strongly agree. So, the majority of respondents were selected fair and agreed with 50.8% and 27.5% respectively. This implies majority of the respondents were believe that the overall working environment of the bank is good.

Table 4.13 Measurement of dependent variable

NO.	Items	Strongly disagree	Disagree	Fair	Agree	Strongly agree	Mean
		Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	Freq. (%)	
1	I am always early report to work	6(5)	23(19.2)	44(36.6)	41(34.2)	6(5)	3.15
2	I am always actively staying on my job	7(5.8)	19(15.8)	52(43.3)	36(30)	6(5)	3.13
3	I always perform my best to delight the customer	11(9.2)	22(18.4)	55(45.8)	25(20.8)	7(5.8)	2.95
4	I always perform my job by respecting my colleagues	5(4.2)	13(10.8)	65(54.2)	31(25.8)	6(5)	3.17
5	I am always committed and loyal to the bank	6(5)	18(15)	50(41.7)	33(27.5)	13(10.8)	3.24
	Mean of employee performance						3.12

Source: own survey, 2019

Item 1, table 4.13 I am always early report to work; 5 percent of respondents said strongly disagree, 19.2 percent of the respondents said disagree, 36.6 percent of the respondents were fair, 34.2 percent of the respondents agreed on I'm always early report to work and 5% of the respondents were strongly agreed. So, most of respondents were fair and agree with 36.6% and 34.2% respectively on I'm always early report to work. This implies majority of the respondents were believe that they always early report to work.

Item 2, I am always actively staying on my job; 5.8 percent of respondents said strongly disagree, 15.8 percent of the respondents said disagree, 43.3 percent of the respondents were fair, and 30 percent of the respondents agreed and 5 percent of the respondents were strongly agreed. So, most of respondents were fair and agree with 43.3% and 30% respectively on I am always actively staying on my job and 5% are the least for strongly agreed. This implies majority of the respondents were believe that they always actively staying on their job.

In item 3, I am always perform my best to delight the customer; 9.2% of the respondents were strongly disagreed, 18.3% of the respondents were disagree, 45.8% of the respondents were fair, 20.8% of the respondents were agreed on I am always perform my best to delight the customer and 5.8% of the respondents preferred strongly agree. So, most of respondents were selected fair which accounts 45.8% on I am always perform my best to delight the customer and 5.8% are the least for strongly agreed. This implies majority of the respondents were moderate on I am always perform my best to delight the customer.

In item 4, I am always perform my job by respecting my colleagues; 4.2% of the respondents were strongly disagreed, 10.8% of the respondents were disagree, 54.2% of the respondents were fair, 25.8% of the respondents were agreed on I am always perform my job by respecting my colleagues and 5% of the respondents preferred strongly agree. The majority of respondents were selected fair and agree with 54.2% and 25.8% respectively and 4.2% are the least for strongly disagreed. This implies majority of the respondents were believe that they always perform their job by respecting their colleagues.

In item 5, I am always committed and loyal to the bank; 5% of the respondents were strongly disagreed, 15% of the respondents were disagree, 41.7% of the respondents were fair, 27.5% of the respondents were agreed on I am always committed and loyal to the bank and 10.8% of the

respondents preferred strongly agree. The majority of respondents were selected fair and agree with 41.7% and 27.5% respectively and 5% are the least for strongly disagreed. This implies that majority of the respondents were believe that they always committed and loyal to the bank.

Table 4.14 Mean and standard deviation for the eight variables

Factors	N	Mean	Std. Deviation
Enhanced Salary	120	2.99	.804
Mortgage Loan	120	2.94	.705
Car Loan	120	3.18	.694
Fringe Benefits	120	3.20	.693
Promotion	120	2.48	.745
Recognition	120	3.12	.700
Working Environment	120	3.14	.728
Employee Performance	120	3.12	.670
Valid N (list wise)	120		

Source: own survey, 2019

Table 4.14 indicates that fringe benefit has the highest mean value followed by car loan, working environment and recognition. Promotion has the least mean value followed by mortgage loan and enhanced salary. Therefore, it may be concluded from table 4.14 that respondents were moderated during their response. Fringe benefits (3.20), car loan (3.18), and followed by working environment and recognition with a mean of 3.14 and 3.12 consecutively and the bank may need to concern on the least mean of promotion (2.48), mortgage loan (2.94) and enhanced salary (2.99).

4.4 Pearson Correlation Analysis

In determining the strength of the relationship based on Pabachnic and Fidell, (2007), the value of the coefficient of correlation between 0 & 1 are interpreted as follows; $r = .10$ to $.29$ or $r = -.10$ to $-.29$ weak, $r = .30$ to $.49$ or $r = -.30$ to $-.49$ moderate and $r = .50$ to 1 or $r = -.50$ to -1 strong. The correlation analysis of the table 4.15 below shows that there is strong positive and moderate positive relationship or correlation between motivational package variables and employees performance. Enhanced salary and employees performance ($r = 0.772$, $p < 0.05$) has strong positive correlation, mortgage loan and employees performance ($r = 0.491$, $P < 0.05$) has moderate positive correlation, car loan and employees performance ($r = 0.647$, $P < 0.05$) has strong positive correlation, fringe benefits and employees performance ($r = 0.576$, $p < 0.05$) has

strong positive correlation, promotion and employees performance ($r = 0.548$, $p < 0.05$) has strong positive correlation, recognition and employees performance ($r = 0.875$, $p < 0.05$) has strong positive correlation and working environment and employees performance ($r = 0.780$, $p < 0.05$) has also strong positive correlation.

Table 4.15 Pearson Correlation Analysis

Correlations

		Enhanced salary	Mortgage loan	Car loan	Fringe benefits	Promotion	Recognition	Working environment	Employee performance
ENHANCED SALARY	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	120							
MORTGAGE LOAN	Pearson Correlation	.354**	1						
	Sig. (2-tailed)	.000							
	N	120	120						
CAR LOAN	Pearson Correlation	.514**	.270**	1					
	Sig. (2-tailed)	.000	.003						
	N	120	120	120					
FRINGE BENEFITS	Pearson Correlation	.410**	.292**	.363**	1				
	Sig. (2-tailed)	.000	.001	.000					
	N	120	120	120	120				
PROMOTION	Pearson Correlation	.400**	.526**	.355**	.557**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	120	120	120	120	120			
RECOGNITION	Pearson Correlation	.733**	.411**	.597**	.557**	.423**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	120	120	120	120	120	120		
WORKING ENVIRONMENT	Pearson Correlation	.646**	.280**	.513**	.496**	.489**	.773**	1	
	Sig. (2-tailed)	.000	.002	.000	.000	.000	.000		
	N	120	120	120	120	120	120	120	
EMPLOYEE PERFORMANCE	Pearson Correlation	.772**	.491**	.647**	.576**	.548**	.875**	.780**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	120	120	120	120	120	120	120	120

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

Source: own survey, 2019

4.5 Result of Regression Assumptions Tests of the study

4.5.1 Multicollinearity Test Result of the Study

Multicollinearity exists when there is too highly correlation between two or more predictors in a regression model. Multicollinearity poses a problem only for multiple regressions because it involves more than two predictors. Perfect Collinearity exists when at least one predictor is a Perfect linear combination of the others. According to different statistical books, one way of identifying Multicollinearity is to scan the correlation matrix of all of the predictor variables.

Another method is to produce a Collinearity diagnostics with the use of SPSS, and one of which is the variance inflating factor (VIF). The VIF indicates whether a predictor has strong linear relationship with the other predictor(s). Although there are no hard and fast rules about what value of the VIF should be a cause for concern, (Gujarati, 2004) suggests that value of less than 10 is good value and he suggest that if the average VIF is greater than 1 then there is no Multicoliniarity in the regression model.

Table 4.16 Multicollinearity Test

Model	Coefficients ^a	
	Tolerance	VIF
Enhanced salary	.435	2.299
Mortgage loan	.636	1.573
Car loan	.618	1.618
Fringe benefits	.666	1.503
Promotion	.579	1.727
Recognition	.252	3.969
Working env.	.335	2.982
a. Dependent Variable: EMPLOYEEPERFORMANCE		

Source: own survey, 2019

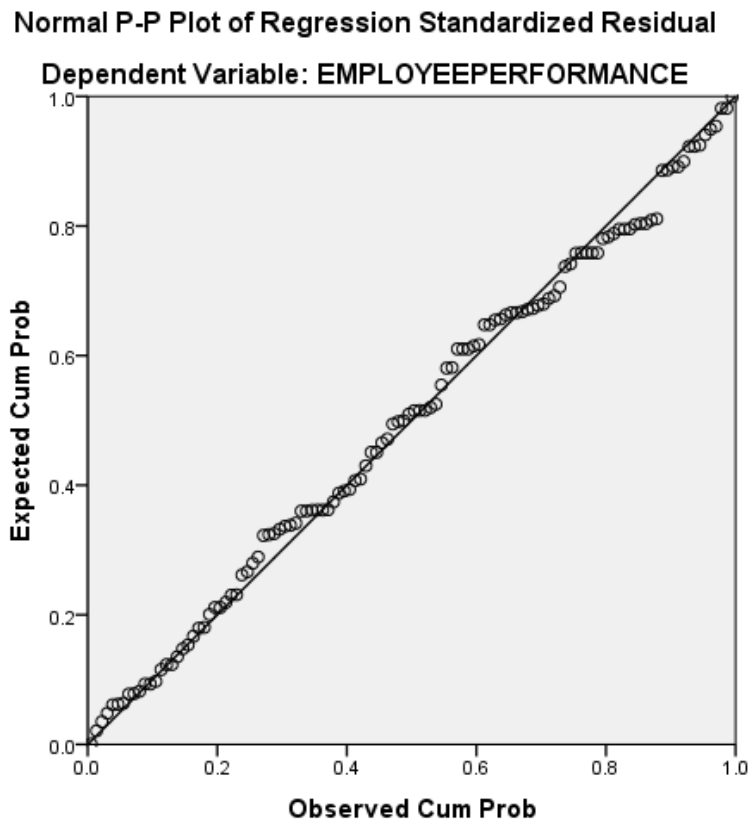
In this study as indicated in Table 4.16, the Variance inflation factors (VIFs) for the independent variables included in the regression equation is greater than 1 and less than 10. For tolerance statistics, values above 0.1 and below 1 are worthy of concern. Considering the regression model for

this study the tolerance statistics values are greater than 0.1 and below 1 for all predictors as indicated in tables 4.16 as such no Multicoliniarity is observed in this model.

4.5.2. Normality Test Result of the study

Distribution of the data is another issue in this research, whether it is normal or not. Graphical methods, such as histograms and normality plots, can be conducted to provide a visual inspection of the normal distribution of a data set prior to further interpretation of the regression analysis. A useful graph that we can inspect to see if a distribution is normal called a P–P plot (probability–probability-plot). The normal probability plots were used to test the normality of data. It is comparatively simple graphical device to study the shape of the probability density function (PDF) of a random variable is the normal probability plot (NPP).It uses values of the variable of interest on the horizontal axis and the expected value of this variable on the vertical axis. If the fitted line in the NPP is approximately a straight line, one can conclude that the variable of interest is normally distributed.

Figure 4.1 Normal p-p plot of Regression Standardize Residual

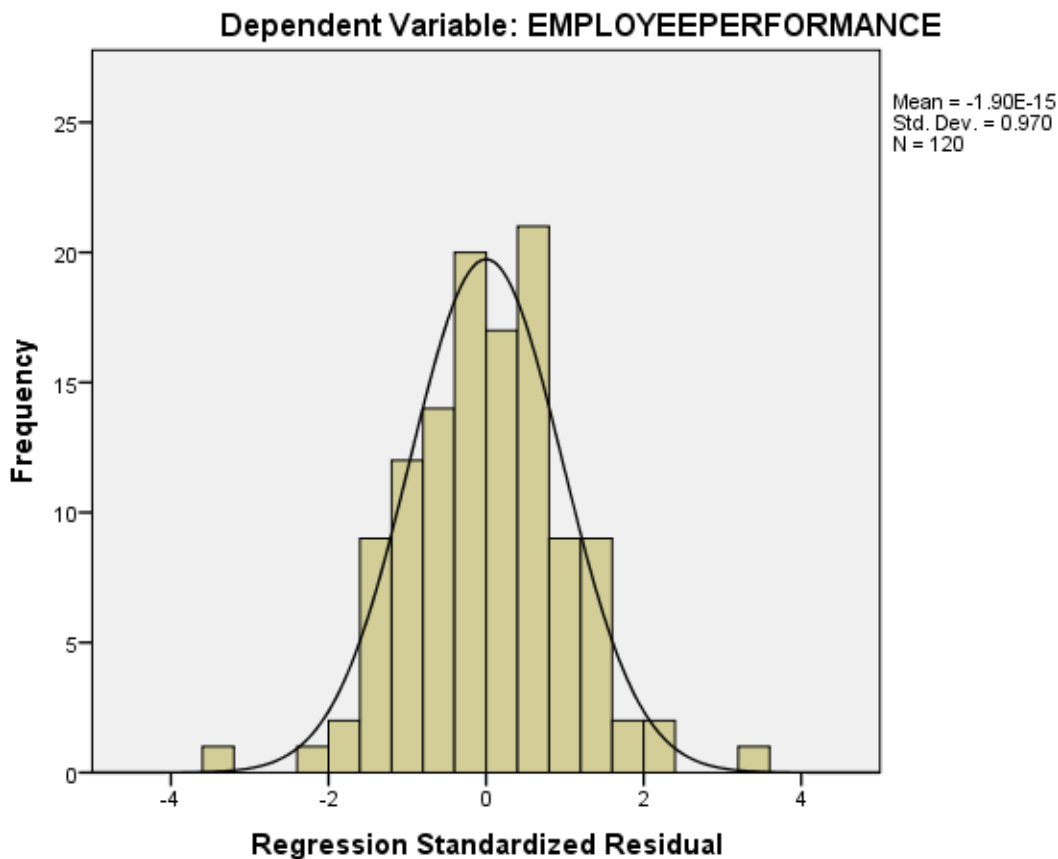


Source: own survey, 2019

Hence, Figure 4.1 indicated that residuals from the research model regression are approximately normally distributed, because a straight line gives the impression to fit the data reasonably well.

Histograms can provide important information about the shape of a distribution. If most of the scores are gathered around the middle of the continuum and a gradual, symmetric decrease of frequency on either side of the center score occurs, it is considered a normal distribution.

Figure 4. 2 Histogram



Source: own survey, 2019

Though no distribution can be considered 'perfect', as most of the scores are gathered around the middle of the continuum and histogram is a bell-shaped, it is considered a normal distribution.

4.5.3 Homoscedasticity Test

The assumption of homoscedacity indicates that the variance of errors is equal and constant across all levels of the variables. Homoscedasticity is related to the assumption of normality because when the

assumption of normality is met, the relationship between the variables is homoscedastic. Heteroscedasticity occurs when the variance of errors differs at different values of the independent variables.

4.5.4 Independence of Errors Test Result of the Study

This assumption refers to that errors in regression are independent; this assumption is likely to be met if the Durbin–Watson statistic is close to 2 and between 1.5 and 2.5 (Field, 2009). The Durbin–Watson statistic test for this study found to be 2.111 which indicate the assumption of independence of errors is met.

4.6. Regression Analysis

Regression model was applied to test how far the motivational package variables had affected employee performance. Coefficient of determination R²(R Square) is the measure of proportion of the variance of dependent variable about its mean that is explained by the independent or predictor variables (Hair et.al, 1998). Higher value of R² represents greater explanatory power of the regression equation. To know about the impact of the individual factors of the motivational packages on the employee’s performance multiple regressions was run and the variables included for this study are: Enhanced Salary (ES), House Loan (HL), Car Loan (CL), Promotion (P), Recognition (R), Fringe Benefits (FB) and Working Environment (WE).

Thus, the model will be:

$$Y = \beta_0 + \beta_1(x_1) + \beta_2(x_2) + \beta_3(x_3) + \beta_4(x_4) + \beta_5(x_5) + \beta_6(x_6) + \beta_7(x_7) + u$$

$$EP = \beta_0 + \beta_1(ES) + \beta_2(HL) + \beta_3(CL) + \beta_4(P) + \beta_5(R) + \beta_6(FB) + \beta_7(WE) + u$$

Y=dependent variable

β_0 = is the intercept term- it gives the average value of Y when the stated independent variables are set equal zero.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ = the coefficient of independent variables which measures the change in the mean values of dependent variable, per unit change in their respective independent variables.

X₁, X₂, X₃, X₄, X₅, X₆, X₇ = the motivational packages, independent variables

u = error term

EP= Employees Performance, dependent variable.

Table 4.17 Regress independent variables on employee’s performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.930 ^a	.865	.857	.254	2.111

a. Predictors: (Constant), WORKINGENVIRONMENT, MORTGAGELOAN, FRINGEBENEFITS, CARLOAN, PROMOTION, ENHANCEDSALARY, RECOGNITION

b. Dependent Variable: EMPLOYEEPERFORMANCE

From the above table 4.17, it has been seen that R value is 0.93 Therefore, R value (.93) for the overall motivational packages namely enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment suggested that there is a strong effect of independent variables on the employee’s performance. From the **table 4.17** it can also be observed that the coefficient of determination i.e. the R-square (R²) value is 0.865, which represents that 86% variation of the dependent variable is due to the independent variables, which in fact, is a strong explanatory power of regression and the other unexplored variables may explain the variation in employee’s performance which accounts 14 % percent of it. The researcher concludes that 86% of the portion of the dependent variable is explained by the seven variables that are included in this thesis.

Table 4.18 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.243	7	6.606	102.474	.000 ^p
	Residual	7.220	112	.064		
	Total	53.464	119			

a. Dependent Variable: EMPLOYEEPERFORMANCE

b. Predictors: (Constant), WORKINGENVIRONMENT, MORTGAGELOAN, FRINGEBENEFITS, CARLOAN, PROMOTION, ENHANCEDSALARY, RECOGNITION

F-test is used to test the impact of overall explanatory power of the whole model, or the joint effect of all explanatory variables as a group. (i.e. testing the overall performance of the regression coefficients). It measures the statistical significance of the entire regression equation rather than each

individual coefficient as the beta value is designed to do. The greater the value of F-statistics, then or confident the researcher would be that variables included in the model have together a significant effect on the dependent variable, and the model has a high explanatory power. From the ANOVA **table 4.18**, it is identified that the value of F-statistics is 102.474 and is significant as the level of significance is less than 5% ($p < 0.05$). This indicates that the overall model was reasonable fit and there was a statistically significant association between independent variables (enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment).

Table 4.19 Regression of motivational package variables on employee performance

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.185	.144		-1.283	.202
1 ENHANCEDSALARY	.168	.044	.202	3.837	.000
MORTGAGELOAN	.090	.041	.094	2.167	.032
CARLOAN	.128	.043	.132	2.992	.003
FRINGEBENEFITS	.096	.041	.100	2.343	.021
PROMOTION	.097	.041	.108	2.372	.019
RECOGNITION	.376	.066	.393	5.677	.000
WORKINGENVIRONMENT	.138	.055	.149	2.491	.014

a. Dependent Variable: EMPLOYEEPERFORMANCE

Source: own survey, 2019

Based on the above table 4.19 sig. value is used to test the impact of each independent variable on employee's performance. Based on this if sig. value is less than p-value we can conclude that motivational package variables have a significant effect on employee's performance or the independent variable has a significant effect on the dependent variable in this study. The result of table 4.19 showed that the significance value is less than the significance level Value (0.05) for all seven independent variables. The researcher tried to answer the objectives of the study: and identified various factors of motivational packages and analyzed them accordingly. According to the results gained the effect of the variables is outlined in the next page.

Hypothesis testing is based on standardized coefficients beta and P-value to test whether the hypotheses are rejected or not.

H1: Enhanced salary has positive relation and significant effect on employee performance.

Enhanced salary have positive relation and significant effect on employee performance with a beta value (beta = 0.202, sig=.000), at 95% confidence level ($P < 0.05$) as the results of multiple regressions presented in **table 4.19** above showed. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that enhanced salary has positive relation and significant effect on employee performance. This finding is consistent with previous findings of Buguza Mohamedi, (2013).

H2: Mortgage loan has positive relation and significant effect on employee performance.

Mortgage loan have positive relation and significant effect on employee performance with a beta value (beta = 0.094, sig=.032), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19** above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that mortgage loan has positive relation and significant effect on employee performance. This finding is consistent with previous findings of Thomas Owusu, (2012).

H3: Car loan has positive relation and significant effect on employee performance.

Car loan have positive relation and significant effect on employee performance with a beta value (beta = 0.132, sig=.003), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19** above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that car loan has positive relation and significant effect on employee performance. This finding is consistent with previous findings of Belly Onanda, (2015).

H4: Fringe benefits has positive relation and significant effect on employee performance.

Fringe benefits have positive relation and significant effect on employee performance with a beta value (beta = 0.100, sig=.021), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19** above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that fringe benefits have positive relation and significant effect on employee performance. This finding is consistent with previous findings of Belly Onanda, (2015) and Thomas Owusu, (2012).

H5: Promotion has positive relation and significant effect on employee performance.

Promotion have positive relation and significant effect on employee performance with a beta value (beta = 0.108, sig=.019), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19**above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that promotion has positive relation and significant effect on employee performance. This finding is consistent with previous findings of Shahzadi et al, (2014).

H6: Recognition has positive relation and significant effect on employee performance.

Recognition have positive relation and significant effect on employee performance with a beta value (beta = 0.393, sig=.000), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19**above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that recognition has positive relation and significant effect on employee performance. This finding is consistent with previous findings of BuguzaMohamedi, (2013), Shahzadi et al, (2014), and Belly Onanda, (2015).

H7: Working environment has positive relation and significant effect on employee performance.

Working environment have positive relation and significant effect on employee performance with a beta value (beta = 0.149, sig=.014), at 95% confidence level ($P < 0.05$) as showed in **Table 4.19**above. Therefore, the researcher can reject the null hypothesis and accept the alternative hypothesis that working environment has positive relation and significant effect on employee performance. This finding is consistent with previous findings of Hameed, (2009).

4.7 Descriptions and Analysis on Open Ended Questions

What you recommend to the bank for further improvements?

Finally respondents were asked to give their recommendation about motivational packages for further improvement. To this extent employers are continually challenged to develop pay policies and procedures that will enable them to attract, motivate, retain and satisfy their employees. There is need to have a comprehensive motivation scheme in all aspect in an organization as this works directly proportional to the output of the employees.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study was intended to investigate the effect of motivation on employee performance; the case of commercial bank of Ethiopia north Addis Ababa district city branches based on the questionnaire consisting of 125. The results of background information of respondents indicated that majority of the total respondents (65.8%) are male, the major designation group were (66.7%) are customer service officers, and (49.2%) of the respondents were have been worked with the bank for 3- 5 years which takes the majority. The items included in the rating scale were grouped in to seven dimensions these are enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment.

The results of the descriptive statistical analysis indicated that most of the respondents are moderate for the motivational packages or variables and themotivational packages has a major impact on the performance of employees by linking the individual or employee's need (goal) with organizational goals. Employees exert week performance for week motivational packages, moderate performance for moderate motivational packages and their best performance for strong and attractive motivational packages. Therefore, the bank needs to work on these motivational packages such as enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition, and working environment continuously to make the motivational packages strong and attractive that satisfies, motivate and retain its staffs which leads to customer satisfaction and delight which is the bottom line of organizational success and prosperity.

The finding of the correlation analysis showed that there is a positive strong correlation between employees' motivational variables such as enhanced salary, car loan, fringe benefits, promotion, recognition and working environment and employee performance. Mortgage loan have a positive but moderate correlation with employee performance. From the R square value it is shown that 86% of variation in employee performance is explained by the independent variables. In other word The R square value of 0.86, demonstrates that 86% of variation in employee performance

can be explained by the independent variables (enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment) that were included in this study.

The multiple regression results showed that all the independent motivational variables such as enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment have positive relation and significant effect on the dependent variable (employee performance).

5.2 Conclusion

The general objective of this study was to analyze effect of motivation on employee performance; the case of commercial bank of Ethiopia north Addis Ababa district city branches. The study analyzed the effect of enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment to test employee performance. As table 4.15 revealed the Pearson Coefficient result indicated that there is a strong positive relationship ($r = .772$, $P < 0.05$) between enhanced salary and employee performance. In addition table 4.19 also revealed that enhanced salary have positive relation and significant effect on employee performance with a beta value ($\beta = 0.202$, $\text{sig} = .000$), at 95% confidence level ($P < 0.05$).

As indicated in table 4.15 mortgage loan have moderate positive relation with employee performance ($r = 0.491$, $P < 0.05$) and have significant effect on employee performance with a beta value ($\beta = 0.094$, $\text{sig} = .032$), at 95% confidence level ($P < 0.05$) as indicated in table 4.19. As table 4.15 showed car loan have strong positive relation with employee performance ($r = 0.647$, $P < 0.05$) and have significant effect on employee performance with a beta value ($\beta = 0.132$, $\text{sig} = .003$), at 95% confidence level ($P < 0.05$) as showed in table 4.19. Similarly as table 4.15 showed fringe benefits have strong positive relation with employee performance ($r = 0.576$, $p < 0.05$) and have significant effect on employee performance with a beta value ($\beta = 0.100$, $\text{sig} = .021$), at 95% confidence level ($P < 0.05$) as showed in table 4.19. Promotion also have strong positive relation with employee performance ($r = 0.548$, $p < 0.05$) as indicated in table 4.15 and have significant effect on employee performance with a beta value ($\beta = 0.108$, $\text{sig} = .019$), at 95% confidence level ($P < 0.05$) as indicated in table 4.19.

The intrinsic motivational variable recognition as showed in table 4.15 have strong positive relation with employee performance ($r = 0.875$, $p < 0.05$) and have significant effect on employee performance with a beta value ($\beta = 0.393$, $\text{sig} = .000$), at 95% confidence level ($P < 0.05$) as

showed in table 4.19. Similarly working environment also have strong positive relation with employee performance ($r = 0.780$, $p < 0.05$) as indicated in table 4.15 and have significant effect on employee performance with a beta value ($\beta = 0.149$, $\text{sig} = .014$), at 95% confidence level ($P < 0.05$) as indicated in table 4.19.

The study in general showed that all the independent motivational variables included in this study such as enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment have positive relation and significant effect on employee performance (dependent variable).

5.3. Recommendations

Based on the findings and conclusions of the study, the researcher forwards the following recommendations.

- ❖ As the enhanced salary have positive relation and significant effect on employee performance the bank needs to give a due attention to the variable enhanced salary and needs to work on enhanced salary in order to improve employee performance.
- ❖ Mortgage loan also have positive relation and significant effect on employee performance therefore the bank expected to give the necessary emphasis for mortgage loan and to have attractive mortgage loan procedure to enhance employee performance.
- ❖ Similarly car loan have positive relation and significant effect on employee performance therefore the bank expected to give the necessary attention for car loan and to have attractive car loan procedure to increase employee performance.
- ❖ Fringe benefits also have positive relation and significant effect on employee performance therefore the bank needs to give due emphasis and work on fringe benefits continuously in order to enhance employee performance.
- ❖ Promotion also have positive relation and significant effect on employee performance for this the bank expected to concern for promotion to improve employee performance.
- ❖ The intrinsic motivational variable recognition has positive relation and significant effect on employee performance therefore the bank needs to give the necessary attention to recognition in order to enhance employee performance.

- ❖ Finally, the other intrinsic motivational variable working environment also have positive relation and significant effect on employee performance therefore the bank expected to give the necessary emphasis to the working environment and needs to create conducive working environment to increase employee performance.
- ❖ In general all the independent motivational variables such as enhanced salary, mortgage loan, car loan, fringe benefits, promotion, recognition and working environment have positive relation and significant effect on employee performance. Therefore, the bank needs to work on these motivational variables continuously and consistently with a due attention to attract, motivate, satisfy and retain its staffs as this works directly proportional to the employee performance which is the base for the bank to prosper and to be a leading competitive bank in the industry.

5.4. Limitation and Suggestion for Further Research

The findings of this study are based entirely upon the research conducted in North Addis Ababa district city branches and hence may not be applicable to other districts and regions. Lack of similar research done in the country was another limitation of the study. Therefore, the research paves the way to other research opportunity in CBE or other organization in our country to investigate the effect of motivation on employee performance. Hence, the finding of this study may have significant practical value.

In an attempt to address the limitations of this research, it is recommended that further research can be conducted to investigate the effect of motivation on employee performance. Therefore, the researcher recommends the following for future researches:

- A replica of this research can be carried out with longitudinal data and on a wider scale (nation-wide) so that cross-regional similarities and differences can be studied.
- Comparative study by including more banks with regard to the effect of motivation on employee performance.
- The approach of this paper can be extended by including other motivational variables not used in this thesis.

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APPENDICES

QUESTIONNAIRE

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MBA PROGRAM

Dear sir/madam

This questionnaire is designed to collect information about the Effects of motivation on employees' performance in Commercial Bank of Ethiopia North Addis Ababa district city branches. The data or information collected in such a way shall be used as primary data in my thesis, which I am conducting as a partial fulfillment for the requirement of my study in MBA in Finance at Addis Ababa University, College of Business and Economics.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only.

Your honest and thoughtful response is invaluable

Thank you for your participation

Kind regards,

Instructions

No need of writing your name

In all cases where answer options are available please make tick mark (√) in the appropriate box where the choice is appropriate for you.

PART I: Socio- Demographic Characteristics

1. Gender Male Female
2. What is your designation at CBE?
Branch Manager CSM SCSO CSO
3. How many years have you been working at CBE?
< 3 years 3-5 years 6-10 years >10 years

PART II: Effect of Motivational Packages on Employee Performance

The following questions are presented on a five point Likert scale. If that aspect is much better than you hoped it could be choose **5** (strongly agree), if that aspect is even better than you expected it to be choose **4** (agree) if that aspect is what you would like it to be choose **3** (fair), you would like choose 2 if it to be somewhat poor (disagree) and if that aspect is much poorer than you would like it to be choose **1** (strongly disagree).

Please put (√) in the place where the choice is appropriate for you.

	What is your opinion for the following	Rating Scale				
	Enhanced Salary	1	2	3	4	5
1	The salary scale of the bank is rational					
2	My current salary enables me to cover my basic needs so I can fully concentrate on my job					
3	There is periodical increase in salary					
4	The periodical increase in salary is considering to the real world					
5	The periodical salary enhancement make my customer service very delighted					
	House (Mortgage) Loan					
6	The time period to benefit mortgage loan is rational					
7	The mortgage loan limit provided to the staffs is satisfactory					
8	The mortgage loan engineering estimation is competitive with market price					
9	The mortgage loan repayment interest rate is rational					
10	The mortgage loan repayment period is rational					
	Car Loan					
11	The only new brand car loan procedure of the bank is rational					
12	The time period to benefit car loan is rational					
13	The car loan engineering estimation is competitive with market price					
14	The car loan repayment period is rational					
15	If the bank allows used car loan the staffs will be more motivated					

	Fringe Benefits					
16	There is adequate level of allowances					
17	The different allowances and yearly bonuses of the bank is rational					
18	The various allowances of the bank is considerable to the real world					
19	There is a fair allowance between all staffs of the bank					
20	The various allowances of the bank enhances the staffs life standard and motivate to stay longer at the bank					
	Promotion					
21	There is adequate opportunity to promotion					
22	The promotion is through effective performance appraisal system					
23	Working hard in CBE awards promotion					
24	The bank benefits its staffs in various form in relation to promotion that improves their life standard					
25	The bank promote me rationally so that I have no intention of resigning					
	Recognition					
26	There is adequate level of recognition for staffs in the bank					
27	I report work early, stay at nights, works on weekends and holidays so that I can be rewarded with appreciation letter					
28	The bank recognizes and acknowledges my work so that its enjoyable to go work					
29	When I get recognition my customer service is very delighted					
30	Excellent customer service resulted from recognition increase deposit mobilization of the bank					
	Working Environment					
31	I feel as I am safe in my work place					
32	I have the necessary tools and equipment adequately to perform my tasks efficiently and effectively					
33	The overall working environment of the bank is good					

	Employee Performance					
34	I am always early report to work					
35	I am always actively staying on my job					
36	I always perform my best to delight the customer					
37	I always perform my job by respecting my colleagues					
38	I am always committed and loyal to the bank					

Open Ended Question

1. What you recommend to the bank for further improvements?

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THANK YOU FOR YOUR COOPERATION!!