



ST.MAR'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

Effect of Motivation on Employee Performance:
In the Case of Abay Bank South & West Addis District,
Ethiopia.

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Effect of Motivation on Employee Performance:
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Ethiopia.

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DECLARATION

I hereby declare that the thesis entitled “Effect of Motivation on Employee Performance: The Case of Abay Bank S.C South west Addis district” is my original work, prepared under the guidance of GirmaTegene(Associate. Prof.). All sources of materials used for the thesis have been duly acknowledged moreover, this study has not been submitted for the award to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University for examination with my approval as a university advisor.

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A handwritten signature in blue ink, consisting of a stylized 'G' and 'T' intertwined, positioned above a horizontal line.

Signature

St. Mary's University, Addis Ababa

Date: June 2022

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THANK TO YOU ALL!

ACRONYMY

ANOVA.....Analysis of Variance

MBO.....Management by Objectives

St. Dev.....Standard Deviation

SPSS.....Statistical Programming for Social Science

VIF.....Variance Inflation Factor

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ABSTRACT

The objective of the study was to investigate the effect of motivation on employee performance at Abay bank South and west Addis district in head offices. The research adopted descriptive and exploratory research design with mixed research approach. Stratified sampling and simple random sampling techniques were employed for this research with 211 sample size. Both primary and secondary data that were collected through questionnaire and document review were used. Descriptive statistics, correlation analysis and infernal statistic, multiple regression analyze techniques were used to analysis the data. The finding of relationship results showed that positive relationship between the goal setting and non- monetary reward and recognition and employee performance at Abay bank. However, the study revealed that well being and monetary reward or financial incentive are insignificant determinant of employee performance .The researcher recommends that monetary incentive Abay Bank that must provide adequate incentive plan and reward system and better market based salaries and the well being must offer conducive working environment and job security for their employees for those resist change. So change can increase employee performance in their work activities to make satisfied employees and customer. The company must assess regularly the compensation program to update with market and Abay bank must to keep healthy relationship and to improve working environment to their staff to interest at the job.

Key Terms: *Motivation, Goal setting, reward and recognition, financial incentive and well being Employees' Performance*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Currently in the world different organizations are initiating various approaches to achieve their goals and success by achieving competitive advantage. Several organizations desire to gain constant progress, productivity is one of the most critical variables affecting general achievement is motivation.

Motivation is powerful energy that drives and excites employees, which results in their maximum contribution. Employee's motivation is as the enthusiasm, energy level, commitment and the amount of creativity that an employee's brings to the organization on a daily basis. Employees motivation is all about how engaged an employee's feels in cycle to the organizations goals and how empowered he/she feels.

Armstrong (2006) highlights two types of motivation, namely intrinsic and extrinsic. Intrinsic motivation is one where people use their internal drive to motivate to carry out tasks. Motivation is derived from the enjoyment one gets out of working. The drive may be acquired from having a sense of responsibility for what is expected of them, autonomy to carry out their duties and challenging work. Negative intrinsic motivation includes fear of getting fired for inefficiency or incompetence. Extrinsic motivation, on the other hand, includes things that companies do for their employees in order to motivate them to take the desired actions. People who are extrinsically motivated view their job as a way of fulfilling their needs. Extrinsic motivators include rewards that companies put in place to influence employees' actions such as pay and promotions. Negative extrinsic motivation includes withholding of pay.

For the financial segment, various factors enhance employees' motivation, such as compensation, recognition, establishing realistic goal and employees well being environment, etc.

In sector of the banking industry, human capital development is a very fundamental element as they are service provider companies which highly rely on human resources. Without the motivated and committed workforce, all initiatives of the Bank were ineffective as their success largely depends on whether employees have the right blend of knowledge, attitude, commitment

and skill to perform the critical organizational tasks. Organizations are striving to address and to safeguard that their employees always remain content and motivated at their workplace.

Various International banks like Barclays, Royal Bank of Scotland, Credit Suisse etc. have executed the motivational strategies in order to increasing motivated employees in the organization to help in maintaining profitability and longevity in the market place (Mcnaughton et al, 2015). However, the downturn of such drive is employees will be unmotivated, feeling unsecured and as well as the organization might lose productive employees.

In the banking sector, the success of the organization mainly reflected by the hard works of employees. Banks have been left with limited options other than addressing costs and optimization of use of limited resources to improve performance and maintain profitability. Among the mechanisms to cope with the existing changes in the banks is to ensure that employee work to the best of the bank and achieve targets.

When we come to in our country Ethiopia Bank Industry is tremendous contribution the development of the economy. In Ethiopia for quiet long there were not focuses on retaining employees it is only preferable to talk about retaining customers by the bank management. But it is frank that employee is the one who deliver the work to the customers. But now days thousands of graduates are working in bank sector some switching from one bank to another some are working haply ever after. This is because only recruiting employee is done where how to retain them put as unfinished home work. Despite lately thanks to the competitive markets banks starts working on employee focus drives such on giving various types of incentive and high rate of salary incremental. Recent years witnessed that the banking industry's performance has been on the upward spiral in all frontiers. Accordingly, private banks' employees' performance depends on the private banks drives and motivation of their employees.

Abay Bank is one of the private commercial banks has outlined a direction to seize the opportunities presented and downsize the impact of the aforementioned and similar confronts. For that reason, the Bank has outlined strategic intent through setting key priority focus areas and objectives. The one of the priority focus areas were mainly centered on human capital development. The Bank has been making efforts towards the focus areas and commendable progresses were registered in this regard.

1.2.Statement of the Problem

Motivation is about giving your staff the right mixture of guidance, direction, set objective, resources and rewards so that they are inspired and keen to work in the way that you want them to (Ludhans, 1992). Staff members are one of the most valuable assets. Motivated employees are more likely to stay and help build your business. Retaining motivated staff builds and well being your business and also achieving the organizational goal.

According to Karen and Peter (2013) People work for a variety of reasons. The main reason why most people work is because they need to earn money to buy food and the basic necessities for life. But some work is voluntary and does not yield any money. Some organizations have been known to experience a high staff turnover despite offering above average salaries (Aguinis, 2012). This tells us that money is not the only way to motivate employees.

One of the challenges faced by Abay banks and other Banks in the banking sectors is to maintain the employees. As semiannual a corporate report by (2021) show that 8.6% of employee's retrenchment in Abay Bank in Ethiopia has been rampant for the last ten years. Moreover, long working hours, stress and poor remunerations among banks employee has been a key determinant to high employee turnover as per the bank's annual corporate report. Individuals after being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change.

One of the factors that contribute to high employee turnover is demotivation (Mosley, Pietri and Mosley Jnr, 2012). There is a growing consensus among managers and leaders about the significance of combining effective motivation incentives to encourage good performance (Cole and Kelly, 2011).Its, therefore, a challenge for management of current Abay Bank to motivate their employees in order that quality services are provided, and subsequently to satisfy the needs of their customers. Motivation is one of the keys effect to employees' performance.

The general problem inherent in the organizational set up is low compensation, lack of recognition of workers achievements and not setting realistic goal. (Melisa Santos). All these tend to dampen workers morale and consequently affect their performance.

Mullins (2005) effectively motivating employees are one of the most important functions of a manager. There is evidence to show that organizations are facing challenges in retaining employees due to limited opportunities for advancement and the current competitive labor market. It doesn't appear things will get any better in the future. The loss of employees represent a loss of skills, knowledge and experiences which can create a significant economic effect and cost to corporations as well as impacting the needs of customers. Managers who can motivate employees assist the organization by improving employee retention.

According to the preliminary interview with some employees poor compensation payment system, unfair company policies and poor employee's performance recognition, not establishing realistic goal, increased stiff competition among bank industry reward system, increased regulation by the government and high rate of technological growth especially the digital mobile that now offer banking services are some of the problems facing the company. This is the essence of this study. The aim of this research therefore, I decided to carry out research to determine the effect of motivation drivers on employees' performance in Abay Bank under south and west Addis district in Ethiopia.

1.3. Research Questions

This study is to address the following basic research questions.

1. How does the impact of financial incentive on employee's performance in Abay Bank S.C.?
2. What is the influence reward and recognition on employee's performance in Abay Bank S.C.?
3. How does establishing realistic goal on employee's performance in Abay Bank S.C.?
4. What is the effect of employees well being on employee's performance in Abay Bank S.C.?

1.4. Objectives of the Study

1.4.1. General Objective of the Study

The main objective of the study: The general objective of this study is to determine the effects of motivation on employee's performance in case study Abay Bank.

1.4.2. Specific Objective of the Study

The specific objectives of the study are included the following:

1. To investigate the influence of a financial incentive on employee's performance in Abay Bank S.C.
2. To determine the impact of reward and recognizing on employee's performance in Abay Bank S.C.
3. To identify the effects of establishing goal setting on employee's performance in Abay bank S.C.
4. To examine the effects of employees well being on employee's performance in Abay bank S.C.

1.5. Significance of the Study

The study was intended to provide the following contribution (significance).

- ✚ Enable the researchers to have more know how about motivation
- ✚ It will serve as a source for other researchers to deal the matter further
- ✚ To will indicate the effects of motivation on the organization goal achievements.
- ✚ Management: Administration could be interested in identifying indicators of drives of motivation to take the necessary actions to improve the employee's work motivation in the company and choose the right decisions.

1.6. Scope of the study and Limitation of the study

1.6.1. Scope of the study

Mainly focus of this research was to determine the drivers of motivation and its effects has on employee performance. In particularly, the geographical boundaries of the research were this study was effects of motivation on employee's performance in Abay Bank S.C case under South and west Addis district in Ethiopia. Conceptually, monetary reward, non monetary reward and recognition, goal setting, and employees well being are the variables that was studied if they have effect on employees' performance.

1.6.2 Limitation of the study

Other Intrinsic variables and extrinsic variables those are not included because this study focused only related area to the organization nature that is the study was effect on employees'

performance. So, the study is not comprehensive due to the study was limiting by shortage of time and certain respondents not willing to respond on time the questionnaire.

1.7 Organization of the Study

This Research study is organized in to five chapters;

The first chapter is an introduction for the study which introduces the overall study. This part consists of introduction or back ground of the study, problem statement, objectives, significance, scope of the study, limitation of the study.

The second chapter focuses on basic concepts and issues that had been discussed by different scholars on the research topic. Basically definitions, concepts, types and theories of employee motivation are discussed. Moreover, the relationship between motivation and employee performance and challenges of motivation are discussed in brief. In this chapter general concepts and definitions, basic issues and empirical evidences of effects of motivation on employee's performance were discussed in detail based on the review of literatures in which previous studies were consulted. The major areas and results of previous studies have also been presented.

The third chapter, research design and approach, emphasizes on the design of the study and the methodologies were use. In this chapter; source of data, data collection, sample size & sampling procedure and selection of study organizations were discuss.

The fourth chapter is devoted to data presentation, analysis and interpretation in which the collected primary data analyzed and organized in meaningful manner so as to meet the objectives of the study.

The fifth and last chapter is concerned with summary, conclusion and recommendations. Here the findings of the study are summarized, conclusions clearly presented and recommendations are provided for the findings of study.

1.8 Definition of Terms

Motivation: Motivation is the process that accounts for an individual's intensity, direction and persistence of effort toward attaining a goal Robbins and Judge (2008).

Performance :A continuous process for improving the performance of individuals by aligning actual performance with that desired organizational goal (Cole and Kelly, 2011).

Intrinsic motivation: is motivation that is animated by internal personal enjoyment, interest, or pleasure.

Extrinsic motivation: refers to tangible rewards or its visible such as supervision, pay, fringe benefits, co-workers, work environment, personal life, work conditions and job security

Employee Performance: refers to the efficiency and effectiveness of employees in achieving organizational objectives. (Kootz et al., 1990)

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This chapter contains theoretical, empirical literature and conceptual framework. Theoretical literature deals with concepts of motivation, different motivation theory, and employee's performance and derives of motivation. Conceptual Framework describes the independent and dependent variable show the figure. Finally related empirical finding and hypothesis test were presented.

2.1. Theoretical Review

2.1.1. Motivation

Motivation should be viewed as a continuous and dynamic process it is the process that causes people to perform something. various of scholar such Flippo(1984) notes that motivation is a managerial responsibility for eliciting what employees expect the organization to supply them with and at the same time the responsibility for eliciting certain types of behavior from the employees. Or by Ran (2009) it is stated that Motivation is generally defined as the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal. According to Armstrong (1988), motivation is about what makes people act or behave in certain ways and take whatever steps required ensuring that they get satisfied.

With the prevailing uncertainty in the economy, coupled with an emphasis on customer satisfaction and long-term business relations, there is revived interest in the motivation of sales representatives. Social science literature, especially in organizational behavior and sales management, has long recognized the crucial importance of rewards and incentives as a means of motivating employees (Mehta, Anderson and Dubinsky, 2000). Employee motivation affects productivity, and part of a sales manager's job is to channel subordinates' motivation towards the accomplishment of the organization's vision or goals (Bhuvanaiah and Raya, 2015). A poorly motivated sales force will be expensive to the organization in terms of decreased productivity and performance, excessive staff turnover, increased expenses, higher use of the sales manager's time and a negative effect on the morale of colleagues (Jobber and Lee, 1994). Companies need to ensure that their sales forces are highly productive and motivated. As a result, they try to improve the productivity of their sales force through better selection, training,

motivation and compensation. Of these, compensation and incentive or reward schemes play an important role in motivating sales people to perform better (Abratt and Klein 1999).

Motivation is central to any discussion of work behavior because it is believed that it has a direct link to good work performance; it is assumed that the motivated worker is the productive worker (Riggio, 2014). Not everyone is motivated by the same rewards, and sales managers must work towards tailoring the motivational environment to the individual, within the boundaries and policies of the company (Chonko, Tanner and Weeks 1992). Motivation and learning theories suggest that pay should be based on performance (Georges and Jones, 2013). However, having highly motivated workers does not automatically lead to high levels of productivity- the work dynamic is more complex than that (Riggio, 2014). Therefore, a manager must approach a productivity problem very carefully- a detailed assessment of all other variables that can affect productivity must first be undertaken (Aguinis, 2012). The adoption of a performance management system can be seen as an attempt to integrate HRM processes with strategy (Cole and Kelly, 2011). Appraisals are used to ensure an individual's performance is contributing to business goals and managers are encouraged to combine the perspectives of several models to create a complete motivational environment for their employees (Newstrom 2011; Riggio, 2014).

Fredrick Herzberg developed a theory of motivation that highlighted the role of job satisfaction in determining worker motivation (Riggio, 2014). He proposed that the determinants of job satisfaction were different from those of job dissatisfaction. The factors giving rise to satisfaction were called motivators (e.g. recognition, responsibility and achievement), while those giving rise to dissatisfaction were called hygiene factors (e.g. salary, company policy and working conditions) (Cole and Kelly, 2011).

Motivators are things that lead employees to be satisfied and motivated by their jobs and have to do with job content, they are inherent in the work itself: Their presence results in job satisfaction and motivation, but their absence results only in neutrality (Levy, 2013). Motivators include intrinsic factors such as possibility for promotion, demanding work, recognition, achievement and responsibility (Stanley, 2012). Motivator factors operate only to increase job satisfaction (Hansen, Smith and Hansen, 2012).

Hygiene factors are related to the context in which people perform their jobs e.g. supervisory problems, interpersonal relations, low salary, administrative practices, poor working conditions and unfavorable company policies. The presence of hygiene results in job dissatisfaction, but their absence leads not to job satisfaction or motivation- only to neutrality (Chung, 2013). Hygiene factors, also called dissatisfies, operate only to decrease job satisfaction or create job dissatisfaction (Hansen, Smith and Hansen, 2012). The reverse of job satisfaction is not job dissatisfaction but instead, lack of job satisfaction; and similarly, the reverse of dissatisfaction is not job satisfaction, but lack of job dissatisfaction (Giancola, 2011)

2.1.2 Motivation Theories

2.1.2.1 Maslow Hierarchy of Needs

This theory was developed by Abraham Maslow (1943). It investigated the human motivation through explaining the human instinct curiosity. He stated the human needs which summarized in five needs: physiological, safety, social, and self-esteem. Moreover, this need creates the motivation that effect on the individual's behaviors and this need should be filled to satisfy the individuals. Moreover, Maslow expend his theory in 1954 through his book " motivation and personality". He argued that the unsatisfied need create tension and imbalance, and to get balance you have to safety each need in order to motive the unsatisfied needs. The crux of the theory is that individuals' most basic needs must be met before they become motivated to achieve higher level needs. However, as more attention began to be focused on the role of motivation at work, Maslow's need matching theory emerged in the early 1960's as an appealing model of human behavior in organizations. And as a result of its popularization by Douglas McGregor (1960, 1967), the model became widely discussed and used not only by organizational psychologists but also by managers.

2.1.2.2. Herzberg Theory

This theory was initiated by Herzberg (1959). He found that satisfaction and motivation effect by two kinds of factors, which is health factor and driving factors. Further, Herzberg found that each human has two different group of human needs which this needs effects on person behavior in different way. Moreover, he found that individual dissatisfaction caused by inappropriate

work environment. Furthermore, Herzberg revealed that the human will not feel satisfied unless he gets all kind of health, environmental, and physical factors.

The Two-Factor Theory of motivation was developed by psychologist Frederick Herzberg in the 1950's. Analyzing the responses of 200 accountants and engineers who were asked about their positive and negative feelings about their work, Herzberg found two factors that influence employee motivation and satisfaction: the first is Motivator factors: these are factors that lead to satisfaction and motivate employees to work harder. Examples might include enjoying your work, feeling recognized and career progression. The second is Hygiene factors – These factors can lead to dissatisfaction and a lack of motivation if they are absent. Examples include salary, company policies, benefits, relationships with managers and co-workers. However, while motivator and hygiene factors both influenced motivation, they appeared to work completely independently of each other.

The significance of this theory to the study is that for the happiest and most productive workforce, you need to work on improving both motivator and hygiene factors. The manager needs to, make sure that employees feel appreciated and supported. Give plenty of feedback and make sure your employees understand how they can grow and progress through the company. To prevent job dissatisfaction, make sure that your employees feel that they are treated right by offering them the best possible working conditions and fair pay. Make sure you pay attention to your team and form supportive relationships with them.

2.1.2.3. Mc Clelland's Theory of Needs

Mc Clelland's in his theory divided the human needs into three desires; the need of achievement, the need of affiliation and the need of power. He believed that the people who have the need for achievement they prefer to work with a responsibility to solve problems since they can't feel the achievement till they have the responsibility to solve the problem. Moreover, they have to tend to make a disciplined risk which means that they can't feel with achievement till the pass the challenges. Thus, they need feedback about their performance. The second type of need is the need of affiliation, which they care more about creating friendship and good social relationship, while the third part of need is the power, which they looking for authority and positions in the company (Royle, 2012).

2.1.2.4 McGregor's X and Y Theory

Douglas McGregor was a management researcher at the MIT Sloan School of Management. In his book titled 'The Human Side of Enterprise' Douglas examined the behavior of individuals at work and then formulated two models which he calls Theory X and Theory Y. Maslow's hierarchy of needs provide the background for McGregor's work. Unlike Maslow, McGregor grouped hierarchy of needs into lower order (Theory X) needs and higher order (Theory Y) needs.

McGregor's theory X is based on the assumption that naturally, average human being has an inherent dislike for work, as a result, feels reluctant to work and will strive to avoid it when possible. In his research work titled 'The human side of Enterprise' he asserted that people must be forced, coerced, controlled, directed or threatened with punishment to get them to work towards the achievement of organizational goals. McGregor states that the dislike for work is so strong that even the promise of a reward by the manager is not enough to propel them to work. Only the threat of punishment can be effective. In theory Y, the situation is totally the opposite from the previous one because it explains that naturally, the average human being likes work both physical and mental. The theory explains that people will exercise self-direction and self-control to achieve objectives to which they are committed. In addition, it states that there is a chance for greater productivity by giving employees the freedom to perform at the best of their abilities without being bogged down by rules. He further argued that an average person is fundamentally moral and will seek and accept responsibility.

Theory X and Theory Y as explained in McGregor theory of motivation are seldom used in contemporary organizational settings, still the important in the field of organization management because it provide useful tool for motivation and guiding tools to improve organization culture.

2.1.2.5 Expectancy Theory

The Expectancy Theory of Motivation was suggested by Vroom (1964). The theory provides an explanation as to why individuals choose one behavioral option over others. The basic idea behind the theory is that people will be motivated because they believe that their decision will lead to their desired outcome (Redmond, 2009). Expectancy theory proposes that work motivation is dependent upon the perceived association between performance and outcomes and

individuals modify their behavior based on their calculation of anticipated outcomes (Biron& Bamberger, 2011). Expectancy theory has evolved in recent years as a basic paradigm for the study of human attitudes and behavior in work and organizational settings. Vroom's expectancy theory addresses motivation and management. The theory suggests that an individual's perceived view of an outcome will determine the level of motivation. It assumes that the choices being made are to maximize pleasure and minimize pain, as also seen in the Law of Effect, "one of the principles of reinforcement theory which states that people engage in behaviors that have pleasant outcomes and avoid behaviors that have unpleasant outcomes" (Redmond, 2009). Prior belief of the relationship between people's work and their goal as a simple correlation is incorrect. Individual factors including skills, knowledge, experience, personality, and abilities can all have an impact on an employee's performance.

2.1.3. Drives of Motivation

Intrinsic and extrinsic motivation factors: Intrinsic rewards are internal, psychological rewards such as a sense of accomplishment or doing something because it makes one feel good. Extrinsic rewards are rewards that other people give to you such as a money, compliments, bonuses, or trophies. Extrinsic motivation refers to someone doing something because it leads to a separable outcome (Mullin, 2010).

Intrinsic motivation refers to doing something because it is inherently interesting or enjoyable (Yin and Yang, 2012). Intrinsically motivated agents do not only care about extrinsic rewards (like monetary payments), but their motivation to worker harder depends also on factors such as their self esteem or self confidence in succeeding in a task (Pierce and Gardner, 2004). There are various components of intrinsic motivational factors and they include: job autonomy, professional growth, leadership, workload and work contentment (Yin and Yang, 2012).

Extrinsic rewards may play an important role in boosting the employee's performance as Pierce and Gardner (2004) point out that an individual's self-esteem, formed around work and organizational experiences, plays a significant role in determining employee motivation. There are various components of extrinsic motivational factors and they include: pay, bonus programs, profit sharing and stock options (Mullin, 2010).

This applies to Douglas McGregor's Scientific Theory that formed Theory X, which applies to the extrinsic wants of employees. The basis for the motivation is supervision structure and money. Scientific Theory is based on the grounds that employees don't want to work so they have to be forced to do their job, and enticed with monetary compensation. Theory Y, also derived from McGregor's theory, says that employees are motivated by intrinsic or personal reward.

2.1.3.1. Goal-Setting Theory

A goal is the aim of an action or task that a person consciously desires to achieve or obtain (Locke and Latham, 2002). Goal setting is a motivational technique used extensively in organizations as a method of directing individuals' efforts at work and providing a standard against which performance can be assessed (Lunenburg, 2011). Since it was first researched five decades ago, goal-setting theory has been the most researched, utilized, and established theory of work motivation in the field of industrial and organizational psychology (Buchanan, 2012).

Goal-setting theory was developed inductively within industrial/organizational (I/O) psychology over a 25-year period, based on some 400 laboratory and field studies (Locke and Latham, 2002; 2006). Goal setting is a cognitive theory of motivation based on the premise that people have needs that can be thought of as specific outcomes or goals they hope to obtain (Locke and Latham, 1990). The theory started with the initial work on levels of aspiration developed by Kurt Lewin and has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960s (Redmond, 2015). Kurt Lewin's early work on "level of aspiration" provided the foundation for the most researched and well established theory of work motivation-goal-setting theory (Levy, 2013). Goal-setting theory emphasizes the role of specific, challenging performance goals and workers' commitment to those goals as key determinants of motivation (Newstrom, 2011).

Goal setting theory has guided the development of an immense body of empirical research about workplace motivation, and it is by far the dominant paradigm in the literature today (Kurose, 2013). According to Lunenburg (2011), goal setting is the underlying explanation for all major theories of work motivation-whether that is Vroom's VIE theories, Maslow's Hierarchy of Needs theory, Herzberg's motivation theory or Bandura's social cognitive theory. Goal setting

has also been identified as one of the most effective methods of changing behavior in the workplace (Skinner, 2010). Goal setting theory is a framework for understanding the relationships among motivation, behavior, and performance (Kurose, 2013). **Managers generally accept goal setting as a means to enhance and sustain performance (Dubrin, 2012).**

Locke and Latham's goal setting theory states that several conditions are particularly important in successful goal achievement. These include goal acceptance and commitment, goal specificity, goal difficulty, and feedback (Redmond, 2015). Goal-setting theory states that for employees to be motivated, goals must be clear, specific, and attainable and whenever possible, quantified (Riggio, 2014). A goal is defined simply as what the individual is consciously trying to do (Lunenberg, 2011). Newstrom (2013) outlines goals as targets and objectives for future performance that help focus employees attention on items of greater importance to the organization, encourage better planning for the allocation of critical resources (e.g. time money and energy), illustrate the value of persistent effort, and stimulate the preparation of action plans for goal attainment. Research on goal-setting has also stressed the importance of getting workers committed to goals, for without such commitment, it is unlikely that goal setting will be motivating (Riggio, 2014). Evidence suggests that if workers participate in goal setting, as opposed to having supervisors set the goals, there is increased motivation (Gomez-Mejia, Balkin, and Cardy, 2015).

Task goals, in the form of clear and desirable performance targets, form the basis of **Edwin Locke's** goal-setting theory. The theory's basis premise is that task goals can be highly motivating-if they are properly set and if they are well managed. Goals give direction to people in their work. Goals clarify the performance expectations between a supervisor and subordinate, between coworkers, and across subunits in an organization. Goals establish a frame of reference for task feedback. Goals also provide a foundation for behavioral self-management. **In the same related ways Locke believes goal setting can enhance individual work performance and job satisfaction.**

To achieve these benefits, however, research by **Locke** and his associates indicates that managers and team leaders must work with others to set the right goals in the right ways. The key issues and principles in managing this goals-setting process are:

- Set specific goals: They lead to higher performance than more generally stated ones, such as “Do your best.”
- Set challenging goals: As long as they are viewed as realistic and attainable, more difficult goals lead to higher performance than do easy goals.
- Build goal acceptance and commitment: People work harder for goals that they accept and believe in; they tend to resist goals forced on them.
- Clarify goals priorities: Make sure that expectations are clear as to which goals should be accomplished first and why.
- Reward goals accomplishment: Don't let positive accomplishments pass unnoticed; reward people for doing what they set out to do. And “participation” is an important element. The degree to which the person expected to do the work is involved in setting the performance goals can influence his or her satisfaction and performance. Research indicates that a positive impact is most likely to occur when the participation:
 - Allows for increased understanding of specific and difficult goals and
 - Provides for greater acceptance and commitment to them.

The concept of management by objectives (MBO) is good illustrations of a participative approach to joint apply the motivational power of goal-setting theory. In addition to MBO, managers should also be aware of the participation options. It may not always be possible to allow participation when selecting exactly which goals need to be pursued, but it may be possible to allow participation in the decisions about how to best pursue them. Furthermore, the constraints of time and other factors operating in some situations may not allow for participation. In these settings, research suggests that workers will respond positively to externally imposed goals if the supervisors assigning them are trusted and if the workers believe they will be equitably supported in their attempts to achieve them.

Hypothesis 1

H1: There is a positive significant effect between goal setting and employee's performance.

2.1.3.2. Recognition and Rewards

The type of reward practices used by an organization plays an important role in motivating employees to perform (Beer and Walton, 2014). This ultimately affects the performance of the organization (Hansen, Smith and Hansen, 2012). Based on decades of research on operant conditioning and behavior modification, it is commonly believed that if rewards are used effectively, they can motivate individuals to perform at higher levels, and the use of proper rewards culminates in firm performance at the organizational level (Giancola, 2011).

The hygiene-motivator distinction clearly maps onto the reward-recognition distinction. In fact, Herzberg himself made this point: In his motivation–hygiene theory, Herzberg stated that work motivation is largely influenced by the extent to which a job is intrinsically challenging and provides opportunities for recognition and reinforcement (Giancola, 2011). In other words, reward represents the application of hygiene factors, and recognition represents the application of motivator factors (Allen and Helms, 2011).

Positive praise is likely to be the most motivational (Kinicki and Kreitner, 2016). In his popular book *1001 Ways to Reward Employees*, Bob Nelson as cited by **Giancola (2011)**, **concluded that rewards must have a positive impact on performance**, and he found that the most desired form of reward by employees was verbal appreciation or praise by their immediate boss.

Many organizations have formal recognition and reward programs and these recognition programs usually include rewards because good performers are recognized with rewards (Deci, 2013). Among the rewards given are plaques, gift cards, jewelry and on the spot cast awards (Allen and Helms, 2011). More sophisticated recognition programs recognize behavior that supports organizational values, so the awards are a reminder of what is important to the company (Aguinis, 2012). Teams, as well as individuals should receive recognition to enhance motivation (Riggio, 2014). As with most motivation and retention programs, recognition and rewards must be carefully planned, otherwise they may backfire and lose money for the company (Kinicki and Kreitner, 2016).

Increasingly, it has become clear that the battle for talent involves much more than highly effective, strategically designed compensation and benefit programs. While these programs remain critical, the most successful companies have realized that they must make a much broader

look at the factors involved in attraction, retention, and motivation (Giancola, 2011) And they must deploy all of the factors including compensation and benefits to their strategic advantage (Hansen, Smith and Hansen, 2012).

Praising workers for good performance is a major type of informal recognition (Allen and Helms, 2011). Although praise costs no money and only requires a few moments of time, many workers feel that they do not receive enough praise (Aguinis, 2012) managers therefore have a good opportunity to increase motivation by the simple act of praising good deeds (Kinicki and Kreitner, 2016).

Rewards reflect both personal and institutional goals, and stand to assist an understanding of what directs both individuals' engagement and workplace affordances (Allen and Helms, 2011). In this way, rewards capture the goals for both workplace and personal trajectories, and permit a consideration of the degree to which there is consonance between these trajectories (Judge and Ferris, 2013). Hence they richly inform the relational interdependence between the personal and social. In general, there seems to be agreement that recognition and rewards are important motivators for individual and for organizational performance (Hansen, Smith and Hansen, 2012).

2.1.3.2.1. Recognition

According to Daniel and Metcalf (2009), recognition is a return on an employee's effort and dedication at work, as well as his or her results. An employee recognition program can be a great morale-building tool for any organization, whether large or small. An effective recognition program can lead to innovation, higher productivity and greater job satisfaction for the workers (Beer and Walton, 2014). Employee recognition programs could include several levels of recognition, from a simple Certificate of Appreciation to Employee of the Month to awards given on the division and companywide level, recognition should be provided to those who exceed expectations and earn the award (Steers and Porter, 2011). Recognition is one of the strong motivation factors; employees feel comfortable when they are praised and recognized (Armstrong, 2007).

No resource is more critical to an organization's success than its human resources are (Denisi and Pritchard, 2016). The concept of reward and recognition has gained much importance in the current times and has captured the attention of organizational managers and researchers equally

(Mandal and Dalal, 2006). Consequently, different organizations use reward and recognition as motivational techniques for employee's better performance (Beer and Walton, 2014). These reward and recognition are provided in the form of monetary and non-monetary benefits for certain desirable behaviors (Storey, 2013). Employees don't only want a good salary and benefit package, they also want to be valued and appreciated for their work (Wiese and Coetzee, 2013). When employees feel recognized and involved, they're much less likely to worry about money and security (Elton & Gostick, 2006).

A recognition program can help employers meet their organizational goals by helping attract and retain high-performing employees. Daniel and Metcalf (2009) reported that companies are aligning their employee recognition programs directly to the strategies of the organization due to the following nine reasons listed according to order of importance

- a) Create a positive work environment
- b) Creating a culture of recognition
- c) Motivating high performance
- d) Reinforcing desired behaviors
- e) Increasing employee morale
- f) Supporting the organization mission and vision
- g) Increasing retention and decreasing turnover
- h) Encourage loyalty and
- i) Supporting a culture change.

Other reasons for adapting a **recognition program** included: reducing costs, retaining key employees, increasing employee productivity, competitiveness, revenues and profitability, improving quality, safety and customer service, and lowering stress, absenteeism, and turnover (Daniel and Metcalf, 2009).

All organizations experience turnover and therefore retention of valuable employees is critical for the success of any business. The Jackson Organization (Elton and Gostick, 2006), an independent research firm, indicates that investing in recognizing employee excellence is strongly associated with the best financial performance. Companies that have implemented

employee recognition programs enjoy a return on equity that is more than triple the return of companies who don't implement recognition programs (Elton and Gostick, 2006).

2.1.3.2.2. Rewards

The most important human resource management issue nowadays is rewards structure (Milkovich and Newman, 2008). Bowen (2002) describes reward as something which is given or received in return for a success or achievement. Allen and Helms (2002) describe reward as a material or financial expression of appreciation that is conditional on results.

Employees who are effective and efficient are likely to be confined if they are not motivated to perform (Sajuyigbe, Olaoye, and Adeyemi, 2013). Mendonca, (2002) sees reward and compensation as a system that is based on the expectancy theory, which suggests that employees are more likely to be motivated to perform when they perceive there is a **strong link between their performance and the reward they receive**. Reward is a critical element that motivates employees to perform as expected (Armstrong, 2007). Employee performance plays crucial role in an organization's performance. Further, in performance and growth of organization, rewards employees play an important role (Aguinis, 2012). Rewards are focal device to improve motivation among employees and no organization can imagine reaching their goals and objectives without motivating their employees (Kumari, 2014). Baron (1983) posits that when we recognize and reward the employees in terms of their identification, their working capacity and performance is very high. Reward schemes are designed to enhance company performance by aligning the interests of employees with the financial performance of their companies (Chin-Ju, 2010). Reward is a system (e.g. Bonus and profit sharing) that contributes to performance by linking the interests of employees to those of the team and the organization, thereby enhancing effort and performance (Armstrong, 2007).

There are two types of rewards; financial and non-financial. Nonmonetary incentives are to reward employees for excellence job performance through opportunities (Kepner, Wyoski, McKenzie, and Ballentine, 2003). It usually come in form of more enabling authority, award, participating in the management, promotion, holidays, better working environment, written recognition, gifts, formal dinners, informal parties, plaques, etc. (Allen and Helms, 2011).

Rewards play a vital role in determining the significant performance in job and it is positively associated with the process of motivation (Huselid, 2005).

Freedman (1978) as cited in (Beer and Walton, 2014) is of the view that when effective rewards and recognition are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. The level of motivation of employees increases when employees get an unexpected increase in recognition, praise and pay (Dubrin, 2012). One valuable reason for recognizing employees is that studies show that people who feel appreciated are more positive about themselves and their ability to contribute, i.e., employee recognition can boost productivity and increase job satisfaction.

Hypothesis 2

H2: There is a positive significant relationship between reward or recognition and employees' performance.

2.1.3.3. Monetary incentive / Financial Incentives

Pay refers to the amount of money provided to workers for the accomplishment of organization goals (Koch, 2008). Kreitner and Kinicki (2007) suggests that the effectiveness of pay as a motivator depends on a number of circumstances, including the value and needs of individuals and their preference for different types of financial or nonfinancial rewards. Armstrong and Murlis (2004) further commented that pay is important to people because it is instrumental in satisfying a number of their most pressing needs. It is significant not only because of what they can buy but also a highly tangible method of recognizing their worth, thus, improving their self-esteem and gaining esteem of others (Khan, Farooq & Ullah, 2010). Armstrong and Murlis (2004) reflecting on intrinsic motivation pointed out that pay in itself has no intrinsic meaning and acquires significant motivating power only when it comes to symbolize intangible goals.

Money is the principal inducement and no other incentive comes close to it with respect to its influential value (Locke and Latham, 1990). Money has the dominancy to magnetize, retain and motivate individuals towards higher performance (Stanley, 2012). People do not work for free; employees want to be compensated for the work that they do. Employees must be motivated through adequate incentives plans and reward systems and this will invariably encourage them to

be proactive and have right attitude to work, thereby promote organizational productivity (Armstrong, 2007).

McCulloch (2001), posits that financial incentives mean any inducement involving the payment of money and reduction in price paid for goods or services or any award of credit.

Financial incentives and rewards positively affect on employees commitment or loyalty. Employees stay in an organization because the benefits of being part of an organization far outweigh the cost of leaving the organization (Saleem, 2011). The fact that employees fear losing their job makes money an extremely effective motivator because it is indispensable for survival in an economy (Cole, 2000).

The major objective of a manager is to ensure that business and corporate objectives are realized. This is only possible if employees, who are the key assets of an organization, have a positive attitude towards their organizations (Banjoka, 1996). To keep the pace of achieving goals organizations try to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security, empowerment etc (Hersberg, 2009).

While there are a variety of ways to compensate a sales force, most companies use three main methods: straight salary, straight commissions and a combination of salary and commissions (Wiese and Coetzee, 2013). Besides salary and commission, financial compensation could also include reimbursement of sales expenses and transportation (Wiese and Coetzee, 2013). Fredrick Taylor has described money as the most fundamental factor in motivating the industrial workers' to attain greater productivity (Steers and Porter, 2011). It is therefore imperative that organizations think critically about the remuneration packages that they offer to their employees.

Financial incentives enhance the employment relationship because it creates the basis for high levels of commitment and therefore, firms must develop strategies that include financial incentives and rewards for example promotion, bonus, profit sharing or gain sharing and employees stock ownership etc (Ismail, Guatleng, Chhekiong, and Ibrahim, 2009). In fact, some authors assert that the primary aim of incentives is to enhance extrinsic motivation by satisfying an individual employee's needs indirectly through means of pay and bonuses (Anthony and Govindarajan, 2007). A natural way to motivate workers at any level is to offer them financial

incentives; linking pay to performance improves the motivation value of money (**Kinicki and Kreitner, 2016**). Many jobs require financial rewards to motivate employees and many people primarily work to make money or attain the recognition denoted by financial rewards (Giancola, 2011).

Using financial incentives to motivate people fits principles of positive reinforcement and punishment (Aguinis, 2012). A useful principle of using financial incentives to motivate workers at all levels is to investigate which incentives are most appealing to groups and individuals (Denisi and Pritchard, 2016). Many workers are extrinsically motivated by salaries and benefits while others are intrinsically motivated by recognition and rewards or better health benefits (**Giancola, 2011**).

According to **Kinicki and Kreitner (2016)**, financial incentives are more effective when they are linked to (or contingent upon) good performance. A key principle is for managers to explain clearly to employees how performance is linked to pay, including the fact that unethical behavior will not be tolerated as a way of attaining a performance goal (Steers and Porter, 2011). An increasing effort of managers and compensation specialists to link pays to performance supports many business strategies- workers receive financial incentives for performing in ways consistent with the business strategy (Aguinis, 2012).

Literature has shown that remuneration issues play a critical role in organizations; however, there has been little advice that companies could use in terms of when certain incentive system designs have been more (or less) appropriate (**Dubrin, 2012**). The use of pay-for performance plans is growing (Kepner, Wyoski, McKenzie and Ballentine, 2003) and there is a trend to increasing variable pay as a percentage of total remuneration (McChilloh, 2001).

Compensation is one of the physical needs that influence motivation which in turn will affect the employee performance (**Hersberg, 2009**). Compensation has a big influence in the recruitment of employees, motivation, productivity and employee turnover (Steers and Porter, 2011). Financial incentives are largely regarded as an adequate means to motivate employees and to improve their performance (**Smith and Hitt, 2005**).

In other words, **performance does not increase with increased pay and does not decrease** when the worker is less motivated by the pay as a reward provided in the organization. This

finding may appear to be strange but the following reasons put forward by **Baron (2008)** will support this finding. Firstly, in many work situations, change in performance or performance is difficult as the job structure ensures work at a minimum level only. In other words, even if the worker had to work at a faster rate, the production will continue to move at the same pace. In addition the sharing of work resources hinders the progress of the workers because he or she has to wait for the specified materials. Therefore, even if there are extremely high levels of motivation, this will do little to raise performance and the correlation between motivation and performance is weakened. In this regard, most of the studies indicate that there is a direct correlation between pay and the task performance, but the correlation is not particularly strong in which the current study aims to find out among the bank employees. Bonus programs may also play a role in boosting employees' performance.

Hypothesis 3

H3: There is a positive significant effect between monetary compensation and employees' performance.

2.1.3.4. Employee Wellbeing

Fisher (2003) realized that most of the organization owners and managers realized that satisfied and healthy employees contribute the organizational productivity than others. This reflects that employee wellbeing has considerable impact on performance and endurance of organizations in different ways. In here few authors describe that employee wellbeing cause to high job performance, organizational citizenship behavior, and flexible effort and reduce employee turnover and absenteeism (**Judge et al., 2001; Wright & Cropanzano, 2000**). According to the **Judge & Watanabe, (1993)**, the managerial practices of the organizations are highly influence for the employee wellbeing. **Warr (2002)** argued that cognitive factors that affect the quality of life are likely to be linked to people's perception of their own level of wellbeing. Therefore effective wellbeing (psychological) emphasizes the centrality of feelings about life. Nevertheless, **Currie (2001)** views employee wellbeing at work as the physical and mental health of the workforce. That is, employees should be working in a stress-free and physically safe environment. Healthy organizations are critical for survival in this competitive global business environment. Essential factors leading to organizational and personal wellbeing involves open communication, team

working and co-operation, flexibility, support, and a balance between work and personal life (Kraybill, 2003). This view is reinforced by (Schuster, 1998) who purports that a significant relationship exists between attention to employees and superior organizational performance. Introducing wellbeing at work into business and public sector organizations is likely to introduce a change in the organizational climate that makes room for innovative practices that can produce positive organizational outcomes.

However, we define well-being more broadly as the overall quality of an employee's experience and functioning at work (Warr, 1987). Employee well-being encompasses physical, emotional and financial strength of employees and is not limited to health management but rather a combination of physical, emotional and financial strength. In the words of the physician and writer AtulGawande, It is about the reasons one wishes to believe. The dimensions of well-being are inter-related, and by solving issues for the whole rather than a part, employers can maximize performance and make their organizations great places to work. A single sentence definition of employee well-being would be the active state of pursuing good health and life skills with the aim of achieving sound physical and emotional health as well as financial security. It's the confidence that a person possesses and the ability, tools, and support to sustain individual good health and productivity.

Many authors have identified a direct link between employee well-being and organizational performance. Apart from that the employee wellbeing can achieved through human resources management practices. Currently and gradually, well-being is of great importance in our lives. For individuals to maintain good rates of motivation and physical and mental health, it is necessary that they feel good about themselves, their lives, and the events that occur in them (Imaginário, Vieira & Jesus, 2013). Individuals are always in a continuous search for obtaining and maintaining resources (such as energy, time, conditions, and personal characteristics) to ensure their wellbeing (Hobfoll, 2002). However, as noted above, the time, energy, and attention resources of an individual are finite, and a greater commitment to one role necessarily implies that less dedication is given to the other, increasing work family commitment and consequently diminishing the wellbeing of the individual.

The concept of employee wellbeing illustrated that the company is available with a healthy workforce (Cooper and Robertson, 2001). Therefore the feature of employee well being describe

about the different domains that impact for the quality of life of employee. Because of this reason large number of researchers tries to find out the people's sense of wellbeing or distress (Kersley et al., 2006; Peccei, 2004; Warr, 2002). The cognitive factors are highly influenced for the quality of life and the people's perception regarding their quality of life emphasis their own level of wellbeing Warr (2002). So the wellbeing is totally link with feeling about life. The employee wellbeing in the work place categorized into two concept, physical health of workforce and mental health of workforce. (Currie, 2001). The stress free and physical safe environment can generate physical and metal healthiness workforce to the company. Bakke (2005) explain this view and describe that wellbeing can generate enjoyable, rewarding, stimulating, exciting and joy filled workplace.

Hypothesis4

H4 there is a positive significant relationship between employees well being and employees' performance.

2.1.3.5. Employee Performance

Performance is the activity of doing something fruitfully; by knowledge as famous from simply possessing. Where Employee Performance: refers to the efficiency and effectiveness of employees in achieving organizational objectives. (Kootz et al, 1990).

The concept of motivation is used to explain the distinction between employees which have the same talents, abilities and opportunities to do their jobs in a similar organization and are under the same employment conditions and with the same facilities, but demonstrate different performances. Employees who have high work motivations keep on trying to get more promotion, and since they are constantly seeking better ways to carry out their duties and responsibilities, they will be promoted faster. These employees perform their jobs in such a manner that the jobs are required to be done with relatively more efforts, so they can try more to play the role for which they are asked.

The performance of workers has become important due to the increase concern of human resources and personnel experts about the level of output obtained from workers due to poor remuneration. The attitude is also a social concern and is very important to identify problems that are obtained in industrial setting due to nonchalant attitudes of managers to manage their

workers by rewarding them well to maximize their productivity. A very few organizations believe that the human personnel and employees of any organization are its main assets which can lead them to success or if not focused well, to decline. Unless and until, the employees of any organization are satisfied with it, are motivated for the tasks fulfillment and goals achievement and encouraged, none of the organization can progress or achieve success. Appropriate reward package can cheer up or influence workers to develop positive attitude towards their job and thereby increase their productivity.

Employee performance fundamentally depend on many factors like performance appraisals, employee motivation, employee satisfaction, compensation, training and development, bonus, communication, salary increment, recognition and many other, but the area of research is focused only on employee motivation as this factor highly influence the performance of employees. A motivational employee is responsive of the definite goals and objectives he/she must achieve; therefore, he/she directs their effort in that direction. Ruther fold reported motivation formulates an organization more successful because provoked employees are constantly looking for improved practices to do a work. Getting employees do their best work even in strenuous circumstances, is one of the employees most stable and greasy challenges and this can be made possible through motivating them.

Employees want to earn reasonable salary and payment and desire their work to feel that is what they are getting. Money is the fundamental inducement; no other incentive or motivational technique comes even close to it with respect to its influential value (Sare et al 2004). It has the supremacy to magnetize and motivate individuals towards higher performance. Research has suggested that reward now cause satisfaction of the employee which directly influences performance of the employee (Kalimullah et al, 2010). All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees (Rena et al, 2009). To use salary as a motivator effectively, managers must consider salary structures, payment according to performance, personal or special allowances, fringe benefits and so on(Adeyinka et al 2007). A good employee performance is necessary for the organization, since an organization's success is dependent upon the employee's creativity, innovation and commitment (Ramlall, 2008).

2.2. Empirical literature

Joel Kipleting Matui (2017) examines the employee productivity on organization performance commercial bank in Kenya. The researcher study used stratified random sampling procedure to select a sample that represented the entire population. The sample was selected by a stratified sampling method, consisting of 77 different level of position. He concluded that this ensured that every important parameter was represented. Ensure that feedback is done periodically so that the employees may know their expectations or organization goals. His findings indicate that the bank has a mechanism that ensures that the employees are happy, also given the right tools and materials, the right compensation, and promotion on merit employees work at their utmost ability. His findings also showed that effective training programs enhances the knowledge, skills an attitude of the employees thus improving their productivity which contributes to superior organizational performance.

Al Halibeh (2013) investigated the effect of incentives on the performance of the Greater Amman Municipality staff in Jordan. The sample was selected by a random class method, consisting of 150 employees from the managers, heads of departments and administrative staff with 33% of the study population of 449 employees. The study based on a descriptive analytical method and regressions to answer research questions. The result revealed that both material and moral motivation at a low level and the acquisition of social motivation and performance at the intermediate level. But, the strong national coverage is between the levels of motivation and the employee's performance. Therefore, the study has promoted positive working relationships between employees and guided them with the goals of the trustworthiness of the work ethos as a moral motivation to reach the planned level of performance.

Graffin (2002) contends that people are motivated to seek social equity in the rewards they receive for performance. People will be motivated when they see that they are treated fairly and equally. Equity is an individual's belief that the treatment he or she receives is far relative to the treatment received by others. According to equity theory, outcomes from a job include pay, recognition, promotions, social relationships and intrinsic rewards. To get these rewards, the individual gives inputs to the job, such as time, experience, effort, education and loyalty. The theory suggests that people view their outcomes and inputs as a ratio and then compare it to the ratio of someone else. People who feel under rewarded try to reduce the inequity. Such

individuals might decrease their inputs by exerting less efforts, increasing their outcomes by asking for raise, distorting the original ratios by rationalizing, trying to get the other person to change her or his outcomes or inputs leaving the situation or changing the object of comparison. An individual may also feel over warded relative to another person.

Another study on motivation conducted by Kindu (2001) to explore the extent to which incentive and motivation had an effect on productivity in textile industry in Ethiopia, revealed that motivation had an impact on productivity as employee who were motivated performed better than those who were not adequately motivated. Also the study noted that work condition at the textile industry, welfare facilities were also lacking he finally concluded that if workers morale was good it could result in a rise of productivity.

David B. Balkin (2002) suggested that hygiene factors are contextual or extrinsic aspects of a job, such as salary, fringe benefits, and company policies and so on, they can make people dissatisfied if they are inadequately met, but they will motivate people to do a good job. Assuming the hygiene factors are well managed, the key is to provide workers with motivation, or intrinsic rewards derived from the work itself, that provide continuous stimulation to strive for the best possible performance level. According to Herzberg, such motivators include the nature of the job, recognition, achievement. Herzberg contends that these motivators increase job satisfaction and that removing dissatisfying characteristic from a job does not necessarily make the job satisfying.

Another study on effects motivation conducted by Elizabeth (2017) to examine the extent to which effect of motivation on the performance of employees using the case of Pam Golding Properties, Nairobi. Revealed that goal goal-setting to motivate their employees, as a lack of regular training and development for the employees to improve their key skills and knowledge, money was a highly motivating factor for the employees and management should look into increasing the monetary and benefits package they give. Also the study noted. The current recognition and reward programs were perceived by the employees as being inequitable and unfair. Finally concluded that if management re-evaluates and re-engineers the current recognition and reward program and therefore change the perception of the employees about it.

2.3. The Conceptual Framework of the study

This Figure I, the researcher illustrates to show some of the motivating drives which effect employee performance. The financial incentive, reward and recognition, goal setting and well-being variables were considered relevant to the study. These effects will form the independent variables of the study was manipulated to positively significant the dependent variable, which is employee performance. These independent variables have been covered in the literature review

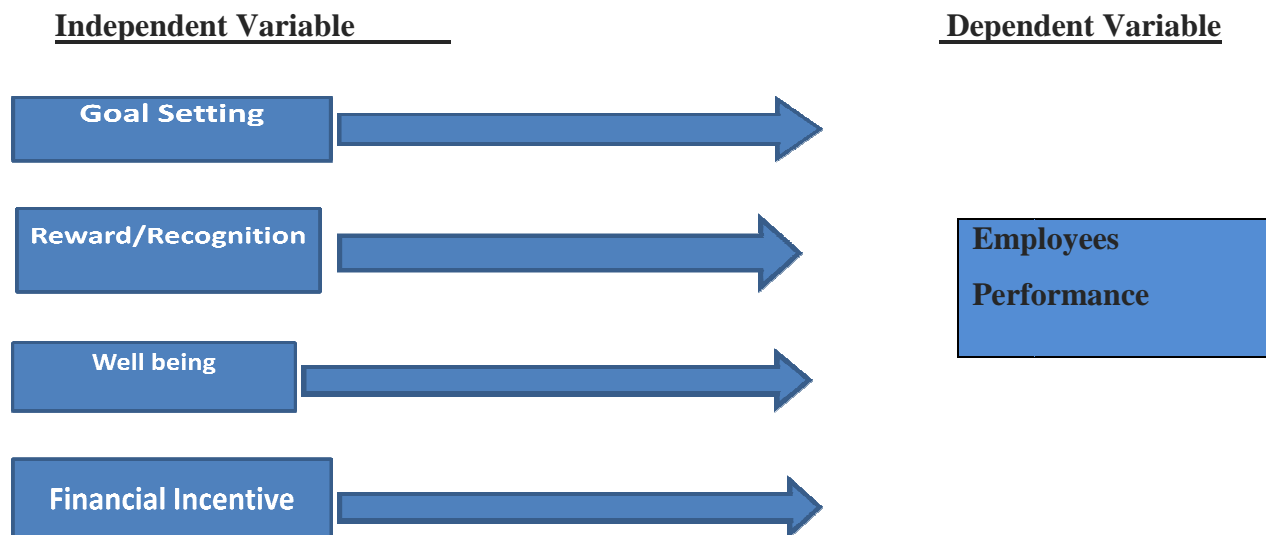


Fig.2.1: Conceptual Framework (self- developed)

2.4. Hypothesis of the study

This research hypothesized the following hypothesis which needs to be investigated:

H1: There is a positive significant effect between monetary compensation and employees' performance in case of Abay Bank S.C.

H2: There is a positive significant relationship between reward or recognition and employees' performance in case of Abay Bank. S.C.

H3: There is a positive significant effect between goal setting and employees' performance in case of Abay Bank. S.C.

H4: There is a positive significant relationship between employees well being and employees' performance in case of Abay Bank. S.C.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This Part describes, the research design and approach, the characteristics of the study target population, sample and sampling techniques, sources of data, data collection schedule, and data analysis method is used in the study. It explains the type of data used for the study and research model and also reliability and validity test the study.

3.1. Research Approach and Research Design

In conducting this study, a comparison of both quantitative and qualitative research approaches was used and the quantitative research approach was used for the study more. A quantitative research approach is used selected for this study because it is a formal objective, systemic process in which numerical data are utilized to obtain information (Creswell, J.W. 2003).

The research design to determine the existing effects of motivation on employees' performance at the under south and west Addis district Abay Bank as the deductive research approach applied for this study is exploratory as well as descriptive research design d which relevant to describe mainly what and how motivation is effect on employee's performance. The investigation is facilitating to describe by the help of the research questions developed and hypothesis.

To confirm the objective of this research, the study is primarily based on quantitative and qualitative research approach and which can help to investigate, identify ,determine and measure the motivation effects in employee's performance, Abay Bank S.C South and west Addis Ababa district and the its employees performance to the organization.

3.2. Population, Sampling size and sampling procure

The study population consists of total of 450 employees stationed at the district level. The total population constituted of a list of the district employees that was obtained from the human resource department headquarter. Stratified Random sampling is adopted and conducted by simple random sampling because method of sampling from a population which can be separated into sub-populations. The district is partitioned into 64 branches. Therefore, the population size of this paper is limited to the district level in south and west district bank only (around 450

employees). The reason why the researcher chose this district is that the south and west Addis district is the most populated part in which of any district and that can give better representation than other district in the bank.

The researcher targeted all employees' of the district which is includes from branch managers at district level employees up to the branches level staff employees.

Thus, like this paper used Joel Matui (2017) commercial bank in Kenya from the total to the sampling technical of study. Furthermore, the sample was randomly distributed to employees that working in south and west district at Abay bank. This requires sample size were a number of respondent's are 211 employees. The research was carry out in Abay Bank S.C under South and west Addis district in Ethiopia.

- Assumption:

- ▣ 95% Confidence Level

- ▣ P = 5%

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

Where:

N=sample size

N=Population

e = level of precision

$$n = \frac{450}{1 + 450(0.05)^2} = 211.$$

3.3. Data Types and Sources

According to Sekaran (2003), data that is gathering for research from the actual site of occurrence of events is called primary. For the purpose of this study, questionnaire using as the research instrument and distribute to employees working in Abay Bank S.C under south and west Addis district, Ethiopia.

Since the banks service is wide in south and western Addis district Abay bank in Ethiopia, the researcher have to study all staff in the Banks. For this reason, one district is selected; all employees and opportunities of the south and west Addis district are use as a case study.

Primary Data: The sources of the primary data for this study are staff of the selected district south and west Addis district. The required data were obtained from the sample respondents via structured questionnaires.

Secondary Data: The secondary data we used for supporting the study and to use the findings of other researchers in this area (empirical study). The sources of secondary data were from staff human resource management manual, banks annual report and staff related manual. From these secondary sources, the related concepts of the study were obtained.

3.4. Methods of Data Collection

To ensure the research were conducted effectively and efficiently, the detail of the procedures of obtaining information is needed in conducting the study in order to investigate and identify the research case.

The researcher assembled the data that are needed to accomplish the proposed research through stratified random sampling method. The survey questionnaires were administered to the target population of 211 employees of the organization. The questionnaire was divided into two sections to study the characteristics of the important variables to assess our topic of research. The section A of the questionnaire was comprised of demographical background of the respondents, and it was consist of gender, age, educational levels and working experience. Whereas section B, C, D, E and F of the questionnaire was instrumental in collecting data on the effects of

motivation on employees performance in Abay bank under south and west Addis district, Ethiopia.

The 5-point Likert scale with multiple items was used to measure the independent and dependent variables. The respondents were required to choose to what extent she/he agrees or disagrees with each of the statements, with 1 being strongly disagree and 5 being strongly agree.

3.6. Research Model

The objective of this study is to determine the effect of motivation on employee performance. Accordingly, to test the effect of motivation on employee performance, the researcher estimated a linear regression model in the following model.

Model:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where by:

- Y_i = Employees Performance
- β_0 =Constant intercept
- $\beta_1, \beta_2, \beta_3, \beta_4$ = The parameters (coefficients) to be estimated
- X_1 =Goal Setting
- X_2 =Reward and Recognition
- X_3 =Employees Well Being
- X_4 =Financial Incentive

ϵ = Error Term or residual

3.7. Reliability and validity of data collection instruments

3.7.1 Validity of data Instrument

The objective of validity is to ensure that the scale (each item or question of the questionnaire) measures what it is supposed to measure (Kothari, 2008). In this study content validity of the construct (composing, wording) measurements (of questionnaire items) were of concern from early stage of questionnaire development. To ensure validity of the instrument, the study thoroughly reviewed the relevant literature, to enable development of an initial list of items representing each of the study's constructs. In addition, the research advisor also provided valuable comments on the questionnaire.

3.7.2 Reliability of Research Instrument

According to Mugenda & Mugenda (2003), reliability regards to the degree to which the research instrument can produce consistent results and data from repeated trials. Cronbach's Alpha test was used to determine the internal consistency of the data. According to Davidson (1996), a score over 0.70 is deemed suitable for the study. Hence this was used as a benchmark to ascertain the reliability of factors obtained from the likert scale in the questionnaire. The commonly accepted rule of thumb for describing internal consistency using Cronbach alpha. Therefore, the research conducted the Cronbach's alpha reliability test.

3.7.3 Pilot test

A pilot study was carried out on 3 branches total respondents 21 in under south and west Addis District of bank in to test the validity and reliability of the data collection instrument.

Table 3.1 Reliability Test

Reliability Statistics		Variable	Cronbach's Alpha
Cronbach's Alpha	N of Items	Goal Setting	0.843
0.899	5	Reward and Recognition	0.841
		Employees Well Being	0.977
		Financial Incentive	0.846
		Employees Performance	0.844

Source: Own Survey computed in SPSS

From Table 3.1 Presents the results from the pilot study where 10 % of the target population was involved. The respondents in the pilot study were excluded from the actual study. It can be observed that the reliability and internal consistency of the items constituting Goal Setting, Reward and Recognition, Employees Well Being, Financial Incentive and employee's performance construct was established. The overall cronbach's alphas for these variables was 0.843, 0.841, 0.97,0.846 and 0.844 respectively which were above the required cut off value of 0.7 therefore all the item in the questionnaire were reliable. The interpretation was that all the items in the research instrument were eligible for the inclusion in further analysis.

3.8. Data Analysis Methods

The most important aspect of research is the analysis of the data, which implies examining, categorizing or recommending the evidence in two general strategies. The first strategy is to rely on the theoretical proposition and analyze the data according to the research questions and a frame of reference driven from the literature. The second strategy implies that a researcher develops a case description and descriptive framework in order to present the data. In this research, the information that has been gathered from the primary sources, key informant, and secondary source were aggregate according to research components, of which interpretation and discussion of the findings conduct according to the theories and the literature review material. In this study, data was collected using a structured questionnaire which is consisting of six sections. The data analysis is supported by using software called Statistical Package for Social Science (SPSS). Descriptive analysis involves a process of transforming a mass of raw data into mean, which are a vital part of making sense of the data to change parametric test. Inferential statistics such as correlation and regression were used to determine the relationship between the independent (setting goal, financial incentive, Reward and recognition and employees well being) and dependent variables (employees performance).Finally, the findings obtained using these instruments were discussed and concluded.

Data was analyzed using Statistical Package for Social Sciences (SPSS) program and presented using tables, and figures to give a clear picture of the research findings at a glance.

3.9. Ethical Considerations

This study is follow require ethical considerations.

First, to maintain moral and ethical behavior, all the require methods were have follow starting from approval and suggestion from my advisor making an appointment, request of permission for the Abay bank human capital director then distribute questioner and collected data were process.

Second, the researcher is distributing the questioners to respondents through their email address; each respondent in the questionnaire was informing that his/her response is voluntary. For the sake of ethical issues, the researcher educated the participants concerning the details need for the study, the reason why the information were being gather, the rationale, as well as the way in which they were expect to participate, in addition how the study would directly and indirectly affect them. Again, the researcher was assuring them of the confidentiality of the information given. Finally, all participants were having the right to privacy in order to think about the research task and to give their appropriate response freely.

CHAPTER FOUR

4. DATA PRESENTATION AND INTERPRETATION

Introduction

This chapter has four sections; the first section describes respondents' characteristics in terms of gender, age, education and working experience. The second section presents the descriptive statistics with respect to the each question of the respondent mean and standard deviation on employee's performance in Abay bank south and west Addis District, the results and its implication. The third section describes the relationship between the independent variable motivation and the dependent variable employees' performance. Finally, the fifth section contains the regression results concerning determine the effects motivation that employee performance and the hypothesis tasting.

4.1. Descriptive statistics

The study applied descriptive research design. The descriptive design is preferred because it ensured complete description of the situation (in depth study of Motivation on employee's performance), making sure that there is minimum bias in the collection of data. The target population of this study was at the district level of the Abay banks in Ethiopia. According to Human Capital department, there are 8 district office in Abay bank Ethiopia at January 2022.

The researcher used stratified random sampling to group all employees working in the District into 64 branches strata. Through lottery system random selection, 45 branches were picked from the district totaling to 211 respondents.

Primary data was collected using a Likert rating scales relating to the field of inquiry with space provided for selection of choices and explanatory answers.

Quantitative data was analyzed using descriptive statistics such as mean and standard deviation with the use of Statistical Package for Social Sciences (SPSS) version 25.0. Descriptive statistics such as frequencies and percentages was used to describe the quantitative data. The analyzed data was presented in form of tables where applicable. The study used Analysis of Variance

(ANOVA) to test the level of significance of the variables on the dependent variable at 95% confidence level.

4.1.2 Response Rate

Table 4.2 Response rate

Response rate	Number	%
Responded	180	85
Did Not respond	31	15
Total	211	100

Source: Own Survey computed in SPSS data, 2022

Table 4.2 indicates that out of the 211 questionnaires administered, only 180 were returned. The overall response rate was thus found to be 85% which was very high. The 15% of the respondents did not respond. The interpretation was that the high response rate was essential to obtain sufficient observations for further analysis.

4.1.3 General Information of Respondents

The following table summarizes the demographic information of the respondents based on gender, age, education, and job experience that they have worked for Abay Bank S.C.

The results are shown below:

Table 4.3 Frequency table

Variable		Frequency	%
Gender	Male	131	72.7
	Female	49	27.3
	Total	180	100
Age	Below 20	15	8.3
	21-30	78	43.3
	31-40	74	41.2
	Above 41	13	7.2
	Total	180	100
Education background	High School	2	1.1
	Diploma	11	6.1
	First Degree	147	81.7
	Post Graduate	20	11.1
	others		
	Total	180	100
Work Experience	6 month -1 years	18	10
	Above 1 -2 years	56	31
	Above 2 -4 years	71	39.4
	Above 4 -10 years	20	11.6
	Above 10 years	11	7
	Total	180	100

Source: Own Survey computed in SPSS data, 2022

Frequency table for demographic data of the respondents shows that 27.3% respondents were females and 72.7% were males in this research also this frequency table on the Age shows that 8.3 % respondents were about from below 20 years old and 43.3% are from 21-30 years, 41.2% are from 31-40 years and 7.2 % are from above 41 years old in this research. The third data show that 1.1% respondents are high school, 6.1% are diploma 81.7% respondents in this research are graduates of bachelor, whereas 11.1% are postgraduate degree employees. And also in this table shows that 10 % respondents have six month up to one years' experience in Abay Bank, 39.4%

respondent have above 2 up to 4 years' experience in the bank, 11.6% of respondent in this research have above 4 up to 10 years working experience and 7% of the respondent have above 10 years working experience in the bank that was the study to be conducted based on more experienced employees. Relatively the above table shows the scoped area of where the questionnaires were collected where south and west Addis district has 64 branches in district level, city branch and outline branches.

4.1.4. Goal Setting

Table 4.4 Goal Setting

Statement	Mean	Std. Deviation	N
Employees get advice and constructive feedback	3.77	.608	180
Employee to participate in the setting of their goals/targets	4.02	.651	180
Employees has specific, measurable and clear goals/targets	3.74	.530	180
The goals/targets are realistic and achievable of Employees.	3.81	.761	180
Employees are satisfied with the challenges provided by their work.	3.76	.779	180
Overall mean	3.82		

Source: Own Survey computed in SPSS data, 2022

The above table indicates that employees to participate in the setting their goal or target has scored a mean and standard deviation of 4.02 and 0.651 and the study sought to examine the respondent's that employees has specific, measurable and clear goals/targets has scored a mean and standard deviation of 3.74 and 0.53, the goals/targets are realistic and achievable of employees has scored a mean and standard deviation of 3.81 and 0.76, employees are satisfied with the challenges provided by their work has scored a mean and standard deviation of 3.76 and 0.78, employees get advice and constructive feedback has scored a mean and standard deviation of 3.77 and 0.61.

The overall mean (3.82) indicates that majority employees participate in goal setting. However, much remain to get employees involved in goal setting. From this we can infer that goal setting is one of the mechanisms to empower employees get them motivated and thereby improve their performance.

4.1.5. Financial Incentive

Table4.5 Financial Incentive

Statement	Mean	Std. Deviation	N
Employees motivated by the company adequate incentives plans and reward systems.	3.27	.836	180
Employees satisfied with the level of pay they received	3.54	.814	180
We have market based salaries compared to other companies in the industry	3.54	.637	180
We link pay incentive to performance improves	3.60	.674	180
We use monetary rewards like base pay, financial reward, and bonus	3.42	.684	180
Overall mean	3.47		

Source: Own Survey computed in SPSS data, 2022

The above table indicates that employees motivated by the company adequate incentives plans and reward systems has scored a mean and standard deviation of 3.27 and 0.83 and the study sought to examine the respondent's that employees satisfied with the level of pay they received has scored a mean and standard deviation of 3.54 and 0.81,market based salaries compared to other companies in the industry has scored a mean and standard deviation of 3.54 and 0.64,link pay incentive to performance improves has scored a mean and standard deviation of 3.6 and 0.67 and use monetary rewards like base pay, financial reward, and bonus has scored a mean and standard deviation of 3.42 and 0.68.

The overall mean (3.47) indicates that although employees close to majority have positive perception, not insignificant number of employees is not happy with financial incentive. From

this we can infer that financial incentive is not a highly influential factor to motivate employees and thereby improve their performance.

4.1.6. Recognition and Reward

Table 4.6 Recognition and Reward

Statement	Mean	Std. Deviation	N
Non- monetary rewards is to perform at higher levels to employees	3.91	.695	180
Verbal appreciation is communicate to Employees	3.69	.637	180
Employee’s recognition programs for good performers	3.66	.778	180
Employees are strive for reward as goal	3.58	.769	180
Employee’s has fair and equitable reward scheme	3.68	.705	180
Overall mean	3.70		

Source: Own Survey computed in SPSS data, 2022

The above table study sought to examine the respondent’s that non- monetary rewards is to perform at higher levels to employees has scored a mean and standard deviation of 3.91 and 0.69 and t verbal appreciation is communicate to employees has scored a mean and standard deviation of 3.69 and 0.63,employee’s recognition programs for good performers has scored a mean and standard deviation of 3.66 and 0.78,employees are strive for reward as goal has scored a mean and standard deviation of 3.58 and 0.77,employee’s has fair and equitable reward scheme has scored a mean and standard deviation of 3.68 and 0.71.

The overall mean (3.7) revealed that majority employees indicate the presence of recognition and non-financial reward. However, not insignificant number of employees does not feel the recognition and non-financial reward. From this we can infer much remain to make recognition and financial reward to motivate employees and thereby improve their performance.

4.1.7 Employees well being

Table 4.7 Employees well being

Statement	Mean	Std. Deviation	N
Employees are physical safe on work environment	3.72	.552	180
Employee's physical safe to motivate on their job.	3.51	.881	180
Employees are mental health/stress free	3.49	.924	180
Company gives to employee's financial security	3.71	.977	180
Company enjoyable, stimulating and joy to the employees	3.49	.862	180
Overall mean	3.58		

Source: Own Survey computed in SPSS data, 2022

The above table indicates that employees are physical safe on work environment has scored a mean and standard deviation of 3.72 and 0.55, employee's physical safe to motivate on their job has scored a mean and standard deviation of 3.51 and 0.88, employees are mental health/stress free has scored a mean and standard deviation of 3.49 and 0.92, Company gives to employee's financial security has scored a mean and standard deviation of 3.71 and 0.97, company enjoyable, stimulating and joy to the employees has scored a mean and standard deviation of 3.49 and 0.86.

The overall mean (3.58) revealed that employees close to majority indicate the company care about their wellbeing. However, not insignificant number of employees does not feel the practices in the organization to improve their wellbeing. From this, we can conclude that much remain in employees wellbeing improving practices to motivate employees and thereby improve their performance.

4.1.8. Employee's Performance

Table 4.8 .Employee's Performance

Statement	Mean	Std. Deviation	N
Employee's performance has been more than average	3.93	.759	180
Employees often get to work in time	3.88	.582	180
Employees has no intention of leaving my organization	4.08	.672	180
Employees often take initiative to improve their performance	4.14	.635	180
Employee's has improved the quality of my work	4.04	.655	180
Overall mean	4.01		

Source: Own Survey computed in SPSS data, 2022

The above table indicates that employee's performance has been more than average has scored a mean and standard deviation of 3.93 and 0.75, employees often get to work in time has scored a mean and standard deviation of 3.88 and 0.58, employees has no intention of leaving my organization has scored a mean and standard deviation of 4.08 and 0.672, employees often take initiative to improve their performance has scored a mean and standard deviation of 4.14 and 0.63, employee's has improved the quality of my work has scored a mean and standard deviation of 4.04 and 0.65.

The overall mean (4.01) revealed that majority employees indicate their performance is better. However, not insignificant number of employees does not feel that their performance is better. From this we can infer much remain to enhance their performance and thereby improve their performance.

4.1.9. Multi Collinearity

Multi Collinearity is checked using correlations between the variables in the model. Independent variables show at least some relationship with dependent variable (above 0.1 preferably). However In this case of the scales (Goal setting, Reward and recognition) with employees performance not correlate insignificant and multi collinearity exist a problem (0.089, 0.074,

0.084) respectively. In this study, well being with employee's performance is correlating significant tolerance value 0.909. Requirements are validated and there is no issue of Multi Collinearity. Collinearity diagnostics on the variables as part of the multiple regression procedure is done using tolerance and variance inflation factor (VIF). Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multi Collinearity (Pallant, 2010) furthermore, the other value given is the VIF, which is just the inverse of the tolerance value (1 divided by tolerance). According to Pallant (2010), VIF values above 10 would be a concern, indicating multi Collinearity.

Table 4.9 Multi Collinearity

Coefficients			
Model		Co linearity Statistics	
		Tolerance	VIF
1	(Constant)		
	goal setting	.089	11.274
	reward and recognition	.074	13.451
	employee well being	.909	1.101
	finical inc	.084	11.872

Source: Own Survey computed in SPSS data, 2022

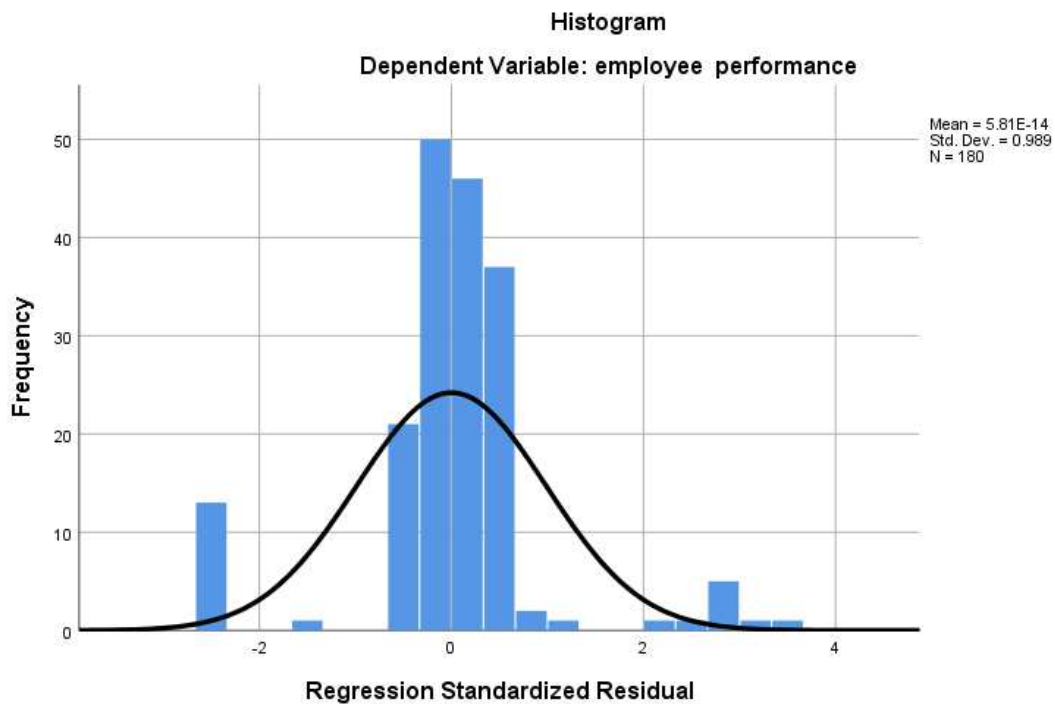
The result shows that the tolerance value for each independent variable is 0.909 is greater than 0.10; therefore, multi Collinearity is not a problem. This is also supported by the VIF value, is 1.101 is well above the cut-off 10 as shown in the coefficient table and therefore, multi Collinearity is not a problem. However in this study (0.089, 0.074 and 0.084) respectively which are less than 0.10; therefore, multi Collinearity problem is existed. This is also supported by the VIF value, which are 11.2, 13.45 and 11.87.8 which are well above the cut-off 10 as shown in the coefficient table.

4.1.10. Normality, linearity of residuals

One of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the normal probability plots of the regression standardized residuals that were requested as part of the analysis. These are presented in normal P-P Plots of regression standardized residuals graph. In normal probability plots the points will lie in reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The finding from normal P-Plot reveals no violation of normality assumptions.

Test of Normality: The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and using Skewness and Kurtosis numerically. Figure 4.2 depicted that the scores are normally distributed.

Figure 4.2: Frequency Distribution of Standardized Residual



Source: Own Survey computed in SPSS data, 2022

Test of linearity: In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-P Plot of regression Standardized Residual (See Figure 4.3) to test linearity. Since the points were symmetrically distributed around a diagonal line, linearity pattern was observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.



Figure 4.3: Normal Point Plot of Standardized Residual

Source: Own Survey computed in SPSS data, 2022

4.1.11 Kurtosis and Skewness

As Field (2009) and Garson (2012) noted, many statistical procedures assumed that the sampling distribution is normally distributed and so, if the sample data are approximately normal then the sampling distribution will be also. In this regard, it is useful to test for normality of the sample data. Therefore, it was checked for the data to see if they are normally distributed through quantify aspects of a distribution (i.e. skewness and kurtosis) and presented as follows.

Table 4.10 Kurtosis and skewness

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Employee performance	.122	.181	.151	.360
Goal setting	-.142	.181	-.400	.360
Reward and recognition	-.416	.181	.106	.360
employee well being	-.782	.181	.620	.360

Source: Own Survey computed in SPSS data, 2022

According to Garson (2012), as a rule of thumb, for normality skew should be within the +2 to -2 range, when the data are normally distributed. Some statisticians also prescribe +1 to -1 as a more stringent criterion when normality is critical. In this regard, as shown in the above table, the skew value is perfectly fit within the limit and ranges between -0.782 and 0.122. Thus, in this research, is said to be within acceptable range from normally distributed.

Furthermore, as Garson (2012) suggests, kurtosis should be within the +2 to -2 range when the data are normally distributed, while some statisticians prescribe +1 to -1 as a more stringent criterion when normality is critical. Taking both options in to consideration, when we look at table 4.10, the kurtosis value is perfectly fit within the limit and ranges between -0.4 and 0.620. Therefore, it can be explained that, abnormality of the data distribution cannot be a problem for this study or within acceptable range from normally distributed.

4.2. Inferential statistics

Inferential statistics is branch of statistics which is concerned with using probability concept. It is process of selecting and using a sample data that used to generalize about a population based on that sample of data. On this portion of the study correlation and regression will be analyzed.

Like the descriptive statistical methods, i.e. demographic factories, and the likert scale questionnaire changed in to numerical scale typed entered to the SPSS software version 25 to process inferential statistics methods employed such as: simple correlation and multiple regression to test the hypothesis.

4.2.1 Correlation Analysis

Correlation measures the strength of the linear relationship between two variables. Pearson correlation test was conducted to know the degree of relationship between the independent variable i.e. motivation and the dependent variable i.e. employee performance. Thus, Pearson's correlation is used to identify whether there are relationships between the variables and to describe the strength and the direction of the relationship between two variables. Based on the questionnaires which were filled by the employees of the Abay Bank south and west Addis district, the results of the correlation analysis between these variables are shown in the table. According to **MacEachron**, *Basic Statistics in the Human Services: an Applied Approach*, page 132, the level of association as measured by Pearson's co efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between -1 to 0 indicate the existence of negative relationship.

Table4.11 Correlation matrix of relationship between motivation dimensions and employees' performance

Correlation		Goal setting	Reward Recogn.	well being	Finical ince	Empl oyee perfo rm.
Goal setting	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	180				
Reward Recon	Pearson Correlation	.945**	1			
	Sig. (2-tailed)	.000				
	N	180	180			
Well being	Pearson Correlation	.276**	.245**	1		
	Sig. (2-tailed)	.000	.001			
	N	180	180	180		
Finical Ince.	Pearson Correlation	.936**	.948**	.216**	1	
	Sig. (2-tailed)	.000	.000	.004		
	N	180	180	180	180	
Employee performance	Pearson Correlation	.972**	.941**	.243**	.932**	1
	Sig. (2-tailed)	.000	.000	.001	.000	
	N	180	180	180	180	180

**Correlation is significant at the 0.01 level (2-tailed).Source: Own Survey computed in SPSS data, 2022

From table 4.11 it can be observed correlation is that statistically and positive significant relationship between goal setting and employees performance at($r=.972^{**}$, $P<0.01$),reward and recognition has statistically and positive significant relationship with employee performance at ($r=.941^{**}$, $P <0.01$),employees well being has statistically and positive significant relationship with employee performance at ($r=.243^{**}$, $P <0.01$),and financial incentive has statistically and positive significant relationship with employee performance at ($r=.932^{**}$, $P <0.01$). The finding on table above further indicates that the highest significant relationship is found between goal

setting and employee performance at ($r=.972^{**}$, $P<0.01$), however the lowest statistically significant relationship is found between employees well being in performance planning at ($r=.243^{**}$, $P<0.01$), The implication was that the high correlation between performance and its determinants was good for correlation analysis. The interpretation was that the level of multicollinearity between the independent variable was very high which meant that correlation analysis can be carried.

The finding further indicated that the very high relationship found between goal setting, reward and recognition and financial incentive with employees' performance, however the lowest relationship existed between employees well being and employees' performance. Therefore, none of the coefficients are greater than .90 so we assume multicollinearity is not a problem.

4.2.2. Multiple Regressions

Analysis Regression model was applied to test how far the motivation has effect on the employees' performance. Coefficient of determination R is the measure of proportion of the variance of dependent variables about its mean that is explained by the independent or predictor variables. It is conducted to investigate the effect of independent variable on the dependent variable and identify the relative significant influence; i.e. Independent variable (motivation) to the dependent variable; i.e. employees' performance in the organization. Higher value of R represents greater explanatory power of the regression equation.

The proposed hypotheses were tested using multiple regression analysis. The results of the regression analysis are depicted on table

Table 4.12 Regression Result

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.382	.097		3.938	.000
	Goal setting	.763	.058	.741	13.097	.000
	Reward and recognition	.148	.058	.157	2.543	.012
	Employee well being	-.018	.016	-.020	-1.130	.260
	Finical inc	.066	.041	.094	1.622	.107
a. Dependent Variable: employee performance						

Source: Own Survey computed in SPSS data, 2022

The relative importance of each individual predictor is explained by the value of beta which tells us that a certain improvement or problem on these variables will improve or decrease by the given values which is statistically significant. Hence, the regression model overall predict, employees' performance significantly well by using the following formula which relates the dependent and the independent variables, that is:

Model

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where by:

- Y_i = Employees Performance
- β_0 =Constant intercept
- $\beta_1, \beta_2, \beta_3, \beta_4$ = The parameters (coefficients) to be estimated
- X_1 =Goal Setting
- X_2 =Reward and Recognition
- X_3 =Employees Well Being
- X_4 =Financial Incentive
- ϵ = Error Term or residual.

The fitted regression model is

$$Y = 0.382 + 0.763 \text{Goal Setting} + 0.148 \text{Reward and Recognition} - 0.018 \text{Employees Well Being} + 0.066 \text{Financial Incentive} + \varepsilon$$

Standard Error 0.097 0.0580 .058 0.016 0.041

t- Statistics 3.938 13.097 2.543 -1.130 1.622

P-value 0.000 0.000 0.012 0.260 0.107

4.2.2.1 Goal Setting

From table 4.12 the regression coefficient of goal setting was found to be 0.763. This value shows that holding other variables in the model constant, an increase in goal setting by one unit causes the employees performance to increase by 0.763 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between goal setting and employee's performance.

The coefficient was also statistically significant with a t-statistic value of 13.097. The t-statistic p-value was found to be 0.000. This therefore shows that increase or adoption of setting goal leads to improved employees performance. Goal setting have a direct relationship with how the employees perform duties.

4.2.2.2. Financial Incentive

From table 4.12 the regression coefficient of financial incentive was found to be 0.066. This value shows that holding other variables in the model constant, an increase in financial incentive by one unit causes the employees performance to change by 0.066 Units.

However it is, the coefficient was positive effects statistically but insignificant with a t-statistic value of 1.622 .The t-statistic p-value was found to be 0.107. This therefore shows that increase or adoptions of financial incentive drives does not change employee's performance and no direct relationship with employee's performance.(Aguinis, 2012) argue that, some organizations have been known to experience a high staff turnover despite offering above average salaries; this tells us that money is not the only way to motivate employees.

4.2.2.3 Reward and recognition

From table 4.12 the regression coefficient of reward and recognition was found to be 0.148. This value shows that holding other variables in the model constant, an increase in reward and recognition by one unit causes the employees performance to increase by 0.148 units. The value of the coefficient is also positive. The positive effect shows that there is a positive effect between reward and recognition and employees performance.

The coefficient was statistically positive significant with a t-statistic value 2.543. The t-statistic p-value was found to be 0.000. This therefore shows that increase or adoption of recognition strategies leads to improved employees performance. Reward and recognition have direct effects with how the employees perform duties.

4.2.2.4 Employees Well Being

From table 4.12 the regression coefficient of employees well being was found to be -.018.

However, the coefficient was statistically insignificant with a t-statistic value of -1.130. The t-statistic p-value was found to be 0.260. This therefore shows that increase or adoption of employees well being does not change employee's performance and no direct effect with employee's performance. Employees well being has no direct effect with how the employees perform duties.

4.2.3. Model

Table 4.13 Model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.975 ^a	.950	.949	.06811

a. Predictors: (Constant), financial incentive, employee well being, goal setting, reward and recognition
b. Dependent Variable: employee performance

Source: Own Survey computed in SPSS data, 2022

From table 4.13 the values of the R square were 0.950. This value clearly suggests that there is a strong relationship between goal setting, financial incentive, reward and recognition, well being and employee's performance. This indicates goal setting, financial incentive, reward and recognition and well being causes a variation of 95 % on employee's performance in Abay bank in Ethiopia.

The Adjusted R Square may give us a truer estimate of how much variance in the employees performance is accounted for by the goal setting, reward and recognition, well being and financial incentive. The conclusion is that the Four variables explains 95 % of the variation on the variation on dependent variable hence there are other factors to be consider that influence employee performance and are not captured in the model.

4.2.4 ANOVA

When doing regression analysis we determine whether or not there is a relationship between the independent variable and the dependent variable by examining the ANOVA table. This can be thought of as the overall fit of the regression model. If the F statistic is significant, we can assume the goal setting, non monetary incentive, and monetary incentive and well being taken together, have relationship with the employee's performance In this case, the probability of the F statistic for the regression analysis is 0.000, less than the level of significance of 0.05 and fit the model for the study. The researcher accepts the directional hypothesis that there is relationship between the independent and the dependent variable.

Table 4.14 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.545	4	3.886	837.672	.000 ^b
	Residual	.812	175	.005		
	Total	16.356	179			

a. Dependent Variable: employee performance b. Predictors: (Constant), financial incentive, employee well being, goal setting, reward and recognition

Source: Own Survey computed in SPSS data, 2022

The results in Table 4.14 indicates that the overall models was a good fit since the value of F-statistic was found to be 837.672 and their p-values were found to be 0.000 which is less than the critical value of 0.05. This suggests that all the variables; goal setting, financial incentive, reward and recognition, well being and employee's performance were relevant in explaining the employees' performance.

4.2.4. Hypothesis Testing

Hypothesis 1

H1 financial incentive has effect on employee's performance.

The results of multiple regressions, as presented in table above, revealed that financial incentive is insignificant but, reported by the respondents the financial incentive expected no difference relationship with employees' performance and extraneous factors may affect the results.

Hypothesis 2

H2 employee well-being has negative effect on employees' performance. However the results of table showed that the coefficient of employee wellbeing is insignificant. Thus, the researcher fails to accept the directional hypothesis and employee well-being have a negative and insignificant effect on employee's performance. Therefore its contribution to employee's performance is insignificant.

Hypothesis 3

H3 goal setting has positive effect on employee's performance. The standard coefficient of beta and p-value of goal setting has positive and significant effect at (beta = 13.097, $p < 0.05$). This implies that, if goal setting increases by 1 percent, employee's performance will increase by 13.097. So it is accepted that goal setting has a positive and significant effect on employee's performance.

Hypothesis 4

H4 reward and recognition has effect on employee's performance. Reward and recognition have a positive and significant effect on employees performance with a beta value (beta = 2.543), at

95% confidence level ($p < 0.05$). This implies that, if reward and recognition increases by 1 percent, employee's performance will increase by 2.543. Therefore, reward and recognition have positive effect on employee's performance.

To summarize, the hypotheses were tested through appropriate statistical procedures and the results obtained from the statistical analysis are said to be successful in achieving the desired objective and in answering the research questions.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The purpose of this study was to assess the effects of motivation on employees' performance in south and west Addis district Abay bank in Ethiopia. The study was guided by four research question, objectives and hypothesis are determine the effect of a real monetary reward on employees performance in Abay Bank, determine the effects of reward and recognizing on employees performance in Abay Bank., identify the effects of establishing goal setting on employees performance in Abay bank s.c, and To determine the effects of employees well being on performance in Abay bank s.c.

- The study descriptive statistics were used to present the demographic characteristics of the respondents and the study variables response that were presented using tables. The mean and standard deviation were statistics were used to present the properties of dependent and independent variables.
- The study found that the majority of the respondents agreed with the statements implying that the variables had effect on employees' performance.
- The correlation analysis was used to assess the level of relationship between the study variables as well as testing presence of multicollinearity problem before regression analysis. The correlation analysis revealed that, the level of correlation between independent variables was very high. This indicated some extent of multicollinearity is not a problem
- The regression analysis showed that the independent variables had a significant effect on employees' performance.

5.2 Conclusion

This study is examining the effect of motivation on employee performance in Abay bank. The study noted that the variables considered, that is; goal setting reward and recognizing had a significant effect on employees' performance.

- The result indicates positive and significant association between employees goal setting and employee performance which implies that an increase in employee's goal setting lead to enhance employee work motivation. Therefore the Abay bank in Ethiopia should take into account these motivation derive when formulating the overall goal setting of their companies. Motivated employees tend to work hard to meet targets of the organization as well as satisfying customer's needs. Based on the finding the study concluded that goal setting are key for banks to invest on motivating employee.
- The result indicates positive and significant association between employees reward and recognition and employee performance which implies that an increase in employee's reward and recognition lead to enhance employee work motivation. Therefore the Abay bank in Ethiopia should take into account these motivation derive when reward and recognition of non- monetary rewards is to perform at higher levels to employees their companies. Motivated employees tend to work hard to meet targets of the organization as well as satisfying customer's needs. The study concluded that Abay Bank S.C did use non-monetary incentives such as derives recognition and rewards to motivate its employees. Moreover, the employees viewed the current recognition and reward program as being equitable. From the study, it can be concluded that the organization had increased performance or observed long term improvement as a result of the reward system in place.
- The result indicates negative and insignificant association between well being and employee performance which implies that decreasing in employee's job facility lead to decrease employee work motivation and Abay bank didn't use well being as a drive of work motivation. The study concluded that employees were not happy with the employee's well being and work environment given by Abay bank s.c. It can be observed that the organization did not use employees well being to motivate employees and negative feelings about their work. It can also be concluded that the organization did not

have good a work environment when compared to other companies in the industry and additionally, the current office and work environment did not attract and retain high performing employees.

- The result indicates positive and but insignificant association between employees monetary reward and employee performance which implies that an decreasing in employee's financial incentive lead to decrease employee work motivation. And also financial incentive no difference on employee's performance and Abay bank didn't use financial incentive as a drive of work motivation. The study concluded that employees were not happy with the monetary incentives given by Abay bank S.C. It can be observed that the organization did not use monetary rewards to motivate employees. It can also be concluded that the organization did not have a competitive payment and benefits package when compared to other companies in the industry and additionally, the current pay policy did not attract and retain high performing employees. (Aguinis, 2012) states that, some organizations have been known to experience a high staff turnover despite offering above average salaries. This tells us that money is not the only way to motivate employees.

In general, goal setting and reward and recognition drives have positive and significant association with employee performance as of the study reported by the respondents.

However, monetary or financial incentive and well being is insignificant associated with employee's performance as of the study reported by the respondents. **Herzberg** factor of principle states that work condition and base wage or salaries are presence of hygiene results in job dissatisfaction, but their absence leads not to job satisfaction or motivation only to neutrality (Chung, 2013). Therefore, **Herzberg** states that work condition and base wage or salaries not motivator factors, these are factors that lead to job dissatisfaction and not motivate employees to work harder.

5.3 Recommendations

There should also be an establishment of good employees' motivation drive that ensures that the banks can do better in the industry.

- Abay banks should make sure that their staff well goal setting and reward and recognized as this will enhance staff motivation and retention in the banks hence reduce cost of hiring. The banks should also have facilitated employees with the required tools of work.
- Goal setting and reward enables target achievement. These are the key pillar of employees' performance is considered to be the tools for working.
- The monetary or financial incentive to employees to be motivated through adequate incentives plans and reward systems and this will invariably encourage them to be proactive and have right attitude to work, thereby promote organizational productivity and employees competent human resource,
- Abay Bank have to offer better market based salaries.
- The well being offer better working environment and job security not only to the staff but also the services rendered to customers and employees is one of the most significant assets of the organization. Well-equipped banks are assumed to have effectiveness and efficiency of operations.
- This study therefore recommends Abay bank to consider providing financial incentive and well being to staff for better performance. Staff motivation will help to reduce employee stress, monotonous and employee's turnover.
- The other study researcher improvement of this model by including more variables those are relevant in explaining the variation of employees' performance.
- This study also recommends further research to include studies in other organizations apart from Abay Bank in Ethiopia.

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APPENDIX I
Questionnaire
St. Marry University
MBA program

Department of General management

Dear Valued Respondent,

My name is ZelekeChanie and a second year MBA student at St. Marry University. Currently, I am conducting research on “The Effects of motivation on employee’s performance” as a partial fulfillment for an MBA Program. The general objective of this study is to determine the Effects of motivation on employee’s performance. The study will focus on south and west Addis district Abay bank in Ethiopia .The following questionnaire has been developed to help the researcher gather information necessary to answer the research questions of the study.

I would like to assure you that the data to be collected will be used only for the research purpose and remain confidential. For further information, please don’t hesitate to contact me through the following address:

ZelekeChanie, contact. No. +251-912 64 17 24, E-mail- zelekechanie278@gmail.com

Kindly fill it appropriately.

Part A: General Information

- I. Gender: Female Male
- II. Age: Below 20 21-30 31-40 Above 41
- III. Education background
High School Diploma First Degree Postgraduate Other
- IV. Years of working Experience at Abay Bank S.C
6 month up 1 Years Above 1-2 Years above 2- 4 Years Above 4 -10 Above10
Years

PART B: Goal-setting

5= Strongly Agree 4=Agree 3=Neutral 2 =Disagree 1 = Strongly Disagree

B Goal- Setting						
	Description	SA 5	A 4	N 3	D 2	SD 1
1	My manager lets me participate in the setting of my goals/targets					
2	I have specific, measurable and clear goals/targets to aim for in my job					
3	My goals/targets are realistic and achievable					
4	As an employee, I am satisfied with the challenges provided by my work					
5	I get advice and constructive feedback regularly related to my goals/targets					

PART C: Financial/Monetary Incentives

5= Strongly Agree 4=Agree 3=Neutral 2 =Disagree 1 = Strongly Disagree

C Financial Incentives/ Monetary Factors						
	Description	SA 5	A 4	N 3	D 2	SD 1
1	I am motivated by our company adequate incentives plans and reward systems.					
2	I am satisfied with the level of pay I receive					
3	The pay offered by the company is market based salaries compared to other companies in the industry					
4	Our company link pay incentive to performance improves					
5	Our company uses monetary rewards like base pay, financial reward, bonus and incentives to motivate us					

PART D: Recognition and Reward Programs

5= Strongly Agree 4=Agree 3=Neutral 2 =Disagree 1 = Strongly Disagree

D Recognition and Reward						
	Description	SA 5	A 4	N 3	D 2	SD 1
1	our company non- monetary rewards to be motivate to me to perform at higher levels					
2	My manager reward to me by verbal appreciation or praise for good performance					
3	Our company had formal recognition and non-monetary reward programs for good performers are recognized with rewards (e.g. gift cards, jewelry and certificate of appreciation					
4	In our organization, rewards are viewed as goals that employees generally strive for, and an instrument that provides valued					

	outcomes					
5	Our company has a fair and equitable reward scheme					

PART E: Employees Well Being

5= Strongly Agree 4=Agree 3=Neutral 2 =Disagree 1 = Strongly Disagree

E Employees well being						
	Description	SA	A	N	D	SD
		5	4	3	2	1
1	I am physical safe on work environment can generate to my job					
2	When I am at working consider as the physical safe to motivate on my job.					
3	When I am at working consider as the mental health/stress free/					
4	I believe that our company give me financial security					
5	I believe that our company enjoyable, rewarding, stimulating, and exciting and joy filled workplace.					

PART F: Performance

5= Strongly Agree 4=Agree 3=Neutral 2 =Disagree 1 = Strongly Disagree

F Performance						
	Description	SA	A	N	D	SD
		5	4	3	2	1
1	My performance has been more than average					
2	I often get to work in time					
3	I have no intention of leaving my organization					
4	I often take initiative to improve my performance					
5	I have improved the quality of my work					

Thank you for completing the survey!

