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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

THE IMPACT OF EMPLOYEE MOTIVATION ON
ORGANIZATIONAL PERFORMANCE: THE CASE OF HIBRET
BANK

BY:

BINYAM KEBERU

ADVISOR:

TEWODROS (ASS. PROFESSOR)

JANUARY, 2025

ADDIS ABABA, ETHIOPIA



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PERFORMANCE: THE CASE OF HIBRET BANK**

**A THESIS PROPOAL SUBMITTED TO ADDIS ABABA UNIVERSITY,
COLLEGE OF BUSINESS AND ECONOMICS, FOR THE PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTERS OF BUSINESS ADMINISTRATION.**

BY: BINYAM KEBERU

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JANUARY, 2025

ADDIS ABABA, ETHIOPIA

Declaration

I hereby declare that this thesis entitled “The impact of employee motivation on organizational performance: the case of Hibret bank S.C”, has been carried out by me under the guidance and supervision of Tewodros (Ass. Professor)

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

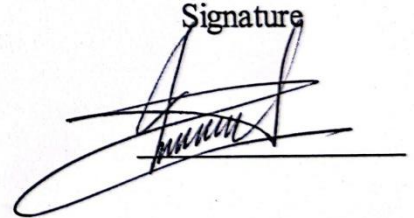
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CERTIFICATE

This is to certify that the thesis entitles “The impact of employee motivation on organizational performance: the case of Hibret bank S.C”, submitted to Addis Ababa University College of business and economics for the award of the Degree of Master of Business Administration (MBA) and is a record of Bonafide research work carried out by Mr. *Binyam Keberu*, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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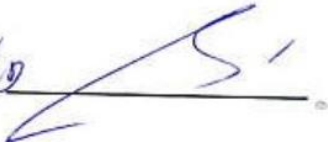


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Certificate of Approval

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List of Abbreviations

- **A.B.** - Associate of Arts
- **HR** - Human Resources
- **HRM** - Human Resource Management
- **M.B.A.** - Master of Business Administration
- **N/A** - Not Applicable
- **P.M.** - Project Management
- **Q&A** - Questions and Answers
- **R&D** - Research and Development
- **SPSS** - Statistical Package for the Social Sciences
- **U.S.** - United States
- **W.L.** - Work-Life
- **KPI** - Key Performance Indicator
- **ROI** - Return on Investment

Abstract

This study examined the relationship between employee motivation and organizational performance in Ethiopia's banking sector, with a specific focus on Hibret Bank. A quantitative methodology was employed, utilizing structured surveys to thoroughly understand the dynamics of motivation. A sample of 200 employees was chosen through stratified random sampling to ensure representation from different departments. Data were collected via structured questionnaires and analyzed using statistical software to derive significant insights. The results revealed a strong positive correlation between employee motivation and organizational performance, indicating that motivated employees play a crucial role in enhancing business outcomes. Key motivational factors identified included recognition, opportunities for career advancement, and a supportive work environment. Based on these findings, the study recommends that management strengthen recognition programs, improve career development initiatives, and foster a supportive organizational culture to further enhance employee motivation and performance.

Keywords: Employee Motivation, Organizational Performance, Banking Sector, Hibret Bank, Ethiopia, Addis Ababa

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

In the current global economy, human resources are increasingly acknowledged as crucial for achieving organizational success across various sectors. Research indicates that effective management of human capital enhances performance, fosters innovation, and provides a competitive edge (Becker & Huselid, 2006). Organizations around the world are focusing on employee motivation strategies to boost productivity and retain talent. Motivated employees are linked to higher customer satisfaction and improved profitability (Harter et al., 2002).

In Africa, the banking industry has seen substantial changes in recent years, driven by economic growth, technological advancements, and heightened competition. The African Development Bank (2018) reports that while financial inclusion has progressed, challenges in employee retention and motivation persist. Many banks are struggling with high turnover rates due to competitive job offers and superior working conditions from emerging institutions (Omondi et al., 2019). As banks strive to improve service delivery, understanding the motivational factors for employees becomes essential for sustainable growth in this evolving landscape.

Ethiopia's banking sector has also undergone significant changes, particularly since the government allowed private banks in the 1990s. Currently, Ethiopia has a blend of public and private banks, with a rising number of financial institutions entering the market. Despite this growth, issues like employee turnover and low job satisfaction remain, often due to inadequate motivational strategies (Mulugeta, 2020). The National Bank of Ethiopia has stressed the importance of human resources in enhancing banking efficiency, advocating for more effective employee engagement and retention strategies (National Bank of Ethiopia, 2021).

Hibret Bank, established in 1998, is one of Ethiopia's prominent private banks, operating under the National Bank of Ethiopia's regulatory framework. The bank has expanded to over 385 branches and employs more than 4,700 staff members. However, Hibret Bank faces significant challenges in retaining employees, with high turnover rates in recent years as many seasoned employees leave for competitors offering better compensation and incentives (Tesfaye Melkamu, 2021).

While Hibret Bank has invested in digital banking and customer service improvements, it struggles to maintain high employee motivation and satisfaction. Feedback from employees indicates dissatisfaction with promotion practices and a lack of effective motivational programs (Hibret Bank Case Study, 2021). This context highlights the necessity for thorough research into the factors influencing employee motivation at Hibret Bank, as these dynamics are critical for the bank's strategic goals and overall performance.

1.2 Statement of the Problem

Hibret Bank is facing significant challenges related to employee retention and motivation, which have serious implications for its operational efficiency and overall performance. In the past fiscal year, the bank experienced the departure of over 300 employees. This high turnover rate is alarming, reflecting broader trends in the Ethiopian banking sector, where competitive pressures have intensified. Research shows that employees are increasingly leaving for competitors offering more appealing compensation and benefits (Mulugeta, 2020; Tesfaye Melkamu, 2021).

Despite various motivational initiatives aimed at enhancing employee engagement, Hibret Bank struggles to assess the effectiveness of these programs. A study by Ayalew and Belay (2021) noted that many Ethiopian banks lack clear metrics to evaluate the impact of motivation strategies on performance outcomes. This lack of empirical evidence hinders the bank's understanding of which motivational factors are most effective in promoting employee retention and improving organizational performance.

Additionally, employee feedback has revealed dissatisfaction with promotion strategies and career development opportunities. Research by Amare (2020) identified inadequate recognition and limited advancement prospects as common concerns among bank employees in Ethiopia, contributing to lower morale and motivation. This situation is at odds with Hibret Bank's goal of being recognized as the "employer of choice" in the sector, as it struggles to attract and retain top talent.

The implications of employee dissatisfaction and high turnover are significant. According to a study by Abebe (2019), organizations with high turnover experience not only increased recruitment and training costs but also a decline in service quality, negatively impacting customer satisfaction and loyalty. Without a clear understanding of the relationship between employee motivation and organizational performance, Hibret Bank risks perpetuating these

challenges, hindering its ability to meet strategic objectives and fulfill its mission in the financial sector.

Given these challenges, there is an urgent need to explore and analyze the impact of various aspects of employee motivation on organizational performance at Hibret Bank. This research aims to identify key motivational factors that significantly influence employee engagement and retention, providing insights that can help the bank refine its human resource management strategies and enhance overall performance.

1.3 Research Questions

This research sought to address the following questions:

1. How do positive motivational factors, such as recognition, job enrichment, and a supportive working environment, influence organizational performance at Hibret Bank?
2. What impact do negative motivational factors, such as demotion, transfer, and layoffs, have on employee engagement and organizational performance at Hibret Bank?
3. How does intrinsic motivation, defined as engaging in work for its inherent satisfaction, affect employee satisfaction and organizational performance at Hibret Bank?
4. In what ways do extrinsic motivational factors, such as compensation, fringe benefits, and job security, influence employee retention and overall organizational performance at Hibret Bank?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study is to investigate the impact of employee motivation on organizational performance at Hibret Bank in the South Addis Ababa District.

1.4.2 Specific Objectives

The specific objectives of the study are:

1. To examine the impact of positive motivational factors, such as recognition, job enrichment, and a supportive working environment, on organizational performance at Hibret Bank.

2. To investigate the effects of negative motivational factors, such as demotion, transfer, and layoffs, on employee engagement and organizational performance at Hibret Bank.
3. To analyze the influence of intrinsic motivation, defined as engaging in work for its own sake, on employee satisfaction and organizational performance at Hibret Bank.
4. To assess the impact of extrinsic motivational factors, such as compensation, fringe benefits, and job security, on employee retention and overall organizational performance at Hibret Bank.

1.5 Hypotheses of the Study

Based on the objectives and research questions, the following hypotheses are proposed:

H1: Positive motivational factors (recognition, job enrichment, and a supportive working environment) significantly enhance organizational performance at Hibret Bank.

H2: Negative motivational factors (demotion, transfer, and layoffs) significantly diminish employee engagement and organizational performance at Hibret Bank.

H3: Intrinsic motivation has a significant positive effect on employee satisfaction and organizational performance at Hibret Bank.

H4: Extrinsic motivational factors (compensation, fringe benefits, and job security) significantly influence employee retention and overall organizational performance at Hibret Bank.

1.6 Significance of the Study

This research contributes significantly to the existing literature on employee motivation and organizational performance, particularly within the context of Ethiopian banks. By examining the specific motivational factors that affect employee engagement at Hibret Bank, the study provides empirical evidence that informs future research and enriches academic discourse in the field of human resource management. The findings shed light on the unique challenges and dynamics within the Ethiopian banking sector, offering insights that have been previously underexplored.

For Hibret Bank, the study's findings provide valuable insights into the motivational factors affecting employee retention and performance. Understanding the relationship between various types of motivation both intrinsic and extrinsic enables the bank's management to design and implement more effective human resource strategies. This can lead to improved employee

satisfaction, reduced turnover rates, and enhanced overall organizational performance, supporting the bank's aspiration to be the "employer of choice" in a competitive banking landscape.

The research also offers actionable recommendations for policymakers and human resource practitioners in the banking sector. By identifying key motivational factors that foster employee engagement, the study guides the development of policies and practices that create a more supportive work environment. This not only improves retention rates but also promotes employee well-being. Ultimately, the study aims to enhance human resource management practices, thereby contributing to the success and growth of the banking industry in Ethiopia.

1.7 Scope of the Study

The scope of this study is categorized into three main areas: geographical, temporal, and conceptual.

- **Geographical Scope:** The study focuses solely on the branches of Hibret Bank located in the South Addis Ababa District, examining a total of twenty-one out of the 56 branches in this district.
- **Temporal Scope:** The research was conducted over the last fiscal year, analyzing employee turnover and motivation levels, particularly regarding the challenges faced by Hibret Bank in maintaining its workforce.
- **Conceptual Scope:** The study investigates the relationship between employee motivation and organizational performance, categorizing motivations into four key types: positive motivation, negative motivation, intrinsic motivation, and extrinsic motivation. Performance serves as the dependent variable, while the aforementioned motivations act as independent variables. This framework aims to identify which motivational factors significantly impact the bank's performance.

1.8 Definition of Terms

- **Intrinsic Motivation:** Engaging in work for its inherent satisfaction, leading to psychological benefits (Armstrong, 2006).
- **Extrinsic Motivation:** Motivation that arises from external rewards (Sleimi & Davut, 2015).

- **Positive Motivation:** The drive that encourages individuals to pursue goals due to anticipated positive outcomes (Deci & Ryan, 2000).
- **Negative Motivation:** Motivation stemming from the fear of negative consequences (Skinner, 1953).
- **Employee Performance:** The quality and quantity of output as well as timeliness (Yang, 2008).
- **Motivation:** The internal and external factors that stimulate desire and energy in individuals to achieve goals (Mullins, 2006).
- **Job Security:** Assurance of job continuity due to prevailing economic conditions (James, 2012).
- **Job Enrichment:** Enhancements in the job environment that provide more challenges, responsibilities, and opportunities for progression (Herzberg, 1968).
- **Recognition:** Acknowledgment or appreciation received from a manager or supervisor (Armstrong, 2007).
- **Healthy Working Environment:** Factors such as working hours, workload, physical conditions, legal rights, relationships with colleagues, and resource availability (Mullins, 2010).
- **Fringe Benefits:** Additional benefits received by employees beyond their regular wages, including health insurance, meals, education, transportation, and housing allowances (Cascio, 2003).
- **Praise:** Positive evaluations made by an individual regarding another's products or performances, based on perceived valid standards (Kanouse, Gumpert, & Canavan-Gumpert, 1981).
- **Prestige:** A significant motivating factor for individuals and organizations, driving the desire for status and social recognition.
- **Promotion:** Advancement to a higher position with greater responsibilities, status, and salary, serving as a reward for employees.

1.9 Organization of the Study

This research is structured into five chapters, each with a specific focus. Chapter One introduces the study, outlining the background, statement of the problem, objectives, research questions, significance, scope, and definitions of key terms. Chapter Two reviews relevant literature, including theoretical and empirical studies related to the key variables, situating the research within the existing body of knowledge. Chapter Three details the research methodology, outlining the research design, data sources, data collection methods, target population, sampling design, and data analysis techniques. Chapter Four presents the data analysis and discussion, where findings are analyzed and discussed in relation to the research questions. Finally, Chapter Five summarizes the findings, draws conclusions based on the analysis, and provides recommendations for practice and future research, encapsulating the study's contributions to both Hibret Bank and the broader banking sector in Ethiopia.

CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Introduction

The study of employee motivation spans various fields, including psychology, management, and organizational behavior. Understanding what drives motivation is essential for improving employee performance and enhancing organizational effectiveness. This chapter reviews relevant literature on motivational theories, the influence of motivational factors on employee performance, and studies specific to the banking sector.

2.2 Theoretical Literature Review

Robbins and Judge (2018) define motivation as the intensity, direction, and persistence of an employee's efforts to achieve a goal. **Intensity** refers to how strongly an individual attempts to reach a goal, while **direction** aligns those efforts with organizational objectives. **Persistence** measures how long an employee maintains their efforts. High intensity alone does not guarantee results unless it is directed appropriately.

Motivation can be categorized into **extrinsic** factors, such as salary and benefits, and **intrinsic** factors, such as job satisfaction and recognition (Kinicki et al., 2014). Organizations aim to harness both types of motivation to ensure employees align their efforts with organizational goals.

2.2.1 Theories of Motivation

Mullins et al. (2006) classify motivational theories into two broad categories: **Need (content) theories** and **Process theories**.

2.2.1.1 Need (Content) Theories

These theories focus on the specific needs that drive employees at work. They emphasize the characteristics of these needs and the forces that motivate individuals. Key theories include:

1. **Maslow's Hierarchy of Needs**: This theory posits that human needs are arranged in a hierarchy. Basic physiological needs must be met before individuals can focus on higher-level needs like safety, social relationships, esteem, and self-actualization.

2. **Herzberg's Two-Factor Theory:** Herzberg distinguishes between hygiene factors (e.g., salary, work conditions) that prevent dissatisfaction and motivators (e.g., achievement, recognition) that enhance job satisfaction.
3. **ERG Theory:** Alderfer's ERG Theory suggests that existence, relatedness, and growth needs can motivate individuals simultaneously, and priorities can shift over time.
4. **Acquired Needs Theory:** McClelland's theory identifies three primary needs—achievement, power, and affiliation—that drive human behavior in organizational settings.

2.2.1.2 Process Theories

Process theories examine the dynamics of motivation and how behavior is initiated, directed, and sustained:

1. **Equity Theory:** This theory posits that employees assess their input-output ratios in relation to others, affecting their motivation.
2. **Expectancy Theory:** It suggests that individuals act based on their expectations of outcomes related to their efforts.
3. **Goal Theory:** This theory emphasizes the relationship between clear goal setting and improved task performance.
4. **Attribution Theory:** Developed by Fritz Heider, this theory focuses on how individuals interpret events and their implications for behavior.

2.2.2 Importance of Motivation

A motivated workforce yields several benefits, including:

- **Reduced absenteeism:** Motivated employees are less likely to take unnecessary sick days.
- **Employee retention:** Low turnover rates save costs related to hiring and training.
- **Improved management-worker relations:** A motivated workforce fosters better communication and cooperation.
- **Enhanced performance:** Motivated employees tend to be more productive and engaged.

- **Better quality and customer service:** Motivated employees are likely to provide higher quality service and support.

2.2.3 The Impact of Motivation on Employee Performance

Mullins et al. (2006) highlight that an organization's success is closely linked to employee motivation. Even skilled employees may underperform without adequate motivation. Therefore, effective management focuses on motivating employees to exceed customer expectations, which is crucial for business sustainability (Shahzadi et al., 2014).

2.2.4 Factors Affecting Employee Motivation and Performance

Key factors influencing employee motivation include:

1. **Ability:** Employees must possess the skills and knowledge to perform their jobs.
2. **Motivation:** Employees must be willing to exert extra effort.
3. **Opportunity:** Organizational support and resources must be available for effective performance.

2.2.5 Relationship Between Motivation and Employee Performance

Employees who are satisfied with their jobs are generally more motivated to achieve organizational goals, thereby enhancing performance. There is a positive correlation between motivation and employee productivity, which ultimately contributes to organizational success.

2.2.6 Types of Motivation

This study focuses on how various motivational strategies can affect employee performance at Hibret Bank, emphasizing the connection between individual needs and organizational goals. Successful organizations leverage both intrinsic and extrinsic motivations to enhance employee performance.

2.2.6.1 Positive Motivation

Positive motivation relies on constructive feedback and reinforcement, enhancing well-being and fostering a supportive environment. This approach is linked to intrinsic motivation and supports autonomy and competence (Deci & Ryan, 2000; Seligman, 2002).

2.2.6.2 Negative Motivation

Negative motivation is driven by the desire to avoid negative outcomes. It highlights the role of fear and pressure in influencing behavior (Skinner, 1953; Bandura, 1991).

2.2.6.3 Intrinsic Motivation

Intrinsic motivation stems from internal rewards, such as personal satisfaction and interest in the task (Deci & Ryan, 1985). This type of motivation enhances engagement and satisfaction.

2.2.6.4 Extrinsic Motivation

Extrinsic motivation is influenced by external rewards and recognition. While effective for short-term goals, it can undermine intrinsic motivation if perceived as controlling (Ryan & Deci, 2000).

2.2.7 Employee Performance

Employee performance encompasses various dimensions, including output quality, timeliness, and cooperation. Herzberg (1959) posits that while eliminating dissatisfaction is necessary, true performance enhancement requires motivation. Therefore, monitoring employee performance across all organizational levels is crucial for overall effectiveness.

2.3 Empirical Literature Review

Despite extensive empirical research on motivation and its effects on employee performance, this section highlights selected and relevant findings from various studies.

Gagne & Deci (2005) conducted a study on Self-Determination Theory, examining intrinsic versus extrinsic motivation as independent variables and job performance as a dependent variable, measured through productivity metrics. Their methodology included surveys and performance assessments. The study found that intrinsic motivation, characterized by personal satisfaction, was more strongly associated with higher job performance compared to extrinsic factors like rewards. This indicates a positive correlation between intrinsic motivation and job performance, while extrinsic motivation also positively impacted performance, albeit to a lesser extent.

Taris et al. (2005) explored the role of job characteristics in the relationship between work motivation and job performance. Using self-reported surveys to assess employee motivation and

performance metrics for productivity, their quantitative analysis revealed that higher employee motivation correlated positively with increased productivity. The findings suggest that motivated employees tend to be more efficient and produce higher-quality work.

In a case study conducted by **Yemisrach Solomon K. (2020)** at Dashen Bank, various motivational factors such as managerial mechanisms, recognition, job security, and salary increments were examined. Data collected from 156 respondents via questionnaires indicated a strong positive correlation between employee motivation and organizational performance. The study concluded that effective motivational mechanisms significantly enhance employee productivity, particularly in competitive environments.

Thomas Owusu (2021) evaluated motivating programs at Ghana Commercial Bank and their impact on employee performance. The survey research design revealed that benefits such as increased pay, promotions, and vehicle loans positively influenced employee performance. The findings emphasized the importance of these incentives in motivating staff to achieve organizational goals.

Harter, Schmidt, & Hayes (2002) conducted a meta-analysis on the relationship between employee satisfaction, engagement, and business outcomes. Their analysis found a positive correlation between higher employee engagement—often resulting from effective motivational strategies—and improved financial performance, including profitability and revenue growth.

Geraid Dope Gyamfic (2015) assessed the relationship between employee motivation and performance in a Ghanaian bank. The cross-sectional survey of 200 employees found that factors like recognition, advancement, and job security significantly correlated with employee performance. Notably, health and safety emerged as critical extrinsic motivators.

The study by **Mohammed & Hanan (2018)** focused on the Palestinian Commercial Bank, employing Pearson correlation and multiple regression analysis. They found that moral motivation, which fulfills psychological needs, significantly correlated with employee performance. However, material and social incentives did not predict performance effectively, highlighting a need for banks to enhance their motivational structures.

Onyekwelu Njideka Phina (2017) examined teamwork's effect on employee performance, revealing a strong connection between the independent and dependent variables, with a

coefficient of determination of 0.721, indicating that teamwork significantly accounted for variations in performance.

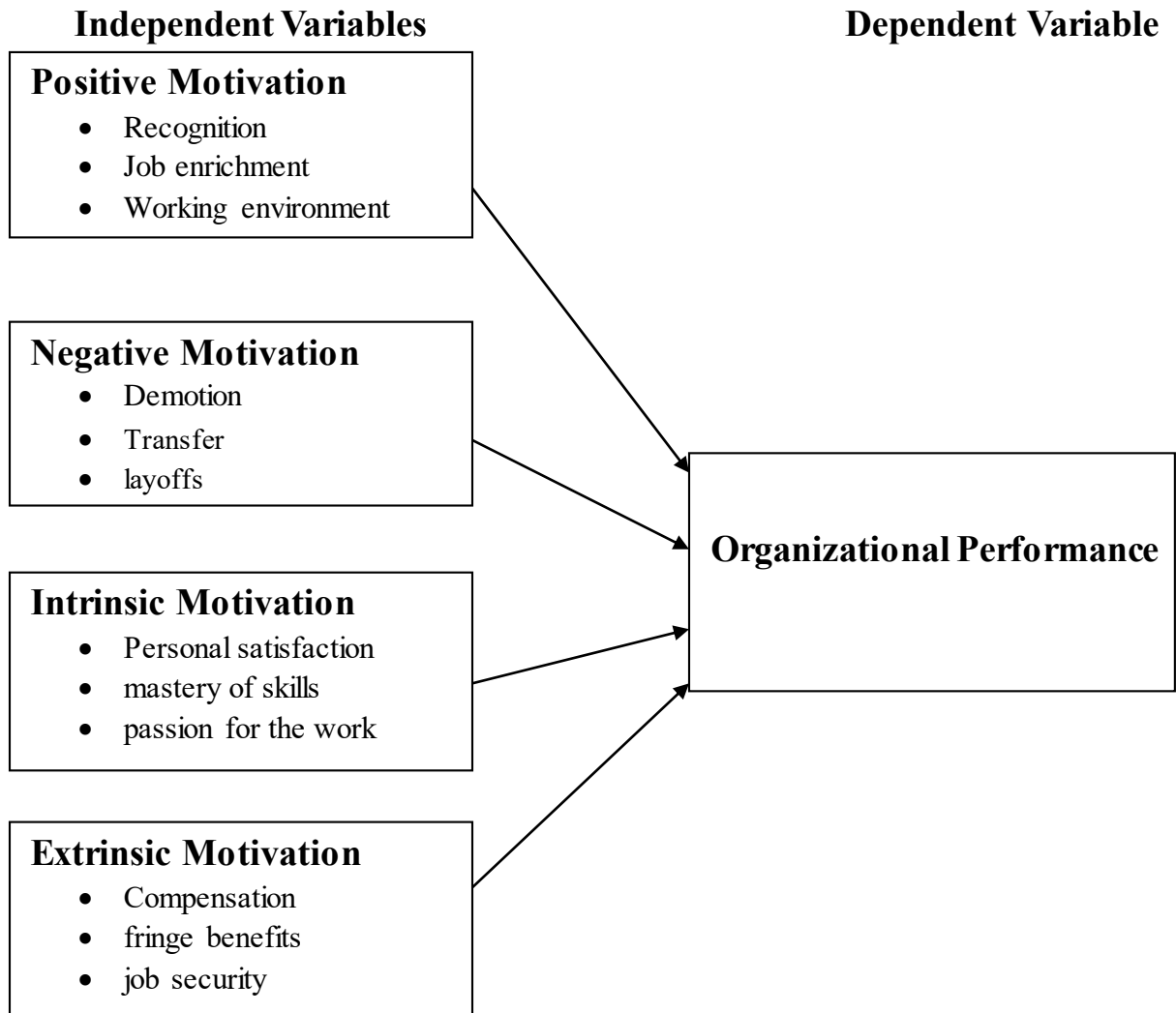
Yonatan Tilahun (2019) investigated the effects of intrinsic and extrinsic motivation on employee performance at a development bank. Utilizing a quantitative research design with a survey, the study found a significant positive correlation between both types of motivation and employee performance. Intrinsic factors, such as job satisfaction, had a stronger impact than extrinsic factors like financial rewards. The results suggested that organizations should enhance both intrinsic and extrinsic motivational strategies to boost employee performance.

2.4 Conceptual Framework

The study at Hibret Bank introduced a comprehensive conceptual framework to investigate the impact of various motivational factors on organizational performance. This framework categorized independent variables into four groups: positive motivation, negative motivation, intrinsic motivation, and extrinsic motivation. These factors included elements such as recognition, job enrichment, demotion, transfer, and compensation.

The dependent variable was organizational performance. This framework provided a solid foundation for the research, facilitating hypothesis formulation and analysis of the complex relationships between motivational factors and the bank's performance outcomes.

By employing this structured conceptual model, the researchers gained valuable insights into employee motivation's nuances and implications for Hibret Bank's success, paving the way for evidence-based strategies to enhance overall organizational effectiveness.



Source: Own Design, 2024

Figure 1: Conceptual Framework

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology employed to assess the impact of employee motivation on organizational performance at Hibret Bank. It details the research design, approach, population, sampling techniques, data sources, and analysis methods used in the study, providing a comprehensive framework for ensuring the reliability and validity of the findings.

3.2 Description of Study Area

This section describes the geographical and contextual background of the study area, including demographic and economic characteristics. The study was conducted in the South Addis Ababa District branches of Hibret Bank, a prominent financial institution in Ethiopia. This region features a diverse mix of residential, commercial, and industrial zones, contributing to a vibrant economic environment. The presence of numerous businesses and a growing population enhances the demand for banking services, making it a strategic location for Hibret Bank's operations.

The employee demographic at Hibret Bank's South Addis Ababa branches is varied, encompassing different age groups, educational backgrounds, and professional experiences. This diversity enriches the organizational culture, fostering collaboration and enhancing service delivery. The bank maintains a culture of teamwork, integrity, and customer focus, making employee motivation essential for sustaining high service standards.

3.3 Research Design

Research design refers to the overall strategy outlining how the research would be conducted. This study utilized a descriptive and explanatory research design. The descriptive component focused on collecting data to describe the current state of employee motivation and organizational performance, while the explanatory aspect aimed to explore the relationships between independent variables (motivational factors) and the dependent variable (organizational performance).

3.4 Research Approach

The research approach can be qualitative, quantitative, or mixed methods. This study employed a quantitative research approach, suitable for analyzing numerical data to assess the impact of motivational factors on organizational performance. This approach facilitated objective measurement and statistical analysis of the relationships under investigation.

3.5 Target Population, Sample Size, and Sampling Procedure

3.5.1 Target Population

The target population consists of 400 employees working at the South Addis Ababa District branches of Hibret Bank. This population was selected due to its relevance to the study's focus on employee motivation and organizational performance. The diversity of roles, ages, educational backgrounds, and professional experiences within this population allows for a comprehensive understanding of how different motivational factors might impact various groups within the organization.

3.5.2 Sample Size Determination

Sample size is the number of individuals or units selected from the target population to participate in the study. Determining an appropriate sample size is essential for ensuring that the study has sufficient power to detect effects or differences if they exist. A sample that is too small may lead to unreliable results, while a sample that is too large may be unnecessarily costly and time-consuming. Researchers often use statistical formulas to calculate the optimal sample size based on the expected effect size, population variability, and desired confidence level (Creswell & Creswell, 2017)

Using Yamane's (1967) formula for sample size determination, a sample of 200 employees was calculated. This sample represented approximately 50% of the total population, which was deemed sufficient for drawing meaningful conclusions.

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{400}{1 + 400(0.05)^2}$$
$$n = \frac{400}{2}$$

$$n = 200$$

Where; n = Sample size

e = Sample error (Equivalent to 0.05)

N= 400 (Total population)

Therefore, 200 populations were taken as the sample size of this study by using the random sampling method.

3.5.3 Sampling Procedure

A cluster sampling method was employed to select the branches from which participants would be drawn. A total of 21 branches were randomly selected using a simple random sampling technique. Employees from these branches were chosen to ensure a representative sample of the bank's workforce.

3.6 Data Type and Data Source

The study utilized both primary and secondary data sources. Primary data were gathered through a structured questionnaire designed to collect information on employee motivation and performance. Secondary data were sourced from relevant literature, including books, journal articles, and internal bank documents, to provide context and support for the research findings.

3.7 Data Collection Procedures

Data collection involved distributing structured questionnaires to employees in the selected branches. The questionnaire utilized a 5-point Likert scale to measure responses on various motivational factors and performance indicators. The collection process was carefully monitored to ensure a high response rate and data accuracy.

3.8 Variable Definition and Measurement

Key variables in the study included:

- **Positive Motivation:** Measured through factors such as recognition, job enrichment, and a healthy working environment.
- **Negative Motivation:** Evaluated by assessing aspects like demotion, transfers, and layoffs.

- **Intrinsic Motivation:** Defined by personal satisfaction, mastery of skills, and passion for work.
- **Extrinsic Motivation:** Measured through compensation, fringe benefits, and job security.
- **Organizational Performance:** Assessed in terms of employee engagement, retention, and overall effectiveness.

3.9 Validity and Reliability

3.9.1 Validity

Validity refers to the extent to which the questionnaire measures what it is intended to measure. To enhance validity, the researcher consulted specialists in the field, including the supervisor, who provided feedback on the content and necessary improvements to the questionnaire. This process ensured that the questions accurately reflected the constructs being studied.

3.9.2 Reliability

Reliability pertains to the consistency of the measurement tool across time and various contexts. It indicates the degree to which the questionnaire yields the same results when administered under similar conditions. Reliability was assessed using Cronbach's Alpha. The questionnaire was pre-tested with five employees from the selected branches to identify necessary changes and confirm that the instrument accurately measured the intended constructs.

3.10 Data Processing and Analysis Methods

Data processing involved coding and organizing the collected information for analysis. The Statistical Package for Social Sciences (SPSS) version 25 was used for data analysis. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were employed to summarize the data, while inferential statistics, such as correlation and regression analysis, were conducted to investigate the relationships between motivational factors and organizational performance.

3.11 Ethical Consideration

Ethical considerations were paramount throughout the research process. The study adhered to principles of voluntary participation, confidentiality, and integrity in reporting findings. Necessary approvals were obtained from Addis Ababa University and Hibret Bank. Participants

were informed that their responses would be kept confidential and used solely for academic purposes, ensuring their privacy and rights were respected throughout the research.

CHAPTER FOUR

4 DATA ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter focuses on the analysis of data collected from a survey examining employee motivation and its impact on organizational performance at Hibret Bank. It interprets the questionnaire data in relation to the research questions posed earlier. The chapter begins with a demographic overview of the respondents and explores key variables associated with employee motivation. Descriptive and inferential statistics are employed to summarize the data and assess the relationships between intrinsic and extrinsic motivation and organizational performance. The implications of the findings are discussed, compared with existing literature, and significant trends are identified, providing insights into how employee motivation affects performance.

4.2 Response rate

The response rate was a crucial metric for evaluating the effectiveness of the data collection process in this study. A total of 200 questionnaires were distributed to employees of Hibret Bank, and the results of the responses were summarized in the table below:

Table 1: Response Rate

General	Frequency	Percent
Filled and returned	192	96.0
Unreturned	8	4.0
Total	200	100.0

Source: Own Survey Data, 2024

From the total distributed questionnaires, 192 were filled and returned, resulting in a response rate of 95%. This high response rate indicated strong engagement from the employees and enhanced the reliability of the data collected. The 4% of unreturned questionnaires may have been attributed to various factors, such as time constraints or lack of interest.

4.3 Reliability Analysis

Reliability analysis was conducted to evaluate the consistency and dependability of the measurement instruments used in the survey. The primary tool for this analysis was Cronbach's Alpha, which measures the internal consistency of different constructs related to employee motivation and organizational performance. The results of the reliability analysis are summarized in the table below:

Table 2: Cronbach's Alpha Thresholds

Alpha Coefficient Range	Strength of Association
< 0.5	Unacceptable
$0.5 \leq \alpha < 0.6$	Poor
$0.6 \leq \alpha < 0.7$	Questionable
$0.7 \leq \alpha < 0.8$	Acceptable
$0.8 \leq \alpha < 0.9$	Good
≥ 0.9	Excellent

Source: (Cortina, J. M., 1993)

Table 3: Results of Cronbach's Alpha

Construct	Number of Items	Cronbach's Alpha	Interpretation
Positive motivation	7	0.822	Good
Negative motivation	6	0.887	Good
Intrinsic motivation	6	0.822	Good
Extrinsic motivation	5	0.723	Acceptable
Organizational performance	7	0.848	Good
Overall Cronbach's Alpha	31	0.965	Excellent

Source: own survey, 2024

The analysis revealed that all constructs showed satisfactory reliability. Specifically, the Positive Motivation and Intrinsic Motivation scales both achieved a Cronbach's Alpha of 0.822, indicating good reliability. The Negative Motivation scale had an even higher reliability coefficient of 0.887, while the organizational Performance scale recorded a value of 0.848, also considered good. The Extrinsic Motivation scale, with a Cronbach's Alpha of 0.723, was deemed acceptable, meeting the threshold for reliability.

Therefore, the study achieved an impressive Cronbach's Alpha of 0.965 across all items, indicating excellent internal consistency for the measurement instrument. These high reliability coefficients support the validity of the survey, providing confidence that the data collected accurately reflects the employees' perceptions of motivation and organizational performance. This reliability analysis underscores the robustness of the study's findings, facilitating further statistical analyses and interpretations of the results.

4.4 Demographic Characteristics of the Respondents

The following table summarized the demographic characteristics of the respondents who participated in the survey. This information was crucial for understanding the context of employee motivation and organizational performance at Hibret Bank.

Table 4: Result of demographic Information of respondents

Demographic Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Female	68	35.4	35.4	35.4
	Male	124	64.6	64.6	100.0
	Total	192	100.0	100.0	
Age	Above 50 Years	24	12.5	12.5	12.5
	Between 25 to 35 Years	96	50.0	50.0	62.5
	Between 35 to 50 Years	26	13.5	13.5	76.0
	Under 25 Years	46	24.0	24.0	100.0
	Total	192	100.0	100.0	
Education Level	Degree	121	63.0	63.0	63.0
	Diploma	29	15.1	15.1	78.1
	Masters & Above	42	21.9	21.9	100.0
	Total	192	100.0	100.0	
Years of Service	< 5 Years	48	25.0	25.0	25.0
	6-10 Years	83	43.2	43.2	68.2
	11-15 Years	36	18.8	18.8	56.8
	> 15 Years	25	13.0	13.0	100.0
	Total	192	100.0	100.0	
Work Position	Loan Officer	35	18.2	18.2	18.2
	Assistant Manager	19	9.9	9.9	28.1
	Auditor	47	24.5	24.5	52.6

	Branch Manager	20	10.4	10.4	63.0
	Customer Service Officer	35	18.2	18.2	81.3
	IBD Officer	36	18.8	18.8	100.0
	Total	192	100.0	100.0	

Source: own survey, 2024

The demographic analysis of the respondents provided significant insights into the workforce at Hibret Bank. The gender distribution revealed a predominance of male employees, with 64.6% identifying as male and 35.4% as female. This imbalance may have implications for understanding motivational factors and workplace dynamics, as male and female employees often have different perspectives and experiences. The slight majority of male respondents suggested that any motivational strategies developed should consider the potential differences in engagement and performance between genders.

The age distribution highlighted that the majority of respondents were relatively young, with 50.0% falling between the ages of 25 to 35 years. This demographic trend indicated a youthful workforce, which is often associated with higher adaptability to change and openness to new ideas. Conversely, only 12.5% of respondents were above 50 years of age. This age profile suggested that the bank might benefit from implementing innovative motivational strategies that resonate with younger employees, potentially fostering a culture of continuous improvement and professional development.

In terms of educational qualifications, the majority of respondents held degrees, with 63.0% reporting this level of education. This high level of education among employees indicated a well-qualified workforce that could contribute significantly to the bank's strategic goals. Notably, 21.9% of respondents possessed a master's degree or higher, suggesting a pool of talent capable of taking on leadership roles. This educational background likely influenced the types of motivation and engagement strategies that would be most effective, as highly educated employees may seek more challenging and intellectually stimulating work environments.

The analysis of years of service revealed a workforce that was relatively stable, with 43.2% of respondents having between 6 to 10 years of experience at the bank. This group represented a core segment of the workforce that likely possessed valuable institutional knowledge. However, the presence of 25.0% of employees with less than five years of service indicated a younger

segment that may be in the process of establishing their careers. Understanding the motivations of both newer employees and those with more experience could help the bank tailor its engagement strategies effectively.

Therefore, the distribution of work positions indicated a diverse range of roles within the bank. The largest group of respondents consisted of auditors (24.5%), followed by loan officers and customer service officers, each comprising 18.2% of the workforce. This distribution highlighted the importance of addressing the specific motivational needs of different job functions, as employees in various roles may experience distinct challenges and motivations. Recognizing these differences would allow for the development of targeted strategies that enhance overall organizational performance and satisfaction, ultimately contributing to the bank's success.

4.5 Descriptive Statistics

Descriptive statistics were employed to summarize and describe the key features of the data collected in the survey regarding employee motivation and organizational performance at Hibret Bank. The analysis included measures such as mean and standard deviation for the constructs assessed in the study. The responses were placed on the five-point Likert scale, where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree, and 5 is strongly agree.

4.5.1 Descriptive Statistics for Positive motivation

Table 5: Result of descriptive statistics for Positive motivation

Descriptive Statistics			
	N	Mean	Std. Deviation
My contributions and accomplishments at work are recognized and appreciated by my supervisor.	192	3.51	.943
I have opportunities to take on challenging and enriching tasks that help me grow professionally.	192	3.63	.999
My organization provides a positive and supportive work environment that enables me to thrive.	192	3.58	1.030

I feel that my job allows me to utilize my skills and abilities to their fullest potential.	192	3.64	1.035
My organization actively promotes a culture of learning, development, and continuous improvement.	192	3.64	.998
I am satisfied with the level of autonomy and decision-making authority I have in my role.	192	3.62	1.001
My organization provides opportunities for me to take on additional responsibilities and stretch my capabilities.	192	3.64	1.009
Valid N (listwise)	192		

Source: Own Survey Data, 2024

The descriptive statistics for positive motivation at Hibret Bank illustrated a generally favorable perception among employees regarding their work environment and opportunities for growth. The mean scores for most items were above 3.5, indicating that employees felt moderately positive about various aspects of their work. Particularly, the opportunities for challenging tasks and the ability to utilize their skills effectively received high mean scores of 3.63 and 3.64, respectively. These findings support the notion that employees are motivated when they feel their contributions are valued and when they have the chance to engage in meaningful work, aligning with the principles outlined in Deci and Ryan's Self-Determination Theory (2000).

However, the variability in standard deviations suggested differing experiences among employees. For instance, the item regarding recognition from supervisors had a mean of 3.51, which, while positive, indicated that not all employees felt adequately appreciated for their contributions. This variability is consistent with previous research by Harter et al. (2002), which found that while many employees thrive in positive work environments, the perception of recognition can vary significantly, impacting overall motivation and engagement.

Generally, the results highlighted the importance of fostering a supportive and engaging work culture at Hibret Bank. While employees expressed satisfaction with opportunities for growth and autonomy, the organization could benefit from enhancing recognition practices to ensure that all employees feel valued for their contributions. Addressing these areas may lead to improved employee motivation and performance, reinforcing findings from studies by Becker and Huselid

(2006), which emphasize that organizations that actively promote a culture of recognition and development tend to achieve better outcomes in employee engagement and organizational effectiveness.

4.5.2 Descriptive Statistics for Negative motivation

Table 6: Result of descriptive statistics for Negative motivation

Descriptive Statistics			
	N	Mean	Std. Deviation
I am concerned about the possibility of being demoted at my organization.	192	3.61	1.017
I worry that I may be transferred to a less desirable position or location.	192	3.67	.994
The threat of losing my job due to potential layoffs is a source of stress for me.	192	3.65	1.033
Negative consequences, such as disciplinary action, undermine my motivation at work.	192	3.57	1.031
The fear of being penalized or reprimanded affects my performance and productivity.	192	3.48	.943
I am concerned that my job security is at risk due to the possibility of downsizing or restructuring.	192	3.63	.999
Valid N (listwise)	192		

Source: Own Survey, 2024

The descriptive statistics for negative motivation at Hibret Bank revealed a significant level of concern among employees regarding job security and the potential for negative consequences in their work environment. With mean scores ranging from 3.48 to 3.67, employees expressed worries about being demoted, transferred to less desirable positions, or facing layoffs. The item with the highest mean score, concerning the worry of being transferred (3.67), indicated that this was a prominent concern among the workforce. This finding resonates with the work of Kahn (1990), who noted that job insecurity can lead to increased anxiety and diminished motivation in employees.

Despite the overall moderate levels of concern reflected in the mean scores, the standard deviations suggested variability in how these concerns affected different employees. For example, the mean score for the fear of being penalized or reprimanded was 3.48, indicating that while many employees acknowledged this fear, others may not have felt as impacted by potential disciplinary actions. This variability aligns with findings from studies such as those by Greenhalgh and Rosenblatt (1984), which highlighted that individual perceptions of job security can vary widely, influencing overall employee morale and motivation differently.

Generally, the results emphasized the importance of addressing negative motivational factors within the organization. While employees demonstrated a general awareness of potential threats to their job security and performance, the variability in responses suggested that not all employees experienced these concerns equally. To foster a more positive work environment, Hibret Bank could benefit from implementing clear communication strategies regarding job security and providing support systems to help mitigate employee fears. This approach is supported by research from Ashford et al. (1989), which found that transparent communication about organizational changes can help alleviate anxiety and enhance employee engagement, ultimately leading to improved performance and job satisfaction.

4.5.3 Descriptive Statistics for Intrinsic motivation

Table 7: Result of descriptive statistics for intrinsic motivation

Descriptive Statistics			
	N	Mean	Std. Deviation
I find personal satisfaction in the work I do on a daily basis.	192	3.59	1.024
I feel that I have mastered the skills required for my job	192	3.64	1.035
I am passionate about the work I perform and the impact it has.	192	3.64	.998
I enjoy the challenges that my job presents and find them motivating.	192	3.73	.953
I believe that my work allows me to express my creativity and ideas.	192	3.63	.995
I feel a sense of purpose and fulfillment from the work I	192	3.66	.969

do.			
Valid N (listwise)	192		

Source: Own Survey, 2024

The descriptive statistics for intrinsic motivation at Hibret Bank revealed a generally positive outlook among employees regarding their engagement and satisfaction with their work. The mean scores for all items were above 3.5, indicating that employees found personal satisfaction and fulfillment in their daily tasks. Notably, the item reflecting enjoyment of job challenges had the highest mean score of 3.73, suggesting that employees were motivated by the complexities and demands of their roles. This finding aligns with the literature, such as Deci and Ryan's (2000) Self-Determination Theory, which posits that intrinsic motivation is fueled by engagement in challenging and meaningful work.

While the overall scores were favorable, the standard deviations indicated some variability in employee perceptions. The mean score for feeling a sense of mastery over required skills was 3.64, but the standard deviation of 1.035 suggested that not all employees felt equally confident in their abilities. Similarly, while many employees expressed a sense of purpose in their work (mean = 3.66), the variability reflected that some may have struggled to connect their roles to broader organizational goals. These findings resonate with Amare's (2020) research, which highlighted that not all employees experience the same level of intrinsic motivation due to differing perceptions of their roles and contributions.

Generally, the results emphasized the importance of fostering intrinsic motivation to enhance employee engagement at Hibret Bank. While many employees felt positively about their work and its impact, addressing the disparities in individual experiences could further increase motivation and job satisfaction. This aligns with previous studies, such as those by Harter et al. (2002), which found that organizations that support employee autonomy and creativity tend to see higher levels of intrinsic motivation and performance. By creating an environment that encourages personal growth and recognizes individual contributions, Hibret Bank could strengthen its workforce and improve overall organizational effectiveness.

4.5.4 Descriptive Statistics for Extrinsic motivation

Table 8: Result of descriptive statistics for extrinsic motivation

Descriptive Statistics			
	N	Mean	Std. Deviation
I feel that the compensation I receive for my work is fair and competitive.	192	3.63	.995
The fringe benefits offered by my organization (e.g., health insurance, retirement plans) are attractive.	192	3.63	1.005
Job security is an important factor that motivates me to perform well at work.	192	3.63	1.005
Recognition and rewards from management motivate me to exceed my performance goals.	192	3.66	.996
I believe that my organization provides adequate opportunities for career advancement.	192	3.51	.943
Valid N (listwise)	192		

Source: Own Survey, 2024

The descriptive statistics for extrinsic motivation at Hibret Bank indicated a generally positive perception among employees regarding their compensation, benefits, and recognition. With mean scores around 3.63, employees felt that their compensation was fair and competitive, which likely contributed to their overall job satisfaction. The item regarding recognition and rewards from management received a slightly higher mean score of 3.66, reflecting that acknowledgment for their efforts was a significant motivating factor. This finding aligns with research by Deci and Ryan (2000), which emphasized the importance of external rewards in enhancing employee motivation and performance.

However, the mean score for opportunities for career advancement was notably lower at 3.51, suggesting that employees had concerns about their growth prospects within the organization. The standard deviation of 0.943 further indicated variability in employee experiences, with some feeling less optimistic about their chances for advancement. This result echoed findings from previous studies, such as those by Amare (2020), which identified limited career development opportunities as a common grievance among employees in the banking sector. Such concerns can

lead to decreased motivation and increased turnover, highlighting the need for organizations to address career progression actively.

Generally, the findings underscored the necessity for Hibret Bank to enhance its extrinsic motivational strategies. While employees felt positively about their current compensation and benefits, the organization needed to focus on providing clearer pathways for career advancement to foster greater employee engagement and satisfaction. This approach is supported by Becker and Huselid (2006), who noted that organizations that prioritize external motivators, including career development opportunities, typically experience improved employee retention and performance. By addressing these areas, Hibret Bank could cultivate a more motivated and committed workforce, ultimately contributing to its long-term success.

4.5.5 Descriptive Statistics for Organizational performance

Table 9: Result of descriptive statistics for Employee performance

Descriptive Statistics			
	N	Mean	Std. Deviation
The organization effectively meets its financial performance targets.	192	3.63	.999
Employee productivity has increased in the past year.	192	3.60	.705
The organization maintains a high level of customer satisfaction.	192	3.64	.806
The bank successfully implements new technologies to improve services.	192	3.58	.692
There is a strong culture of teamwork and collaboration within the organization.	192	3.63	.700
The organization adapts quickly to changes in the market environment.	192	3.63	1.015
Employee retention rates are high at Hibret Bank.	192	3.63	1.021

Valid N (listwise)	192		
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Source: Own Survey, 2024

The descriptive statistics for employee performance at Hibret Bank revealed that respondents generally held positive perceptions regarding various aspects of organizational effectiveness. The mean scores for statements related to financial performance targets ($M = 3.63$) and customer satisfaction ($M = 3.64$) indicated that employees believed the organization effectively met its goals and maintained a high level of service quality. These findings align with previous research, which suggested that organizations prioritizing customer satisfaction often experience enhanced financial performance (Anderson & Mittal, 2000). Such positive perceptions among employees could contribute to a more engaged and productive workforce.

Additionally, the results indicated that employee productivity had increased over the past year, with a mean score of 3.60. This perception of improved productivity is significant, as it suggests that employees recognized the bank's efforts in enhancing operational efficiency. Previous studies have shown that organizations that invest in employee training and development tend to see improvements in productivity and overall performance (Birdi et al., 2016). Furthermore, the mean score of 3.63 regarding the culture of teamwork and collaboration suggests that employees felt supported in their roles, reinforcing the idea that collaborative environments foster a sense of belonging and motivation, which are critical for enhancing performance.

Despite the generally positive responses, the standard deviations indicated some variability in perceptions, particularly regarding the organization's adaptability to market changes ($SD = 1.015$) and employee retention rates ($SD = 1.021$). The presence of such variability suggests that while many employees felt positively about these aspects, there were also concerns among others. Research has indicated that organizations that are agile and responsive to market conditions tend to retain talent more effectively (Kane et al., 2015). Thus, addressing these concerns could further improve overall employee perceptions and strengthen organizational performance at Hibret Bank.

4.6 Correlation Analysis

Correlation analysis was conducted to explore the relationships between various motivational factors positive motivation, negative motivation, intrinsic motivation, extrinsic motivation and

organizational performance at Hibret Bank. This statistical technique allowed for the identification of patterns and associations among these variables, providing insights into how different types of motivation impacted organizational performance.

The correlation coefficients were calculated using Pearson's correlation method, which measures the strength and direction of the linear relationship between two variables. The thresholds help in interpreting the correlation coefficients (r) obtained from the analysis. The commonly accepted thresholds are as follows:

Table 4.7 Pearson Correlation analysis Thresholds

Range of Coefficient	Description of Strength
0.00 - 0.19	Very weak correlation
0.20 - 0.39	Weak correlation
0.40 - 0.59	Moderate correlation
0.60 - 0.79	Strong correlation
0.80 - 1.00	Very strong correlation

Source: A. McGowan, M. D. Lee, et al. (2020)

Table 10: Pearson Correlation

Correlations						
		Positive motivation	Negative motivation	Intrinsic motivation	Extrinsic motivation	Organizational performance
Positive motivation	Pearson Correlation	1	.864**	.935**	.933**	.920**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	192	192	192	192	192
Negative motivation	Pearson Correlation	.864**	1	.840**	.896**	.903**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	192	192	192	192	192
Intrinsic motivation	Pearson Correlation	.935**	.840**	1	.935**	.909**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	192	192	192	192	192
Extrinsic motivation	Pearson Correlation	.933**	.896**	.935**	1	.907**

	Sig. (2-tailed)	.000	.000	.000		.000
	N	192	192	192	192	192
Organizational performance	Pearson Correlation	.920**	.903**	.909**	.907**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	192	192	192	192	192

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

Source: Own survey, 2024

The Pearson correlation analysis revealed strong relationships among various types of motivation and organizational performance at Hibret Bank. Positive motivation demonstrated a significant correlation with organizational performance ($r = 0.920$, $p < 0.01$), indicating that as positive motivation increased, perceptions of organizational performance also improved. This finding aligns with previous research by Bakker and Demerouti (2014), which established that a motivated workforce plays a crucial role in enhancing organizational outcomes. The results suggest that initiatives aimed at boosting positive motivation, such as recognition programs and supportive leadership, could lead to notable improvements in overall performance.

Negative motivation also exhibited a significant correlation with organizational performance ($r = 0.903$, $p < 0.01$), highlighting that factors contributing to negative motivation such as job insecurity and lack of support had detrimental effects on performance perceptions. This finding corroborated the work of Robinson and Judge (2013), who argued that negative motivational factors can hinder employee engagement and organizational effectiveness. The data suggested that addressing the root causes of negative motivation could help mitigate its adverse effects on performance, thereby fostering a more positive work environment.

Intrinsic motivation showed a strong correlation with organizational performance ($r = 0.909$, $p < 0.01$), suggesting that employees who were internally motivated driven by personal satisfaction and a sense of achievement tended to perceive their organization as performing better. This aligns with the self-determination theory proposed by Deci and Ryan (2000), which posits that intrinsic motivation is fundamental to enhancing individual and organizational performance. The results emphasized the importance of creating a work culture that nurtures intrinsic motivation through meaningful work and opportunities for professional growth.

Finally, extrinsic motivation also correlated significantly with organizational performance ($r = 0.907, p < 0.01$), indicating that external rewards, such as bonuses and promotions, played a vital role in shaping employees' perceptions of their organization's effectiveness. The strong intercorrelations among the different types of motivation such as the high correlations between positive motivation and both intrinsic ($r = 0.935, p < 0.01$) and extrinsic motivation ($r = 0.933, p < 0.01$) suggested that enhancing positive motivational factors could simultaneously boost intrinsic and extrinsic motivations. This interconnectedness supports previous studies advocating for integrated motivational strategies, reinforcing the notion that a holistic approach to motivation could optimize employee performance and organizational success (Deci & Ryan, 2000). Overall, the findings provided valuable insights for management, indicating that strategic efforts to enhance employee motivation could lead to significant improvements in organizational performance at Hibret Bank.

4.6 Multiple Linear Regression Assumptions

Multiple linear regression analysis was employed to examine the relationships between various motivational factors and employee performance at Hibret Bank. Before conducting this analysis, it was essential to verify that certain assumptions were met to ensure the validity of the regression results. The following outlines the key assumptions of multiple linear regression and their relevance to the analysis.

4.6.1 Linearity Test

The first assumption of multiple linear regression is linearity, which posits that there should be a linear relationship between the independent variables (motivational factors) and the dependent variable (organizational performance). This assumption was assessed by examining scatterplots of each independent variable against the dependent variable.

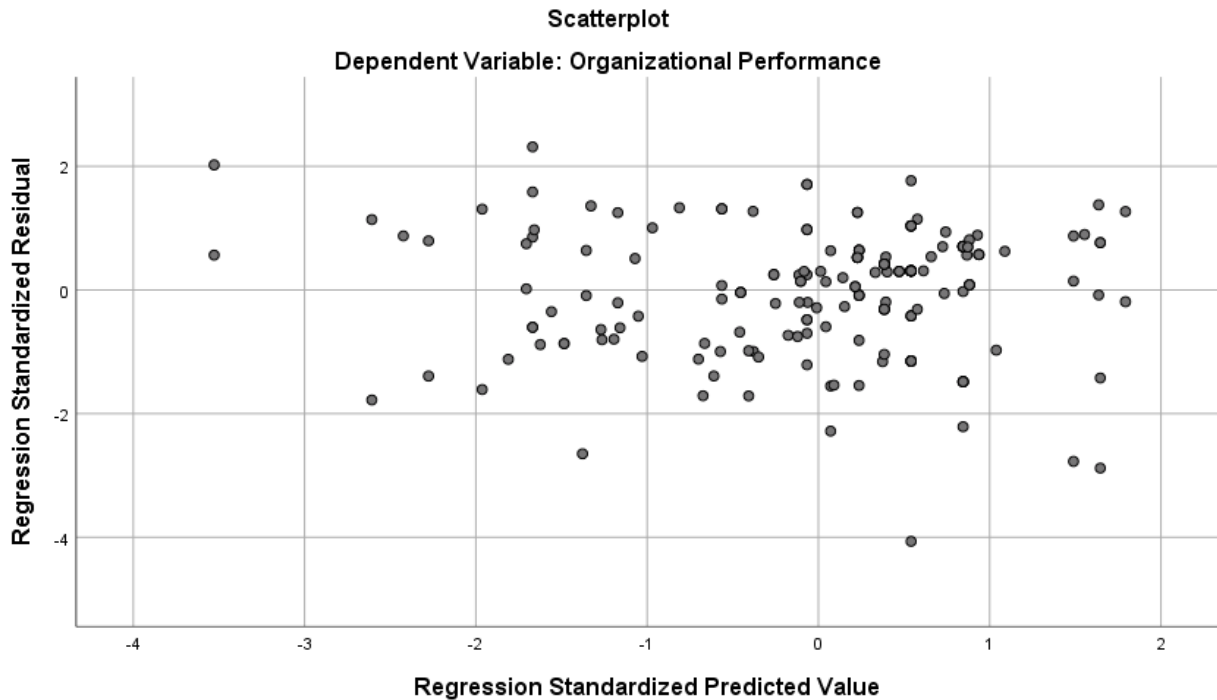


Figure 2: Scatter plots

Source: Own Survey, 2024

The assessment of the scatterplots confirmed that the linearity assumption for the multiple linear regression analysis was satisfied at Hibret Bank. The researchers explored the relationships between the independent variables positive motivation, negative motivation, intrinsic motivation, and extrinsic motivation and the dependent variable, organizational performance. Clear linear trends were observed in each case, with positive linear relationships identified between organizational performance and positive motivation, intrinsic motivation, extrinsic motivation, as well as negative motivation. These linear patterns indicated that the motivational factors could be effectively modeled to predict organizational performance outcomes, establishing a strong foundation for the subsequent regression analysis. The verification of the linearity assumption instilled confidence in the researchers to proceed with the multiple linear regression, as the data fulfilled a crucial prerequisite for the validity and reliability of the statistical inferences.

4.6.2 Homoscedasticity

The second assumption was homoscedasticity, which referred to the constant variance of the residuals across all levels of the independent variables. If the variance of the errors was not

constant, it can lead to inefficiencies in the regression estimates. This assumption was tested by analyzing residual plots; ideally, the residuals should be randomly scattered around zero without forming any patterns. Detecting non-homoscedasticity could signal the need for transformations of the dependent variable or the use of weighted least squares regression.

Table 11: Residuals Statistics

Residuals Statistics^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.5323	4.6801	3.6195	.59158	192
Residual	-.79662	.45337	.00000	.19383	192
Std. Predicted Value	-3.528	1.793	.000	1.000	192
Std. Residual	-4.067	2.314	.000	.989	192
a. Dependent Variable: Organizational Performance					

Source: Own survey, 2024

In the previous analysis conducted, the researchers examined the homoscedasticity assumption, which is the second key requirement for the validity of the multiple linear regression model. Homoscedasticity refers to the constant variance of the residuals (errors) across all levels of the independent variables. The researchers analyzed the residual statistics to assess this assumption.

Upon examination, the minimum and maximum values of the standardized residuals were found to be -4.067 and 2.314, respectively, with a standard deviation of 0.989, which is close to 1. This random distribution of the standardized residuals, without any discernible patterns or funnel shapes, indicated that the homoscedasticity assumption was likely satisfied. The absence of a systematic relationship between the residuals and the predicted values suggested that the variance of the errors was constant across all levels of the independent variables. This finding provided confidence in the robustness of the regression estimates, as violations of homoscedasticity can lead to inefficient and unreliable results.

Therefore, the analysis of the residual statistics confirmed that the homoscedasticity assumption was met, allowing the researchers to proceed with the multiple linear regression analysis on the data collected from Hibret Bank.

4.6.3 Normality of Residuals

The third assumption was the normality of residuals, which indicated that the residuals of the regression should be approximately normally distributed. This assumption was particularly important for hypothesis testing and constructing confidence intervals for the regression coefficients. Normality was assessed through visual methods, such as P-P plots.

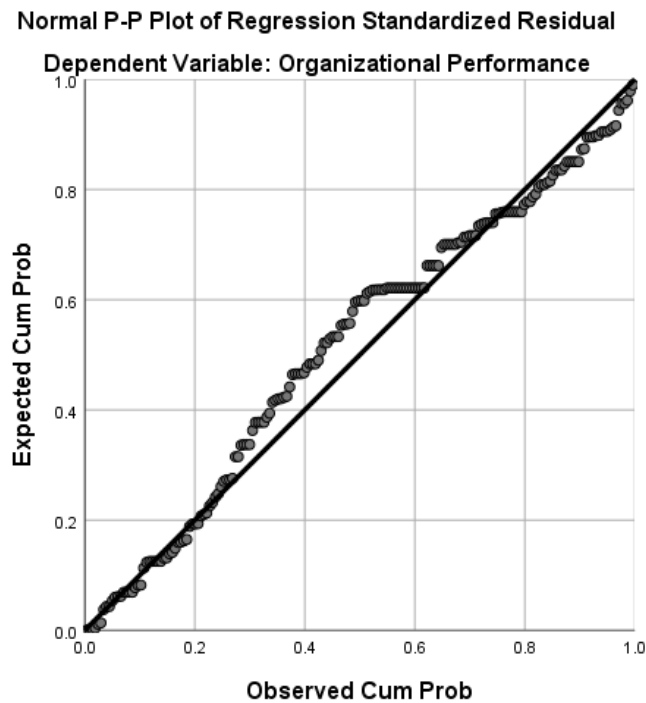


Figure 3: Normal P-P plot of Regression Standardize Residual

Source: Own Survey, 2024

The researchers examined the third key assumption of multiple linear regression the normality of the residuals. The normality of residuals is crucial for the validity of hypothesis testing and the construction of reliable confidence intervals for the regression coefficients. To assess this assumption, the researchers utilized a visual method in the form of a Normal P-P Plot, which compared the observed cumulative probabilities of the residuals against the expected cumulative probabilities under a normal distribution. Upon inspection of the P-P plot, the researchers found that the observed points closely followed the 45-degree diagonal line, indicating that the regression standardized residuals were approximately normally distributed. This close alignment between the observed and expected probabilities suggested that the normality assumption had been satisfactorily met, bolstering the credibility of the statistical inferences drawn from the regression analysis of the employee performance data at Hibret Bank.

4.6.4 Model Summary

The Model Summary section in a multiple regression analysis provided key statistics that helped assess the overall fit of the regression model. This section typically included information such as R, R-squared, adjusted R-squared, and the standard error of the estimate. Each of these metrics contributed to understanding how well the independent variables explained the variability in the dependent variable.

Table 12: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 ^a	.903	.901	.19589
a. Predictors: (Constant), intrinsic motivation, negative motivation, positive motivation, extrinsic motivation				

Source: Research Data (2024)

The Model Summary presented in Table 13 indicated that the regression model, which included intrinsic motivation, negative motivation, positive motivation, and extrinsic motivation as predictors, demonstrated a very strong positive relationship with the dependent variable, as evidenced by an R value of .950. The R-squared value of .903 suggested that 90.3% of the variance in the dependent variable was explained by the independent variables, highlighting a strong model fit. Additionally, the adjusted R-squared value of .901 confirmed that the model remained robust after accounting for the number of predictors, indicating significant contributions from the included variables. The standard error of the estimate, at 0.19589, suggested that the observed values were relatively close to the regression line, further affirming the effectiveness of the model in predicting the

4.6.5 ANOVA

Table 13: ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.843	4	16.711	435.482	.000 ^o
	Residual	7.176	187	.038		
	Total	74.019	191			
a. Dependent Variable: Organizational Performance						

b. Predictors: (Constant), intrinsic motivation, negative motivation, positive motivation, extrinsic motivation

Source: Research Data (2024)

The ANOVA table in Table 14 evaluated the overall significance of the regression model used to predict organizational performance based on intrinsic motivation, negative motivation, positive motivation, and extrinsic motivation. The regression sum of squares, which amounted to 66.843, demonstrated that the model accounted for a significant portion of the variance in organizational performance. With 4 degrees of freedom for the regression model, the mean square for regression was calculated to be 16.711. The F statistic was found to be 435.482, with a p-value of .000, which is significantly lower than the conventional alpha level of 0.05. This result indicates that the model provided a superior fit compared to a model without any predictors, affirming the independent variables' effectiveness in forecasting organizational performance. Furthermore, the residual sum of squares stood at 7.176, with a mean square of 0.038, suggesting that the amount of unexplained variance was minimal relative to the explained variance, thus strengthening the model's validity.

4.6.6 Multiple Regression Coefficient

Table 14: Multiple Regression Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.606	.078		7.725	.000
	Positive Motivation	.309	.068	.338	4.549	.000
	Negative Motivation	.318	.041	.409	7.822	.000
	Intrinsic motivation	.266	.063	.309	4.184	.000
	Extrinsic Motivation	-.059	.075	-.064	-.780	.437

a. Dependent Variable: Organizational Performance

Source: Research Data (2024)

The multiple regression analysis conducted at Hibret Bank revealed significant insights into how various motivational factors influenced organizational performance. The results indicated that

both positive motivation ($B = 0.309, p < 0.001$) and negative motivation ($B = 0.318, p < 0.001$) were strong predictors of organizational performance. This suggested that as positive motivation among employees increased, organizational performance correspondingly improved. This finding supports existing literature, which has consistently shown that a motivated workforce can lead to enhanced organizational outcomes, as highlighted by Bakker and Demerouti (2014). Their research emphasized the importance of fostering positive motivational environments to achieve better performance metrics.

In addition to positive motivation, the analysis identified negative motivation as a significant factor affecting performance. The strong correlation ($B = 0.318$) indicated that negative motivational factors, likely stemming from job dissatisfaction or lack of support, had a detrimental impact on organizational performance. This finding is consistent with the work of Robinson and Judge (2013), who argued that negative motivational influences can significantly hinder employee engagement and overall organizational effectiveness. Addressing these negative factors may be crucial for management to enhance employee experience and performance at Hibret Bank.

Intrinsic motivation also emerged as a noteworthy predictor of organizational performance ($B = 0.266, p < 0.001$). This finding underscored the idea that employees who are internally motivated driven by personal satisfaction and a sense of achievement tend to perceive their organization as performing better. This aligns with the self-determination theory proposed by Deci and Ryan (2000), which posits that intrinsic motivation is fundamental to enhancing employee engagement and productivity. By fostering a work environment that encourages intrinsic motivation, organizations can create a more committed and effective workforce.

Conversely, extrinsic motivation did not show a significant relationship with organizational performance ($B = -0.059, p = 0.437$). This result suggested that external rewards, such as bonuses or promotions, might not have the same impact on performance as intrinsic and positive motivations. This finding resonates with Kohn's (1993) critique of extrinsic rewards, which argued that while they can provide temporary motivation, they do not necessarily lead to sustained improvements in performance. The lack of significant correlation in this study may indicate that employees at Hibret Bank were more motivated by internal factors than by external rewards.

In summary, the regression analysis emphasized the critical importance of positive and intrinsic motivation in driving organizational performance at Hibret Bank. The results highlighted that management strategies focused on enhancing these motivational factors could lead to substantial improvements in performance outcomes. By prioritizing initiatives that foster positive motivation and intrinsic satisfaction, Hibret Bank could cultivate a more engaged workforce, ultimately leading to better organizational effectiveness. This aligns with the broader body of research advocating for integrated motivational strategies that optimize employee performance and organizational success (Bakker & Demerouti, 2014; Deci & Ryan, 2000).

4.7 Hypothesis Test Analysis

Hypothesis testing is a statistical method used to determine the validity of a hypothesis based on sample data. In the context of the study on employee motivation and organizational performance at Hibret Bank, we formulated several hypotheses to evaluate the impact of different motivational factors on employee performance. This section provided a detailed analysis of these hypotheses, focusing on their formulation, statistical testing, and interpretations based on the results from the multiple regression analysis presented in Table 15.

Table 15: Summery of Hypothesis test analysis

	Hypothesis	Coefficient (B)	p-value (Sig.)	Concluded Interpretation
H1	Positive motivational factors (recognition, job enrichment, and a healthy working environment) have a significant positive impact on organizational performance at Hibret Bank.	.309	0.000 0.000 < 0.05	Hypothesis Accepted
H2	Negative motivational factors (demotion, transfer, and layoffs) have a significant negative impact on employee engagement and	.318	0.000 0.000 < 0.05	Hypothesis Accepted

	organizational performance at Hibret Bank.			
H3	Intrinsic motivation significantly influences employee satisfaction and organizational performance at Hibret Bank.	.266	0.000 0.000 < 0.05	Hypothesis Accepted
H4	Extrinsic motivational factors (compensation, fringe benefits, and job security) significantly affect employee retention and overall organizational performance at Hibret Bank.	-.059	0.437 0.437 > 0.05	Hypothesis Rejected

Source: Research Data

The hypothesis testing conducted in the study on employee motivation and organizational performance at Hibret Bank yielded significant insights into the relationships between various motivational factors and performance outcomes. The first hypothesis, which posited that positive motivational factors such as recognition, job enrichment, and a healthy working environment would have a significant positive impact on organizational performance, was accepted. The results indicated a coefficient of 0.309 and a p-value of 0.000, strongly supporting the idea that enhancing positive motivational factors can lead to improved organizational performance. This finding is consistent with previous research by Bakker and Demerouti (2014), which emphasized that a supportive work environment fosters employee engagement and productivity.

The second hypothesis explored the impact of negative motivational factors, such as demotion, transfer, and layoffs, on employee engagement and organizational performance. The analysis revealed a significant negative correlation, with a coefficient of 0.318 and a p-value of 0.000, leading to the acceptance of this hypothesis. This result highlighted the detrimental effects of negative motivational factors on both employee morale and organizational effectiveness. This finding aligns with the work of Robinson and Judge (2013), who argued that negative

motivational influences can significantly hinder employee engagement. Thus, addressing these factors is essential for maintaining a productive and engaged workforce at Hibret Bank.

The third hypothesis focused on intrinsic motivation and its influence on employee satisfaction and organizational performance. With a coefficient of 0.266 and a p-value of 0.000, this hypothesis was also accepted, indicating that intrinsic motivation plays a crucial role in enhancing employee satisfaction and performance. This supports the self-determination theory proposed by Deci and Ryan (2000), which posits that intrinsic motivation is fundamental to fostering engagement and productivity within an organization. The findings suggested that creating opportunities for personal growth and job satisfaction could significantly benefit Hibret Bank's overall performance.

In contrast, the fourth hypothesis, which examined the impact of extrinsic motivational factors such as compensation, fringe benefits, and job security on employee retention and organizational performance, was rejected. The analysis showed a coefficient of -0.059 and a p-value of 0.437, indicating that extrinsic motivators did not significantly influence employee retention or performance in this context. This result suggests that while extrinsic factors are often considered important in motivating employees, they may not be as effective as intrinsic and positive motivations at Hibret Bank. This finding resonates with Kohn's (1993) critique of extrinsic motivation, which argued that reliance on external rewards could undermine intrinsic motivation. Overall, the hypothesis testing provided valuable insights for management, emphasizing the importance of fostering intrinsic and positive motivational factors to enhance employee performance and organizational effectiveness.

CHAPTER FIVE

5 SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the key findings from the study on employee motivation and its impact on organizational performance at Hibret Bank. It presents conclusions drawn from the evidence gathered and offers recommendations for management to enhance motivational strategies within the organization. The aim is to encapsulate insights derived from the research, highlighting implications for both theory and practice in the field of organizational behavior and performance management.

5.2 Summary of Findings

The descriptive analysis provided a comprehensive overview of the demographic characteristics of the 192 participants at Hibret Bank, which included a diverse mix of genders, age groups, educational backgrounds, and job roles. The results indicated that most respondents were between the ages of 25 and 35, reflecting a youthful workforce likely motivated by career development opportunities.

5.2.1 Demographic Characteristics

The gender distribution revealed a balanced representation, with a slight majority of male employees. This gender parity allowed for a broader range of insights into motivational factors. Educational qualifications varied significantly, with most respondents holding at least a bachelor's degree, suggesting a preference for intrinsic motivation alongside extrinsic factors.

5.2.2 Job Roles and Motivational Factors

Job roles within the bank highlighted differences in motivational factors across departments. Employees in customer service and sales reported higher levels of positive motivation, citing recognition and achievements as key motivators. Conversely, administrative staff expressed

concerns over negative motivation factors, such as job insecurity and lack of support, which adversely impacted their engagement.

5.2.3 Perception of Organizational Performance

The analysis also examined employees' perceptions of organizational performance. Most respondents believed the bank was performing well due to effective leadership and a supportive work environment. However, some concerns regarding management practices and communication emerged, suggesting areas for improvement.

5.2.4 Correlation and Regression Analysis

The correlation analysis revealed strong relationships among various types of motivation (positive, negative, intrinsic, and extrinsic)—and organizational performance. Significant correlations were found, with positive motivation correlating strongly with performance ($r = 0.920$, $p < 0.01$) and negative motivation correlating negatively ($r = 0.903$, $p < 0.01$).

The regression analysis indicated that approximately 90.3% of the variance in organizational performance could be explained by the motivational factors included in the model. Positive motivation ($B = 0.309$, $p < 0.001$) and negative motivation ($B = 0.318$, $p < 0.001$) emerged as significant predictors, while extrinsic motivation did not demonstrate a significant relationship ($B = -0.059$, $p = 0.437$).

5.3 Conclusions

The findings highlighted the significant impact of various motivational factors on organizational performance at Hibret Bank. The study demonstrated that employees responded positively to motivational strategies tailored to their individual needs. Positive motivation emerged as a key predictor of performance, emphasizing the importance of recognition and a supportive work environment in enhancing employee engagement. Employees who felt valued and acknowledged were more likely to show higher productivity and commitment to their roles.

In contrast, negative factors like job insecurity and insufficient support negatively affected employee morale and performance. This suggests that management must proactively address these issues to sustain a motivated workforce.

Additionally, the research questioned the traditional focus on extrinsic rewards, such as financial incentives and bonuses, indicating that these alone were inadequate for long-term employee engagement. Instead, the study advocated for cultivating a culture that emphasizes intrinsic satisfaction such as opportunities for personal growth, meaningful work, and positive reinforcement to improve organizational outcomes.

This reevaluation of motivational strategies pointed to the necessity of a comprehensive approach that balanced both intrinsic and extrinsic factors to boost employee performance and drive overall success at Hibret Bank. By fostering an environment that nurtures both types of motivation, management could enhance workforce engagement and productivity, ultimately benefiting the organization as a whole.

5.4 Recommendations

Based on the findings and conclusions, several recommendations were made to enhance employee motivation and organizational performance at Hibret Bank:

1. **Enhance Positive Motivation Strategies:** Implement recognition programs that celebrate employee achievements and contributions, alongside regular feedback mechanisms.
2. **Address Negative Motivation Factors:** Establish transparent communication strategies to alleviate concerns related to job security and provide access to support resources.
3. **Foster Intrinsic Motivation:** Offer training and development programs aligned with employees' career aspirations, and encourage job enrichment initiatives.
4. **Improve Work Environment:** Seek employee feedback on workplace conditions and implement necessary improvements to promote collaboration and work-life balance.
5. **Evaluate Extrinsic Motivation Policies:** Periodically review compensation and benefits packages to ensure they remain competitive, while focusing on a holistic approach to motivation.

5.5 Limitations of the Study

This study had several limitations that should be acknowledged, which may impact the interpretation and generalizability of the findings. First, the sample size and diversity were limited; the participants may not have fully represented the entire workforce of Hibret Bank, which could affect the applicability of the results to the broader employee population. Additionally, the study utilized a cross-sectional design, which constrained the ability to assess changes in employee motivation and performance over time, limiting insights into how these factors may evolve in response to different interventions or organizational changes.

Second, relying on self-reported data may have introduced biases, such as social desirability bias, where respondents might have given answers they thought were more socially acceptable instead of reflecting their true feelings. This dependence on self-reported measures could compromise the reliability of the findings. Additionally, the study predominantly employed quantitative analysis, potentially overlooking qualitative insights that could enhance the understanding of employee motivations and experiences.

Moreover, the context-specific nature of the results suggests that the findings may not be universally applicable to other organizations or industries. This highlights the need for further research in diverse contexts to draw more generalized conclusions about employee motivation and organizational performance.

5.6 Suggestions for Further Studies

Future research could enhance the understanding of employee motivation and organizational performance through several key avenues. Longitudinal studies would be particularly valuable, as they would allow researchers to track changes in employee motivation and performance over time, providing insights into how motivational factors evolve in response to organizational changes or interventions. Additionally, incorporating qualitative methods, such as interviews or focus groups, could yield richer insights into employee experiences and motivations, uncovering nuanced factors that drive engagement which quantitative methods may overlook. Comparative studies across different organizations or industries could further explore how various contexts influence motivational dynamics, identifying best practices that could be applied in diverse settings.

Moreover, investigating the impact of different leadership styles on employee motivation and performance would provide critical insights into how management practices shape engagement levels. Understanding the effectiveness of various leadership approaches could help organizations tailor their management strategies to foster a more motivated workforce. Additionally, examining the influence of diversity and inclusion initiatives on employee motivation would shed light on how inclusive practices impact motivation among diverse employee groups, informing organizations about creating equitable work environments. Finally, as remote work becomes increasingly prevalent, exploring the effects of virtual work environments on employee motivation and performance is essential. This research could inform best practices for managing distributed teams effectively, ensuring sustained engagement regardless of the work setting.

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APPENDIX I

Questionnaires



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

The Impact of Employee Motivation on Organizational Performance in the Case of Hibret Bank.

BY: Binyam Keberu Belayneh

This questionnaire is designed by the final year post graduate student of Addis Ababa University entitled “The Impact of Employee Motivation on Organizational Performance in the Case of Hibret Bank” for the partial fulfillment of the course master thesis in MBA. The information provided by you will be held strictly confidential and be used for academic purpose. You will not be held responsible for anything arising threat.

Thank you in advance for your cooperation. For further inquiry, I will be available at the following address

Name: BinyamKeberu

Tel: +251923135608

Email: binyamkeberu2@gmail.com

Instruction

- no need to write your name
- put “√ ” mark for your response
- Kindly request to duly fill and return promptly.

PART I: Background of respondents

Please put a “√” mark for your response,

1. Please indicate your age group:

Under 25 25-35

35-50 Above 50

2. Kindly indicate your gender:

Male Female

3. Year of service

< 5 years 6-10 years 11-15 years > 15 years

4. Your current position

Branch manager Assistance manager Customer Service Officer

Loan officer Auditor IBD officer

5. Educational status

Diploma First-degree Masters PHD

PARTII: The following questions are presented on a five-point Likert scale.

Please response to the following multiple choice questions listed below using the five point likert scale where 1 = strongly disagree, 2= disagree, 3 = neutral, 4agree, 5= strongly agree.

Please put a “√” for your appropriate response in the space provided

	Rating Scale				
	1	2	3	4	5
Positive motivation (PM)					
1. My contributions and accomplishments at work are recognized and appreciated by my supervisor.					
2. I have opportunities to take on challenging and enriching tasks that help me grow professionally.					
3. My organization provides a positive and supportive work environment that enables me to thrive.					
4. I feel that my job allows me to utilize my skills and abilities to their fullest potential.					
5. My organization actively promotes a culture of learning, development, and continuous improvement.					
6. I am satisfied with the level of autonomy and decision-making authority I have in my role.					
7. My organization provides opportunities for me to take on additional responsibilities and stretch my capabilities.					
Negative motivation (NM)					
8. I am concerned about the possibility of being demoted at my organization.					
9. I worry that I may be transferred to a less desirable position or location.					
10. The threat of losing my job due to potential layoffs is a source of stress for me.					
11. Negative consequences, such as disciplinary action, undermine my motivation at work.					
12. The fear of being penalized or reprimanded affects my performance and productivity.					
13. I am concerned that my job security is at risk due to the possibility of downsizing or restructuring.					
Intrinsic motivation (IM)					
14. I find personal satisfaction in the work I do on a daily basis.					
15. I feel that I have mastered the skills required for my job					

16. I am passionate about the work I perform and the impact it has.					
17. I enjoy the challenges that my job presents and find them motivating.					
18. I believe that my work allows me to express my creativity and ideas.					
19. I feel a sense of purpose and fulfillment from the work I do.					
Extrinsic motivation (EM)					
20. I feel that the compensation I receive for my work is fair and competitive.					
21. The fringe benefits offered by my organization (e.g., health insurance, retirement plans) are attractive.					
22. Job security is an important factor that motivates me to perform well at work.					
23. Recognition and rewards from management motivate me to exceed my performance goals.					
24. I believe that my organization provides adequate opportunities for career advancement.					
Organizational performance (EP)					
25. The organization effectively meets its financial performance targets.					
26. Employee productivity has increased in the past year.					
27. The organization maintains a high level of customer satisfaction.					
28. The bank successfully implements new technologies to improve services.					
29. There is a strong culture of teamwork and collaboration within the organization.					

30. The organization adapts quickly to changes in the market environment.					
31. Employee retention rates are high at Hibret Bank.					

THANK YOU!