



FACTORS AFFECTING EMPLOYEES' MOTIVATION IN BANKING SECTOR

Dr.Saravanan Devadoss* Dr.Tamilmaran Ramachandran Dr.Tewodros Mesfin*****

**Assistant Professor, Department of Management, Addis Ababa University, Addis Ababa.*

***Associate Professor, School of Management Studies, Tamilnadu Open University, Chennai.*

****Assistant Professor, Department of Marketing Management, School of Commerce
Addis Ababa University, Addis Ababa.*

Abstract

The purpose of this study is to determine the factors that motivate bank employees. This study included literature study of both theoretical and empirical studies. This research study has identified rewards, feedback, salary, opportunity for advancement, working conditions and recognition as motivation factors. Questionnaire was developed to collect data from the bank employees. 46 respondents were selected for this study. Stratified random sampling was used to collect the data. The respondents ranked salary, job security, working conditions, advancement, growth opportunity and reward are their most preference factors.

Keywords: Motivation, Working Condition, Salary, Job Satisfaction

Introduction

A great amount of worldwide wealth occurs in a form of human capital. Therefore, managing human resources plays a crucial role in a process of increasing companies' effectiveness. It seems to be obvious that companies need motivated employees and without any doubts motivation is an important aspect of human resource management. There is a long history of researches which ask employees to rank the importance of motivating factors. Some researchers spent a great part of their lives studying employees' responses. In their studies they compared answers from employees coming from different cultures, age groups, levels of organization and even from different points of time in a history. Their results showed that importance of motivating factors might vary among particular groups of people.

Statement of the problem

Fox (2007) states that under similar circumstances the same factor will bring a positive reaction among some employees and a negative reaction among others. In light of these facts it makes sense that organizations and researchers continuously perform activities to analyze the factors affecting employee motivation and continuously measure the motivational levels of their workforce. Steps to improve employee motivation, by means of appropriate strategy application, can only be taken once the factors are known and properly analyzed. As per the researchers information such a study were not conducted on Abyssinia bank. This study would like to identify the motivational factors, rank the factors, motivational factors used in banks.

Objectives of the study

1. To identify the motivational factors in banks for their employees.
2. To rank the motivational factors for bank employees.
3. To examine the motivational practices in banks

Review of Literature

According to Resker (2007) traditionally, motivation has been defined by the two dimensions that comprise it namely, energy and direction. The energy dimension of motivation is the driving force behind someone's effort and persistence during engagement in a particular activity. Direction of motivation determines the area or field of interest in which that effort is projected. Both are necessary elements of a complete motivational act. Energy without direction has no purpose, and direction without energy results in a state of motivation. According to Cole (1998), financial incentives are rewards/payments that employees get in consideration of their contribution towards the organization. He adds that these are payments for labour as a factor of production.



Research methodology

The researchers used descriptive research for this study. Bank employees are the target population. This study was done in Addis Ababa. 46 respondents were identified for this study. Both primary and secondary data were used for this research work. Questionnaire was developed and data were collected from the bank employees. Stratified random sampling technique was used for data collection.

Results and Discussion

Table 1 Demographic Characters

	Description	Number of respondents	Percentage of respondents
Age	Male	29	63.0
	Female	17	36.9
Age	18 to 25 years	19	41.3
	26 to 35 years	22	47.8
	36 to 45 years	5	10.9
Experience	Less than 3 year	11	23.9
	3 to 6 years	15	32.6
	6 to 10 years	20	43.4
Education	Degree	36	78.2
	Master's Degree	10	21.7

Source: Survey questionnaire, 2017

From the above table 63% are male and 36.9% are female. According to age distribution 41.3% of the respondents are 18 to 25 years, 47.8% of the respondents are between 26 to 35 years and 10.9% of the respondents belongs to 36 to 45 years. Employees experience was classified into three category. 23.9% of the respondents are less than three years of experience, 32.6% of the respondents are three to six years of experience and 43.4% of the respondents are six to ten years of experience. The last category is education level. 78% of the respondents have completed degree and 21.7% of the respondents have completed Master's degree.

Table 2: Present Employee Position

Designation	Number of respondents	Percentage
Branch manager	1	2.2%
Customer service manager	4	8.7%
Accountant	2	4.35%
Auditor	0	0%
General cashier	2	4.35%
Loan officer	2	4.35%
Customer service officer	11	23.9%
HR officer	5	10.85%
IT officer	11	23.9%
Other position in the bank	8	17.4%
Total	46	100%

Source: Survey Questionnaire, 2017

Table 2 indicates the split of the job titles of the respondents that participated in the study. Most of the respondents have taken from IT and customer service officers as well as from other position in the banks.



Table 3: Rank Order of Motivational Factors

	Rewards	Goal-setting	Feedback	Job responsibility Characteristics	Salary	T & E development	Advancement and growth	Working conditions	Recognition Appreciation	Job characteristics Responsibility	Job security	Performance Appraisals	Leadership
Total No. Of Respondents	46	46	46	46	46	46	46	46	46	46	46	46	46
No. Of Respondents For Each Category	4	2	1	0	8	3	5	6	3	4	7	3	0
Percent (%)	8.7	4.35	2.2	0	17.4	6.5	10.85	13.1	6.5	8.7	15.2	6.5	0
Rank	5	10	11	12	1	7	4	3	7	5	2	7	12

Source: Survey Questionnaire, 2017

Table 3 indicates the results order in which the respondents ranked the thirteen motivational factors listed in the questionnaire. The rank order of the motivational factors was as follows:

1. Salary – wages that employees are paid.
2. Job security – confidence about future within the organization.
3. Working conditions – quality of equipment, office environment etc.
4. Advancement and growth – opportunities within the organization.
5. Rewards – that are linked to performance and valued by employees and Job characteristic a job that is interesting and challenging.
6. Recognition and appreciation –of employee achievements and performance, Performance appraisal – that is non-subjective and accurately measures an employee's performance levels and Training and educational development – to enhance skills and ability to improve performance and educational development.
7. Goal-setting – goals that are challenging but achievable.
8. Feedback – that informs employees of their level of performance and progress towards achieving their goals
9. Leadership – a trustworthy and respectful leader who leads by example and Job responsibility-responsible for own work.

Table 4: Responses to Statements Related To Rewards

Rewards		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1. Organization's current incentive scheme motivates to perform better	No of respondents	3	7	20	12	4	46
	Percentage	6.5%	15.2%	43.5%	26.1%	8.7%	100%
2. Organization is aware of what rewards employees value as important	No of respondents	6	13	12	10	5	46
	Percentage	13%	28%	26%	22%	11%	100%
Factor Average (%)		9.75%	21.6%	34.7%	24.05%	9.85%	100%

Source: Survey Questionnaire, 2017



In table 4 statement number 1 shows that employees are neutral about the incentive scheme system of the organization because 43.5% of response shows employees are left to decide on the incentive scheme that applied by the organization and 26.1% of the respondents agree by organization incentive scheme. Statement number 2 shows that 41% of respondents feel that the organization is not aware of what rewards employees value as important. But the remaining 26% respondents are neutral for awareness and only 33% of respondents aware about what reward value as important in the organization. The overall factor average is viewed neither positive nor negative because of the total average response of respondents who neutral is only 34.7% of the average response. Overall the organization's reward system seems to be less contributing towards creating a motivational environment for the majority of the employees. Organizations have not successfully identified rewards that employees' value. According to the expectancy theory, employees will increase their effort if they value the rewards that will result from their performance.

Table 5: Responses to Statements Related To Rewards

Goal-Setting		Strongly disagree	disagree	Neutral	Agree	Strongly agree	Total
3. Goals you are supposed to achieve are realistic and attainable	No of respondents	5	6	8	19	8	46
	Percentage	10.8%	13.1%	17.4%	41.3%	17.4%	100%
4. You assist your manager in setting your goals	No of respondents	7	15	9	11	4	46
	Percentage	15.2%	32.6%	19.5%	24%	8.7%	100%
Factor Average		13%	22.85%	18.45%	32.65%	13.05%	100%

Source: Survey Questionnaire, 2017

From the above table statement number 3, 23.9% of the respondents disagree with the statement whereas 58.7% of the respondents feel that they are expected the achieve goals which are realistic and attainable and 17.4% of respondents free from decisions to express their idea about the applicability of the organization goals. But from the respondents' response statement number 4 we can see that 47.8% of the respondents feel that they are not involved in their organization goal setting process. It could be interpreted that most of the supervisors are not involving their subordinates in the goal-setting process. It is however pleasing to note that even though goal-setting is not applied in the organization, overall the goals that subordinates are expected to achieve are not unreasonable or unattainable as established from the responses in statement three.

The factor average is viewed as moral. i.e. the total average response of respondents who disagree is 35.85% whereas the total average response of respondents who are in agreement with the statements in 45.7%.

Table 6: Responses to Statements Related To Feedback

Feedback		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
5.Adequate feedback from your manager	No of responders	3	7	8	19	9	46
	Percentage	6.5%	15.3%	17.4%	41.3%	19.5%	100%
6.Manager feedback is clear and directed at improving performance	No of responders	4	8	7	18	9	46
	Percentage	8.7%	17.4%	15.2%	39.1%	19.5%	100%
Factor Average		7.6%	19%	16.35%	40.2%	19.5%	100%

Source: Survey Questionnaire, 2017



From the above table statement number 5 only 21.8% of respondents disagree with the statement but 60.8% of the respondents agree that they receive adequate feedback from their seniors. Supervisors should however be encouraged to promote continuous feedback to all the members in their teams. The teams work under tremendous pressure to meet deadlines, which can result in supervisors neglecting to provide regular feedback to the team members in respect of their performance. From statement number 6, 58.6% of the respondents are of the opinion that the feedback that they receive is aimed at improving their performance.

Overall feedback in the organization seems to be adequate. Feedback is important as it plays an important role in several of the motivation theories discussed. For example, in goal-setting, to inform employees of their progress towards goal achievement, in expectancy theory, to inform employees of the levels of performance that is expected, in equity theory, to provide transparent feedback to explain the actions of the organization during recruitment and salary increases, to avoid situations where feelings of inequity may arise, which could impact on the overall performance of the employees.

Table 7: Responses to Statements Related To Job Characteristics

Job characteristics		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
7. Job is both interesting and challenging	No of respondents	2	6	6	22	10	46
	Percentage	4.3%	13.1%	13.1%	47.8%	21.7%	100%
8. Employees are rotated in the bank in order to learn new tasks	No of respondents	9	10	11	14	2	46
	Percentage	19.5%	21.7%	24%	30.5%	4.3%	100%
Factor Average		11.9%	17.4%	18.5%	39.15%	13%	100%

Source: Survey Questionnaire, 2017

From the above table statement number 7, 17.4% of the respondents find their jobs both interesting and challenging. The majority of banks work consists of routine activities which require time, skill and ability to perform. Statement number 8, says 34.7% of the respondents have been exposed to job rotation aimed at exposing them to other job functions within the organization. The low percentage of respondents who find their jobs both interesting, as indicated from the responses to statement seven, can be attributed to job rotation.

Overall the design of the jobs seems to be moderately adequate and positively contributing towards creating a motivating climate within the organization. Attention should be given to job function to incorporate functions aimed at making their jobs more interesting and stimulating.

Table 8: Responses to Statements Related To Salary

Salary		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
9. Salary is market related	No of respondents	2	11	13	15	5	46
	Percentage	4.3%	23.9%	28.3%	32.6%	10.9%	100%
10. Current salary motivates to perform	No of respondents	10	9	11	13	3	46
	Percentage	21.7%	19.6%	23.9%	28.3%	6.5%	100%
Factor Average		13%	21.75%	26.1%	30.45%	8.7%	100%

Source: Survey Questionnaire, 2017



Table 8, statement number 9 respondents reveals that 43.5% of the respondents agree with the statement that their salaries are market related whereas the remaining 28.2% of the respondents disagree with the statement. Statement number 10 shows that 41.3% of the respondents are of the opinion that their current salaries do not motivate them to improve their performance while 34.8% of the respondents agree with the statement. Overall salaries seem to be a factor of concern. There has always been a debate regarding the motivating powers of money. Salary was ranked as the most important motivating factor in the survey. It suggested that it would be wise if the organization investigated employees' concerns regarding their salaries. It is clear however that a feeling of inequity exists. Mukherjee (2009) explains that a situation of inequity could lead to employee behavioural changes which include amongst others, changes to the employees' level of input, which could possibly lead to performance related issues.

Nel et al (2004) explain that salary, according to Herzberg's two factor theory, is a hygiene factor. As explained previously, if hygiene factors are not adequately satisfied, it could lead to employees being dissatisfied. Hygiene factors are associated with individual's negative feelings about their work and these factors do not contribute to employee motivation. A dissatisfied employee can however, not be motivated. It is therefore important that managers first give attention to hygiene factors before introducing motivators into the employee's job.

Table 9: Responses To Statements Related To Opportunity For Advancement And Growth

Opportunity For Advancement & Growth		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
11. There are good promotion opportunities for employees within the bank	No of respondents	15	3	7	14	7	46
	Percentage	32.6%	6.5%	15.2%	30.4%	15.3%	100%
12. The advancement and growth opportunity within the bank motivates to perform better	No of respondents	10	8	8	14	6	46
	Percentage	21.7%	17.4%	17.4%	30.4%	13.1%	100%
Factor Average		27.15%	11.95%	16.3%	30.4%	14.2%	100%

Source: Survey Questionnaire, 2017

Statement number 11 demonstrates that 45.7% of the respondents are of the opinion that the organization offers good opportunities for promotion within the organization but the remaining of the respondents disagree with the statement. In addition to this, the response obtained from statement number 12 shows that 43.5% of the respondents indicated that the growth opportunities within the organization motivate them to improve their performance but 39.1% of the respondents disagree with the statement. Overall the opportunity for enhancement and growth offered by the organization is limited, especially the frequency at which promotion within the organization takes place. Results from respondents indicate however that the employees are still considerably motivated by the growth and advancement opportunities within the organization.



Table 10: Responses to Statements Related To Working Conditions

Workingconditions		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
13.Necessary equipment are provided to perform duties	No of respondents	5	6	11	20	4	46
	Percentage	10.9%	13%	24%	43.5%	8.6%	100%
14.working environment pleasant	No of respondents	9	4	4	23	6	46
	Percentage	19.6%	8.6%	8.6%	50%	13.2%	100%
Factor Average		15.25%	10.8%	16.3%	46.75%	10.9%	100%

Source: Survey Questionnaire, 2017

Statement 13 from the above table shows that 52.1% of the respondents indicated that the organization supplies them with the necessary equipment to adequately perform their duties but the other did not agree with the statement and 23.9% disagree with the statements.

But statement 14 indicates 63.2% of the respondents indicated that their working environment is pleasant. But the remaining respondents responded that they are dissatisfied with the working environment. The factor average is viewed positive, i.e. the total average response of respondents, who are in agreement with the statement.

The organization has been successful in both creating a pleasant working environment and in supplying the employees with the recourses they require to adequately perform their duties. As is the case with salary, working conditions is deemed as a hygiene factor, as per Hertzberg two factor theory, and deemed as a lower-order need as per Maslow's hierarchy of needs. Seemingly insignificant to employee motivation, not adequately providing for this factor will cause dissatisfaction and distract the employees from aspiring to achieve the next level of needs or factors that do actually contribute towards employee motivation.

Conclusion

Nearly half of the respondents are customer service officers and IT officers. Salary was ranked first than any other factors. This shows banks should increase their salary structure to motivate their employees. Banks should reward their employees based on their performance. Employees agreed that the bank goals are attainable. Relationship with their top level employee is good. Because the respondents believe feedback will improve their performance. Employees feel that their job characteristics are good. Banks should provide advancement and growth opportunities for their employees. Respondents feel work environment is pleasant. Overall employees are motivated in the banking sector. But banks should improve themselves in certain areas.

References

1. Cronje, G.J., du Toit, G.S. & Motlatla, M.D.C., 2012. Introduction to Business Management. Oxford University Press.
2. Deci, E., Ryan, R.M. (2000). Intrinsic motivation and self-determination in human behavior. New York: A division of Plenum Publishing Corporation.
3. Doellgast, L. (2006). Discretionary effort and the organization of work: Employee participation and work reform. New York: Columbia University.
4. Daft, R.L., 2008. The Leadership Experience. (4th Ed.).
5. Frey, B., & Osterloach, M. (2002). Successful Management by Motivation-Balancing Intrinsic and Extrinsic Incentives.
6. Fincham, R., & Rhodes, P. (2005). Principles of Organizational Behavior. New York: Oxford University Press Inc.



7. Fox, W., 2007. Managing Organizational Behavior. Juta& Co. Ltd.
8. Fowler, J.M. (2001). The relationship among subordinate personality and their need for motivation. Published dissertation, South Africa: De Mont Fort University.
9. Griffin, W. Moorhead, G., 2009. Organizational Behavior: Managing People and Organizations. (9th Ed.). USA: Thompson South-Western.
10. Herzberg, T. (2000). Job satisfaction and employee performance. 8th Edition. Oxford: Oxford University Press.
11. Heneman, R.L. (2000). Merit Pay: Linking pay increases to performance ratings. New York. Addison-Wesley.
12. Kreitner, R. & Kinicki, A., 2008. Organizational Behavior. (3rd Ed.). Boston: McGraw-Hill.
13. Kovach, K. (1980). Employee motivation: Addressing a crucial factor in you organization's performance. Employment Relations Today, Vol. 22.
14. Likert, R. (1967). The Human Organization: Its Management and Value. New York: McGraw Hill.
15. Lun, C. C. (2003). Explorations in achievement motivation. Paper presented at the annual meeting of the American Psychological Association, Washington, DC.
16. Lu, L. (1999). Work Motivation, Employees' Well-being. Journal of Applied Management Studies. Volume 8.
17. Maslow, A. (1970). Motivation and Personality. New York: Harper & Row.
18. Mayfield, J. R., Mayfield, M. P., & Kopf, J. (1998). The Effects of Leader Motivating Language on Subordinate Performance and Satisfaction. Human Resource Management. Volume 37.
19. Mukherjee, K., 2009. Principles of Managing Organizational behavior.
20. Nel, P.S., van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T. & Werner, A., 2004. Human Resources Management. (6th edition). Oxford University Press.
21. Resker, J. (2007). Employee performance indicators.
22. Vroom, V. (1964). Work and Motivation. Malabar, Florida: Robert E. Krieger Publishing Company.
23. Welman, J.C, Kruger S.J. (2004). Research Methodology. Oxford University Press.