



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**EFFECTS OF INDIVIDUAL FACTORS ON EMPLOYEES'
PERFORMANCE IN OROMIA INTERNATIONAL BANK
SHARE COMPANY**

**BY
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**JUNE, 2017
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
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**JUNE, 2017
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Assistant Professor Goitom Abraham. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full 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, School of Graduate Studies for examination with my approval as a university advisor.

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June, 2017

DEDICATION

I dedicate this work to the Almighty God, Jesus Christ and to my lovely children Robenus, Liben and Kena Eshetu for walking this journey with me.

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LIST OF ABBREVIATIONS/ACRONYMS

EC: Employee Competence

EE: Employee Empowerment

EM: Employee Motivation

EP: Employee Performance

EPA: Employee Performance Appraisal

HR: Human Resource

HRM: Human Resource Management

OIB or the bank: Oromia International Bank Share Company

P value: Probability Value

r_s : The r_s -value indicates strength and direction (\pm) of the correlation

r_s^2 : Coefficient of Determination

Sig: Level of significance

SPSS 20: Statistical Software Packages for Social Science or Statistical Product for
Solutions Services Version 20

SSR: Supervisor Subordinate relationship

ABSTRACT

Employees` performance is the major issue in an organization. The purpose of this study was to examine the effects of individual factors (that is the independent variables-employee competency, employee empowerment, supervisor-subordinate relationship, employee motivation and employee performance appraisal) on dependent variable-employees` performance at OIB. The study also aimed to determine the effects of the above mentioned five independent variables on employees` performance. It used quantitative methodology for the collection and analysis of data by conducting survey questionnaire from the employees in the bank. It was conducted with a population of 663 employees and a stratified random sample of 125 employees who are working in Headquarters and branches in Addis Ababa City. Self-administered questionnaires were prepared and distributed to 125 targeted respondents and all returned with 100% response rate. The items were assessed on five point Likert scale ranging from 1 to 5 (1=strongly disagree to 5=strongly agree).The Cronbach alpha coefficient reveals $\alpha=0.90$ for this construct/scale, indicating high reliability. The data was processed and analyzed through SPSS software version 20.0 to apply statistical tests. Frequency and percentages were used to summarize the background information of respondents and frequency, percentages and mode were used to analyze the variables. Spearman`s rank order correlation was used to measure the relationship between the five independent variables (empowerment employee competency, employee empowerment, superior-subordinate relationship, employee motivation and employee performance appraisal) and the dependent variable(employees` performance) while coefficient of determination was used to determine the percentage of variation in the dependent variable is explained by variation in the independent variables. The results of the study revealed that there are positive and significant relationship between all the five independent variables and the dependent variable (employees` performance). The results of correlation coefficients and the coefficient of determination revealed that employees performance mostly depends on the individual factors that is empowerment employee competency, employee empowerment, superior-subordinate relationship, employee motivation and employee performance appraisal practices. Major findings showed that the effects of all the five independent variables on employee performance is positive in the bank. The overall finding indicates that employees` performance was not as such good and that employees were not motivated to do their job well so as to meet their performance targets. It was concluded that the entire hypotheses were tested and hence accepted. The study recommends that the bank may provide training and development to employees as to improve their competency in order to perform well on their jobs. Moreover, the bank should emphasize on how to enhance the motivation level of employees and make sure all employees are empowered to make their own decision freely on their work domain as well as provide good working environment for employees so that they can concentrate on their job. The current study further suggests that improvement in the empowerment employee competency, employee empowerment, superior-subordinate relationship, employee motivation and employee performance appraisal leads to better employees` performance It could result in improved performance of the organization, bank. Future researchers may study another individual factors which can impact on the performance level of employees and can modify the research framework so as their research is able to study this title in different perspectives.

Key Words: *effects, individual factors, employees, performance, employees` performance,*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organization is made up of people who come together to achieve common objective through coordinated activities which is the hallmark of management (Nwachukwu, 1988). This implies that organization consists of human workers, and they are known as employees. It can't be formed without the existence of the employees. Employees of an organization are individuals who provide services for recompense to an employer and whose duties are under the control of the employer. Employees are the ones that make things happen, and they influence all inputs in an organization, whether they are managerial or operational (Hendry 1995).

The physical resources such as land, machinery and finance require competent employees for them to operate efficiently and effectively. Among these resources, employees are regarded as the most precious and valuable assets of any organization without whom no production activity or service can take place. The product or service of any organization is provided to customers with the involvement of employees. In a knowledge economy, organizations rely heavily on their employees to survive. They can only win a competitive advantage through their people (Alo, 1999). Resource-based view acknowledged that firms would be able to sustain its competitive advantage through its human resources (employees) (Barney, 1991). This is achievable when the employees are able to achieve a good level of job performance.

Performance is something, a single person does. It is actions of a person or group during the task. Job performance refers to the behaviors that are expected in the line of the organizations` goals and the purpose under control of individual employees (Campbell *et al.*, 1993). Hellriegel and Slocum (1999) define performance as a consequence of the efforts employed by people in the organization at different levels. These efforts resultantly lead to achieving goals and improved organizational performance (Armstrong & Baron, 1998).

Employee performance means employee productivity and efficiency as a result of employee growth. It will impinge on the organization's performance. However, the excellent working of the workforce at all levels of organization has a major influence on organization's performance. Earlier research on productivity of workers has showed that employees who are satisfied with their job will have higher job performance, and thus supreme job retention, than those who are not happy with their jobs (Landy 1985). Further still, Kinicki & Kreitner (2007) document that employee performance is higher in happy and satisfied workers and the management find it easy to motivate high performers to attain firm targets. Hence, high level performance is realized through efficient and effective performance of employees.

Employee performance can be considered as one of the important factors in maintaining the effectiveness and efficiency of organization as well as the efforts to make sure the organization become competitiveness at the market level. It is one of the key variables to be considered by any organization to perform effectively. Higher the employee performance, higher the productivity level in the organization, which eventually leads to higher profitability. If employees perform well on their job, work progress can be enhanced; productivity of organization can be increased as well as profits can be gained rapidly. Hence, organizations need highly performing individuals in order to meet their goal, to deliver the products and services they specialized in, and finally to achieve competitive advantage. According to Kiruja and Mukuru (2013), the overall success of an organization in achieving its strategic objectives relies heavily on the performance level of employees. Besides, employees who performed well will not only help organizations to meet strategic goals. They are also playing an important role in marinating organization competitiveness (Dessler, 2011).

Maximizing the performance of organization is the main issue for an organization. Good organization performance refers to the employees` performance. Job performance assesses whether an employee performs a job well. Employee performance indicates the effectiveness of employee's specific actions that contribute to attain organizational goals. For every organization, the most important element is the employees` performance because ultimate success or failure of an organization is determined majorly by the performance of their employees (Bartlett & Ghoshal, 1995 in Ahmed and Ramzan, 2013). The success of an organization largely depends on the quality of its employees which is measured by their performance. Good performance of

employees leads to good organizational performance which is an indicator of their success (Armstrong & Baron, 1998).

On the other hand, there are various individual factors that can lead to deteriorate of employees` performance. In this regard, Carlson (2006) proposed five human resource management practices that affect performance which are setting competitive compensation level, training and development, performance appraisal, recruitment package, and maintaining morale. Tessema and Soeters (2006) have carried out study on eight HR practices including recruitment and selection practices, placement practices, training, compensation, employee performance evaluation, promotion, grievance procedure and pension or social security in relation with the perceived performance of employees. It can be implied that these HR practices have positive and significant associations with the perceived performance of employees.

Some studies have proceeded by looking at performance in terms of employee performance in particular (Purcell, Kinnie & Hutchinson 2003; Harrison 2000) while others have extended to a general outlook of organizational performance (Guest, 1997; Swart, J., 2005). In one way or another, the two are related in the sense that employee performance is a function of organizational performance since employee performance influences general organizational performance. Thus, employees` performance can be affected by individual factors within an organization. There is a consensus among scholars that individual factors are a key determinant of employees` performance. It is, hence, important to understand and examine the effects of the major individual factors on performance of employees in OIB.

1.2 Background of OIB

OIB is established on September 18, 2008 that adds to the total banks in the country to be 13 and the 10th private commercial bank. It has started its operation on October 25, 2008 with the commercial banking business objectives in the years to come. The major objective of OIB's establishment is to undertake a universal commercial banking service such as deposit mobilization, lending of money, remittance service, and international banking services as stipulated by the law of the land.

Currently, the Oromia International Bank S.C has 200 branches with different location of the country to realize the expansion strategy as at June 30, 2016. About 110 (55%) of the branches are located in Oromia Regional State followed by Addis Ababa City Administration 58(29%). The Bank has branches in all Regions of the Country except in Afar Regional State. The total number of shareholders is about 11,000 in 2015/16 financial year. The total number of employees of the bank as of June 30, 2016 is about 2, 880 staffs. Total staff strength of the bank has grown by 18.8%. Of the total staff strength of the Bank 84.2% (2,425 staffs) are located at branches while the remaining 15.8% (455 staffs) are located at Head Office. According to the annual report of the bank for the fiscal year 2015/16, although the bank has maintained steady growth from its establishment to the fiscal year 2014/15, the Bank as one of the competitors in the banking industry, has been challenged by its employee performance.

1.3 Statement of the Problem

Job performance has been associated with the ability of the individual employees realizing their respective work goals, fulfilling expectations as well as attaining job targets and/or accomplishing standards that are set by their organizations (Eysenck, 1998; Mathis & Jackson, 2000; Bohlander, Snell & Sherman, 2001). Employee performance has been shown to have a significant effect on organizational performance (Collis and Montgomery, 1995). This is due to the reason that individual performance is the foundation of organizational performance (Ivancevich and Matteson, 1999).

Employee performance is one of the indicators in enhancing and improving the services industry. Accordingly, employees of commercial banks are the best sources of delivering good services to their customers. Excellent services provided and offered by employees can create a positive perception and ever lasting image in the eyes of banks` customers. Like other service rendering organizations, OIB is one of those service providing organizations which rely on the performance of its employees. In its normal course of delivering various banking services, OIB performed quite well in all aspects of its operations and achieved all its annual plan targets by its employees` performance commencing from its establishment to the end of the financial year 2014/15. During these financial years, it managed to strongly sustain its past achievements and registered rather accelerated performances by maintaining its steady and continued growth. However, according to the Annual Management Meeting report of OIB (July 2016) and Annual

Reports of the bank (2015/16), both city & outlying branches of the bank significantly lost their growth momentum and achieved the lowest ever growth in the history of the bank and hence failed to achieve its annual plan target as stated below:

At the end of the financial year 2015/16, it has been reported that OIB faced deposit short of plan by over 18%, foreign currency generation short of plan by over 36%, revenue short of plan by 9.6%, expense increased disproportionately (grew by over 50% while revenue grew by less than 37%) and finally profit short of plan by over 24% in its same annual activity plan performance of the financial period July 1, 2015 – June 30, 2016(Annual management report , July 2016)

It was further implied from the management report and the discussions held in the meeting that this organizational performance of the bank was the result of employees` (referring to both operational and managerial employees) performance which failed to meet the annual plan target of the bank. This failure might require the bank to identify the individual factors and their impacts on employees` performance because performance of employees is affected by different individual factors at work place. In this regard, Galagan (1997) expressed that given the many challenges that employees have to face due to the dynamism of the workplace, it is rather difficult for employees to maintain their job performance. To drive employees in achieving high employee performance and organization roles, it is crucial to identify the main individual factor/s that can motivate the employees to execute their functions effectively and efficiently. In their studies, different scholars try to point out the individual factors affecting employees` performance in case of different sectors throughout different countries and they all probes issue about major factors and their impacts on employees` performance and their finding indicates performance of employees has significantly affected by different factors including individual, organizational, and job related factors (Hilda, 2006; Mohammed & Nimalathasan, 2011; Imran *et.al*, 2011; Gebregziabher, 2009; Charity, 2011; Mohammed, 2011; Ali and Davies, 2003)

Past researchers on job performance such as (Jaramilloa, Mulki & Marshal, 2005; Al-Ahmadi, 2009 as cited by) found several factors that can influence the employees` job performance ranging from individual-related factors, organizational level factors as well as organizational environmental factors.

Sharpley (2002) also proposes a model that identifies individual factors to be issues about experience of work (personal impact, competency, meaningful work, feedback, and discretion),

work outcomes (job satisfaction, work stress, empowerment and motivation) as differences in individuals that affect their experience at work. In addition, organizational factors such as managerial support, colleague support etc are associated with high performance. According to him, interventions depend on all the above factors as well as the overall attitude and commitments by the organization which will eventually lead to the achievement of organizational goals. The current study deals with individual factors that may come from the work place within organizations

Although the various studies have contributed substantially to the literature on individual factors affecting employee performance, their findings may not be directly applicable to other countries like Ethiopia, due to differences in cultural, economic and legal environments. Even though there seems to be wide research interests on the effect of individual factors on employees job performance, most of them were conducted in abroad thus very little evidence exists to understand the job performance of employees in the Ethiopian context. Besides, there is hardly empirical research that has been conducted to assess or analyze individual factors affecting employees` performance in banking sector in Ethiopia in general and OIB, in particular. That means, no previous research has been documented in the bank concerning individual factors affecting the employees` performance. Thus, there is a need to examine the effects of the individual factors on those employees` performance in the OIB. The question then becomes, what are the effects of major individual factors on employee performance of OIB?

In order to identify the major individual factors, the researcher conducted a pilot study on 20 (twenty) employees of the bank; three from HRM, two from Strategic Management and Business Development Departments and the rest fifteen employees from other departments of the bank selected on randomly basis. On the basis of the pilot study, the researcher came to the point that employee competency, employee empowerment, supervisor-subordinate relationship, employee motivation and employee performance appraisals are the major individual factors that can affect the employees` performance. These factors are also described in different studies conducted in different countries as individual factors that can affect the performance of employees at workplace.

Therefore, this study sought to investigate the effects of the above mentioned individual factors on employees` performance in OIB so that the bank would realize the individual factors which

contribute to the job performance of employees in the bank. Consequently, the bank is able to cope up with them based on the findings of the study.

1.4 Basic Research Questions

The study is designed to seek answers for the following Questions:

- What is the relationship between employee competency and employee performance?
- What is the relationship between employee empowerment and employee performance?
- What is the relationship between superior-subordinate relationship and employee performance?
- What is the relationship between employee motivation and employee performance?
- What is the relationship between employee performance appraisal and employee performance?

1.5 Objective of the Study

1.5.1 General Objective

In line with the research question, the general objective of this research is to examine the effects of the individual factors (that is employee competency, employee empowerment, superior-subordinate relationship, employee motivation and employee performance appraisal) on employees' performance in OIB.

1.5.2 Specific objectives

In the course of addressing its overall objectives, the research's specific objectives are:

- i. To determine the relationship between employee competency and employees' performance.
- ii. To determine the relationship between employee empowerment and employees' performance.
- iii. To determine the relationship between superior-subordinate relationship and employees' performance.
- iv. To determine the relationship between employee motivation and employees' performance
- v. To determine the relationship between employee performance appraisal and employees' performance

- vi. To recommend possible solution to alleviate the problem of employees` performance

1.6 Hypotheses

In order to determine the relationship between the aforementioned individual factors - independent variables and employee performance - dependent variable, the following hypothesis were developed to conduct the study on the basis of the objective of the study, theoretical literature and empirical reviews in mind.

H1: There is a positive and significant relationship between employee competency and employees` performance in OIB.

H2: There is a positive and significant relationship between employee empowerment and employees` performance in OIB.

H3: There is a positive and significant relationship between supervisor-subordinate relationships and employees` performance in OIB.

H4: There is a positive and significant relationship between employee motivation and employees` performance in OIB.

H5: There is a positive and significant relationship between employee performance appraisal and employees` performance in OIB.

1.7. Operational Definition of Terms

The definition of some relevant term in this study will aid the understanding of the study. For the purpose of this study, the following main concepts and terms are defined:

- **Branch:** This is an outlet of the bank through which the bank provides its service to customers using own or rented buildings. Each branch has its own management team, clerical and non-clerical staff.
- **Branch management:** Among employees of the bank who are working at branches as Branch Manager, Assistant Branch Manager, Loan Section Head, International Banking Section Head are classified as branch management team. The team performs the managerial function of their respective branches.

- **Clerical staff:** It is a common name for those employees working as an expert in different operational areas of specific branch. This classification includes loan clerk, international banking clerk, forex clerk and customer service clerk, Loan officers, International Banking Officers, Accountant, Auditors and Cashers are included.
- **Factors:** A factor is a contributory aspect such as employee competency, employee empowerment, superior-subordinate relationship, and employee motivation and employee performance appraisal that affect employees` performance in OIB.
- **Mode:** A measure of central tendency referring to the most frequently occurring value in a set of scores. *It is the number or value that appears most frequently in a distribution of numbers.*
- **Non-clerical staff:** This includes employees working on the positions other than supervisory, officer and clerical. These are guard, cleaner, typist, messenger, cash office girl etc.
- **Ordinal data-** data where the numbering of the responses indicates the relative order but does not indicate the absolute strength/value of the responses. For example, class level – the coding of strongly disagree, disagree to strongly agree from 1 to 5 indicates relative rank but the absolute difference between the ranks may not have the same meaning. Simple arithmetic operations are not meaningfully applied to ordinal data.
- **p value:** This refers to the probability of the outcomes occurring by chance, expressed numerically as ranging from zero to one. The convention is to accept a p value of 0.05 or less as being statistically significant, which translates to a probability of 1 in 20 of the results occurring by chance. Probability that you`d see an r-value of this size just by chance. Smaller is better. The p value tells if the analysis is significant or not (level of significance)
- **r_s -value:** Indicates strength and direction (\pm) of the correlation. Bigger is better. The “*” means we can reject the null hypothesis (H_0).
- **Statistical significance:** An observation that is unlikely to have occurred by chance at a specified level of probability.
- **Subordinates:** are those employees who are directly responsible concerning the work or job to their respective supervisor or immediate superior in their respective department/ section.

- **Supervisor:** is an individual who has frequent personal contact with subordinates which include the observation of employees` work, communication of orders or policy assistance with subordinate`s work and also resolution of employees problem a supervisor`s communication is primarily downwards and is directed toward the improvement of communication between employees

1.8 Significance of the Study

The study attempts to add knowledge and awareness about concepts of employee performance. It is an important input to understand the severity of the problem and for the bank management to make the right decision that can enhance the level of employee performance to achieve the goal of their bank. It also helps the management of the bank look in to alternative actions. It may come up with a finding that will be vital to encourage the employees of the bank towards achieving organizational objective by vividly presenting the typical factors affecting their level of performance. On the other hand, the results of this research will provide some insights and information to serve as a future reference/resource for other researchers in conducting their research or thesis study. Beside this, the researcher himself obtained a lot of experience about research work which help to undertake any other research work in future job career.

1.9 Delimitation/Scope of the Study

As OIB is a large company operating throughout the country and consisting of 200 branches located both in Addis Ababa and Outline cities, it is difficult to cover the whole area due to limited time and budget constraints. So the scope of the study is delimited to employees who particularly work at Head Office and branches found in Addis Ababa city. The study is also restricted to the financial period from July 1, 2015 to June 30, 2016 where in OIB failed to achieve its annual plan target as stated in the problem statement. In addition, two categories of employees were included: The first groups are managerial (supervisory) staff. The second group includes clerical staff. However, non-Clerical staffs are not included in the study. The study does not also cover employees who have not worked at least for one year in the bank. This study was also restricted because of the possibility of the reluctance of employees to provide truthful answers to questionnaire as a result of their personal bias.

1.10 Organization of Study

The research will be structured in such a way that it can provide coherent flow of ideas. The general structure of the research incorporates five chapters. The first chapter is introduction, which comprises background of the study, background of the company, operational definition of terms, statements of the problem, basic research questions, objectives of the study, hypotheses of the study, significance of the study, scope of the study and other related issues. The second chapter is literature review, which will present the theoretical and empirical framework of the study area. The third chapter is the research design & methodology, which will present the general principle and guide of the research. That is the sample and population size, source of data, data collection tools and procedures, reliability and validity of data collection tools, data analysis mechanisms used and ethical considerations are described and discussed in detail. The fourth chapter is the presentation, analysis and interpretation of collected data. Finally, based on the findings of the study, conclusions, limitations of the study and the recommendation will be presented in the fifth chapter.

In the next chapter, the research will present the review of related literature which mainly about the independent variables (factors) and dependent variable (employees` performance) to propose a theoretical or conceptual and empirical framework of the study.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1 Introduction

Chapter one of the study provides an introduction and background as well as methodological choices. However, this chapter examines how employee competency, employee empowerment, supervisor-subordinate relationship, employee motivation and employee performance appraisal influence employees` performance. It is arranged under sub-sections that include the theoretical and empirical literatures and it is based on each of the themes derived from the objectives. Before end up this chapter, there is a clear proposed framework which shows the relationship between the individual factors (independent variables) and the employees` performance (dependent variable) in OIB based on relevant theoretical and empirical literatures. The concept of employee performance will be first reviewed. Secondly, the researcher will review the effects of individual factors on employee performance through some sources.

2.2 Theoretical Literature

2.2.1 Definition and Concept of Employee Performance

There are various definitions and concepts of employee performance. The common and relevant ones are discussed below:

Campbell, J. P., McCloy, R. A., Oppler, S. H., & Sager, C. E. (1993) define performance...“as synonymous with behavior. It is something that people actually does and can be observed. By definition, it includes only those actions or behaviors that are relevant to the organization's goals and that can be scaled (measured) in terms of each individual's proficiency (that is, level of contribution).. Employee performance is the activities related to job and how well those activities were executed by employees. Altrasi (2014) explains that employees are a strategic asset in an organization whose performance at work influences the overall performance of the organization. An organization needs high performance of its employees, so as to meet its goal and be able to achieve competitive advantage (Frese, 2002). Performance is usually defined as the extent to which an organizational member contributes to achieving the goals of the organization.

Bohlander, Snell and Sherman (2001) suggested employee job performance is related to employees having the knowledge about their work goals and able to meet the expectations of the job target or achieving the work standard established by their organization. Alternatively, job

performance has also been described as the outcome of two facets that employees may possess comprised of abilities (natural) and skills (acquired) which can be a good source of motivation for better job performance (Sarmiento & Beale, 2007). An employee's job performance depends on or is a consequence of some combination of ability, effort, and opportunity. But, the measurements can be done in terms of outcomes or results produced (Ferris et al., 1998).

As noted by Draft (1988), it is the responsibility of the company managers to ensure that the organizations strive to and thus achieve high performance levels. This therefore implies that managers have to set the desired levels of performance for any periods in question. This they can do by for example setting goals and standards against which individual performance can be measured. Since performance is, what a person needs to carry out and do well when hired by organization thus only measurable actions could be regarded as performance (Campbell et al., 1993).

Moreover, excellent employee performance means that the employee will carry out duties efficiently and effectively to meet agreed job objectives (Baldwin, 2008). Employee performance in any organization is reflected in the effectiveness and efficiency with which goals and objectives are achieved (Sousa, Aspinwall, Sampaio and Rodrigues, 2005). To harness excellent employee performance, organizations ought to institute practices to manage employees well. The ability to effectively manage employee performance can lead to increased profit margins, cost savings, customer satisfaction, growth, or market share (Kirkpatrick, 2006). Employee performance is of high relevance for organizations and individuals alike. Showing high performance when accomplishing tasks results in satisfaction, feelings of self efficacy and mastery (Kanfer, 2005). Moreover, high performing employees get promoted, awarded and honored. Career opportunities for employees who perform well are much better than those of moderate or low performing individuals (Van Scotter, 2000).

Adana (1986) also stated that effective job performance has positive effects on both an organization and its employees. For the organization, it will ensure production, economic growth and survival. In the same way, effective job performance provides the employees with economic gains, security, social status, family and social prerogatives, medical benefits and recreational and educational.

Employee Performance is, therefore, the successful completion of tasks by a selected individual or individuals, as set and measured by a supervisor or organization, to pre-defined acceptable

standards while efficiently and effectively utilizing available resource within a changing environment.

2.2.2 Effects of Individual Factors on Employee Performance

The individual factors in this study consist of the variable about the individual employee related factors that directly impacts on employees` performance /jobs and the variable about the individual attitude to assigned jobs (Amabile, 1988; Kanter, 1988) because job performance is the general attitude that people have about their jobs. The individual factors of employee performance are also known as the drivers of employee performance. There are set of workplace features that, in combination are crucial to fostering high employee performance. If every component of human resource were not well addressed with proper approach, employees would fail to fully engage themselves in their job roles thereby leading to mismanagement (Markos and Sridevi, 2010).

However, most organizations are faced with the dilemma of the individual factors which influence employees` performance. This is because poor individual employee performance can affect the productivity of individual and group employees which can put the organization at a risk (Salleh, F., Yaakub, N., & D zulkifli, Z., 2011). The organizations need to understand the individual factors that affect employees` performance because such insight will help them make decisions that will inculcate improved performance from the employees and to an extension of the overall performance of the organization (Mwangi, 2012). As a matter of fact most managers in organizations face with a crucial question of what individual factors influence employee performance and there is inadequate empirical information that might guide their efforts in enhancing overall job performance among employees (Salleh, 2011). Due to the individual employee is the basic building block of the organization (Matterson and Ivanchevich, 1996), managers have to understand and figure out the individual factors that can influence employee performance at workplace so that they manage to enhance employee performance.

According to some scholars, researchers and practitioners, there are numerous factors that individually and collectively influence the performance of employees in a positive or negative way. According to Vicente (2011) “human capital is the most important factor which brings change in employee productivity and increase firm performance the investments on human capital leads towards high performers and excellent results organization financial results.

K.Malik et al. (2011) analyze “employees` performance basically depend on many factors like performance appraisals, employee motivation, employee satisfaction, compensation, training and development, job security, organizational structure and other. Employee performance fundamentally depends on many factors like employee competency, employee empowerment, supervisor-subordinate relationship, employee motivation and employee performance appraisal. The area of this study focuses on only these individual factors which are considered to highly influence on the performance of employees in OIB and hence the researcher reviewed the factors as follows:

2.2.2.1 Concept of Employee Competency (EC)

The word competency is derived from the Latin word “competence” which meant ‘to be suitable’ and can be defined as good and complete assignment and responsibility (Siddiqui, 2007). Ashraf and Joarder (2010) asserted competencies are behaviors that comprise the knowledge and skills required for successful performance. These competencies aligned with business objectives help strengthen an organization's success.

The United Nations Industrial Development Organization defines competency as a set of skills, related knowledge and attributes that allow an individual to perform a task or activity within a specific function or job (UNIDO, 2002). If an individual possesses these three elements of competency they can effectively perform duties as required by the specific job.

As explained by Siriwaiprapan (2000), job competence is the knowledge, theory, methods, and skills to carry out employees ‘work assignments and to affect their sense of self-efficacy and self-confidence about a certain job. In addition, New (1996) also pointed out that competency leads to confidence of the employees to have control over their work and, hence, flexibility and creativity to achieve a remarkable performance.

Parry’s definition of competency has been accepted by numerous scholars: A competency is a cluster of related knowledge, skills, and attitudes that affects a major part of one’s job (a role or responsibility), that correlates with performance on the job, that can be measured against well-accepted standards, and that can be improved via training and development (as cited by Lucia & Lepsinger, 1999).

As also stated by Wright & Geroy (2001), employee competency change through effective training programs. It not only improves the overall performance of the employees to effectively

perform the current job but also enhance the knowledge, skills and attitude of the workers necessary for the future job, thus contributing to superior organizational performance. Through training the employee competencies are developed and enable them to implement the job related work efficiently, and achieve firm objectives in a competitive manner.

Moreover, dissatisfaction complaints, absenteeism and turnover can be greatly reduced when employees are so well trained that can experience the direct satisfaction associated with the sense of achievement and knowledge that they are developing their inherent capabilities (Pigors & Myers, 1989). Beckman (2009) commented that those firms without viable education programs would fail to provide employees with frequent opportunities to practice and enhance their capabilities in terms of enhanced employee skills and knowledge. Therefore, in order to deliver effective services, employees need to be skillful and trained (Zeithaml, Parasuraman & Berry, 1990).

Pinder (2008) had stated that the effectiveness of job performance can be determined by the natural aptitude or natural talent or skills that a person has and develops over time. This is because if an individual is motivated to perform certain tasks but he or she does not have the necessary ability. The job performance still can be affected because he or she cannot perform the tasks well. It is important for managers to make sure employees have certain abilities and skills to perform the task. For those who do not have enough abilities and competencies to perform well, training and development can be provided for them in order to increase their knowledge, skills and abilities. However, if an individual has high competencies or high abilities but he or she is assigned to some tasks which are not appropriate and fix to his or her abilities, an individual still cannot perform well if compared to those who have less competencies and abilities but assigned with appropriate tasks(Dawis and Lofquist, cited in Pinder, 2008).

According to Aion (2003) there are individuals who have high level of competence, but exhibit low performance because of not utilizing the competence. Therefore, the work performance is not at par with their competence. Higher performance may also be achieved through discipline and sheer hard work. Attention needs to be focused on competence, talent and performance but more detailed attention on efforts to develop talent and competence because in real life talent and competence are more useful than performance recorded

Besides, Shani and Lau (1996) states that people will work well if they have the ability, aptitudes, interest, attitudes and temperament that make them suitable to perform the job; this means that people must be matched with jobs. The knowledge of every individual in an organization has the potential power of contributing to the organization's goals and ensuring that the objectives of the organization are effectively executed (Shahabudin, 2003). Hence, as provided by Eisengerber, Fasolo and Davis-LaMastro (1990), employee's positive perception of being cared and provided necessary support from the top management in task performance encourages employees' performance.

It is generally accepted that an employee's performance is based on individual factors, namely: personality, skills, knowledge, experience and abilities (Vroom, 1964).

Therefore, managers should make use of untapped human resource in order to have high productivity. The subordinates on their part would be able to put in such performance if the certain conditions are present. Such conditions include possession of the ability i.e. knowledge and skills to carry out the tasks, willingness to expend the necessary effort to carry out the tasks, and availability of the opportunity for their abilities and efforts to be used in meaningful ways.

2.2.2.2 Concept of Employee Empowerment

The original meaning of the word empowerment has been referred to as "authorize, give power to" (Tulloch, 1993, as cited in Kay, 2005). The word empowerment by Oxford definition also means giving power or the right of doing something to someone (Conger and Kanungo, 1988). In addition, Kenneth E. (2006) stated power as the point of empowerment. He concludes empowerment as assigning decision making power to employees and making them responsible for the results.

According to Anil Kumar (2012), power can enable the transferring of control with proper training and converting a whole company to an empowerment model. It may give a certain degree of authority to certain entrusted employees so that the employees have the ability to make their own decision making in order to complete the task. It means that employees have sufficient freedom to adopt any methods or ideas which he or she consider effective in performing a given task. EE has been associated with the concept of power, implying that power in organization should be re-shared from the top management to the lower management (A.N.Pieterse, D.V. Knippenberg, M. Schippers and D. Stam, 2010). However, it does not mean that management

abandon from its responsibility of performance or for leading the organization. Rather, in an employee empowered organization, management's responsibility comes to create and foster an environment in which it is apparent that employee input is desired and cultivated. The management must trust and communicate with employees.

In addition, empowerment allows employees more control and responsibility over their work while the role of managers shifts from control to facilitation and coordination of work processes. There is less focus on decision making and more focus on good communications, education, training, and leadership. Besides, one of the primary roles of managers becomes to help team members develop the confidence and skills to make good decisions and to maximize their full potential (Watson, 2003).

Furthermore, management must empower their employees so that they can be motivated, committed, satisfied and assist the organization in achieving its objectives. (K.Foster and M. Sandel, 2010). An employee with an empowered state of mind experiences feelings of 1) control over the job to be performed, 2) awareness of the context in which the work is performed, 3) accountability for personal work output, 4) shared responsibility for unit and organizational performance, and 5) equity in the rewards based on individual and collective performance (Ongori, 2009).

According to Hon (2012), empowerment leads to autonomous motivation which he reported as having positive relationship with creativity. This is in the form of increased responsibility, job, trust, and task control. The underlying logic is that, if individuals are more able to monitor their tasks and workloads, it affords them to think creatively for solutions and hence innovative behavior. The outcome of autonomy is also development of mutual respect between employees and supervisor and confidence among employees.

Moreover, Greasley (2005) asserted that empowerment can bring benefits to the organization and individual. These benefits can be achieved by giving power and authority to employees while the employees come out with the best methods they could possibly think of in achieving the target. Employees will feel that the organization is treating them as a part of the family. This is because with empowerment, certain key employees will be granted with a higher level of freedom and authority in performing their daily job and hence minimize delays in making decision, avoiding

unnecessary arguments and enhance creativity. Hence, the more power the employee had the more responsible will they be in performing their job.

According to Ripley and Ripley (1992), empowerment leads to positive organizational outcomes, such as enhanced employees' responsibilities and motivation in the routine work, improved level of job satisfaction, better quality of services, higher employee's loyalty, low turnover intention, and maximized productivity. By adopting the empowerment strategy, it is believed that employees would feel the self-respect which is worthy for them, and it can ultimately increase their productivity and quality of work.

Meyerson and Dewettinck (2012) also regarded EE as a motivational tool that aims to increase organizational performance if managed properly by increasing the participation and self-determinations of employees. EE has widely been recognized as a key contributor to organizational success, and many authors observed a direct relationship between the levels of EE and employee performance. They also found that empowerment had a significant positive effect on employee productivity

Therefore, the concept of EE is to develop the individual's and the company's performance as well as to facilitate the employees in achieving the individual goals as well as those of the organization overall. Empowerment is, hence, about enhancement of employees' autonomy in their work, and an increased involvement and influence in decision making.

2.2.2.3 Concept of Supervisor-Subordinate Relationship (SSR)

In an organization, there are various employees interacting one another for achieving common organizational goal which requires relationship among its employees. It is through relationships that organizations maintain stability (Katz & Kahn, 1978). According to Wheatley (2001, as cited in Sias, 2008), relationships are necessary for existing systems and are the hub of organizations. He further suggests that 'scholars should give attention to how a workplace organizes its relationships; not just its tasks, roles and hierarchies, but also, the form of relationships and capacities built to maintain and transform them'. Workplace relationships comprise those interpersonal relationships in which individuals are involved in the course of performing their jobs. Such relationships include SSR, peer worker relationships, workplace friendships, romantic relationships and customer relationships (Sias, 2008). However, the focus of the researcher here

is not on others but on the SSR to determine whether interpersonal relationships positively or negatively influence employees` performance of an organization.

Every individual in every organization is involved in a SSR. It is arguably the most important interaction that takes place within an organization. SSR means the way supervisors interact with their subordinates. According to Burke and Cooper (2008), SSR is fundamentally a social exchange relationship with supervisors having many opportunities and ways of influencing employee`s behavior.

The concept of SSR is deeply rooted in the leadership concept which is manifested through leadership styles. Flippo (1980) described leadership as a pattern of behavior designed to integrate organizational and personal interests in pursuit of some objectives.

However, Hollins (1971) as cited in Adebayo et al (2005) expressed leadership as the ability to create ideas and instill into every member of the organization a sense of confidence, loyalty, willingness, satisfaction and cooperation. It can be inferred, from this definition, that a leader must have visions, develop team work, counseling wisdom, discipline, goal getter and influence the followers who may be referred to as subordinates in the world of work in order to achieve results. From Flippo`s description, the behavior designed and exhibited by a leader during the course of supervision of the subordinates is known as leadership styles (Rao and Narayana, 1989).

A common feature of the SSR is supervision by which the works of subordinates are being monitored to follow expected result (Faseyiku, 2001). Supervision revolves around overseeing employees at work, intelligent utilization of human talents, motivating employees to peak performances and maintenance of good human relations (Faseyiku, 2001); the achievement in terms of efficiency and effectiveness of these lies in the styles of supervision as adopted as well as adapted from styles of leadership. Supervision under autocratic means subordinates are compelled to follow superior`s or supervisor`s directions as well as instructions to the letter even if they are logically wrong while subordinates would avoid responsibility. Since they are simply carrying out instructions, the implication on the SSR will be frustrating, low morale, fear and disaffection (Williams, 1981).

Interaction between supervisor and subordinates is one of the categories of interpersonal communication. Tyson and York (2000) assert that communication is the key to success in any

relationship. Supervisor-subordinate communication is a two-way street and a supervisor cannot be successful alone; both supervisor and subordinate must work hard to create supportive association and maintain the good relationship. It is clear that the supervisors are in the best position to set the tone for the relationship since they have a higher status by virtue of their position. In view of Drucker (1994), in the course of supervision the weapon of any supervisor is communication.

In an organization, communication occurs between members of different hierarchical positions. Superior-subordinate communication refers to the interactions between organizational leaders/supervisors and their subordinates and how they work together to achieve personal and organizational goals. The quality of the supervisor-subordinate relationship is of crucial importance to the employees as well as the organization because subordinates identify their immediate supervisor as the most preferred source of information about events in an organization (Lee, 1997).

According to Boninelli & Meyer (2004), open communication enhances employee performance. This is because frequent open communication builds increasing levels of trust between the supervisor and subordinate. As the trust grows stronger, it can result in good relations between the supervisor and subordinates which enhances cooperation, prevents or reduces labor unrest and increases individual employee responsibility and ownership for their own performance. This means that the communication stimulates and motivates employees to meet goals, hence improving employee performance.

In a SSR trust can be used to describe interpersonal relationship. Trust-based relationship between supervisor and subordinates plays an important role in acting for the accomplishment of organizational goals in cooperation, increasing efficiency and productivity in the organization as a whole (Brower, 2009) as it has the ability to enhance employees' motivation and foster interpersonal communication. If an organization wants to improve and be successful, trust plays a significant role so it should always be preserved to ensure an organizations existence and to enhance employees' motivation (Annamalai, 2010). It can make intrapersonal and interpersonal effects and influence on the relations inside and out the organization (Hassan et al, 2010). Besides, Ahmed and Rafiq (2003) argue that in an organization, through understanding and confidentiality, trust and loyalty help in achieving good relations. Communication help in

promoting understanding and mutual respect and contribute to a profitable, stress free working environment (Bent and Freathy, 2007).

Moreover, good leadership influences followers' ability to generate new ideas and question the way things are done. This is achieved by leaders showing empathy, consideration, and support, which should help to overcome the fear of challenging the status quo (Gong, Huang & Farh, 2009). when employees are allowed to communicate their views and comments, argumentative relations openly, then counterproductive work behavior is likely to reduce, leading to improved employee performance. In addition, a leader with high supervisor support is one that makes employees feel appreciated, heard and cared about (Eisenberger, 1990).

As stated by AALDamoe (2015), a well maintained employee relation serves three purposes to the organization. First, it helps in tackling and administering the conflict at the work place, hence minimizing the disruptive behavior. Second, it assists employers to be able to identify and avoid conflicts ahead of time which helps employees focus on their professional development, and also support organizational goals. Third, and above all, it creates a culture that considers the interest and wellbeing of employees

2.3.4 Definition and Concept of Employee Motivation (EM)

Greenberg & Baron (2003) defines motivation as: "The set of processes that arouse, direct, and maintain human behavior towards attaining some goal". According to them, this definition could be divided into three main parts. The first part looks at arousal that deals with the drive, or energy behind individual (s) action. People turn to be guided by their interest in making a good impression on others, doing interesting work and being successful in what they do. The second part referring to the choice people make and the direction their behavior takes. The last part deals with maintaining behavior clearly defining how long people have to persist at attempting to meet their goals. This definition of motivation by Greenberg & Baron is more realistic and simple as it considers the individual and his performance.

Most of the researchers agree that motivation is a goal directed behavior. It is a psychological process that gives behavior purpose and direction. Motivation can be defined as "Internal and external factors that stimulate desire and energy in people to be continually interested in, and

committed to a job, role or subject and to exert persistent effort in achieving a goal” (Shafiq, Maria and Saqlain,2011).

The well-known two-factor theory developed by Frederick Herzberg (1959) is actually based on Maslow’s hierarchy of needs but he distinguishes needs in hygiene factors and motivator factors. He describes two factors; one of them is a motivator and the other one is hygiene factor. Herzberg highlighted that when an institution hygiene factors do not exist, employees are dissatisfied and if these factors exist, this does not mean that employees are motivated or satisfied; this is because based on his research the opposite of de-motivation is motivation only semantically and not when it comes to understanding the behavior of employees in their jobs (Herzberg, 1968).

Although “hygiene” factors do not motivate employees, their removal from a job does not necessarily make the job satisfying. In other words, the presence of these factors does not result in satisfaction but will simply reduce dissatisfaction. If provided, hygiene factors are not a strong motivator because their motivation effect will not last long; however, if not provided or if wrongly provided can be a major cause of dissatisfaction (Herzberg et al, 2009). Managers who want to motivate their employees should therefore focus on factors revolving around the actual work or to the benefits that employees can derive from the work.

Hygiene factors were named so because the environment in which an individual has to perform his duties was psychologically unhealthy. They are organization related and non-task characteristics of the work environment that create negative feelings in the individual and are extrinsic motivational factors such as company policy and procedures, supervisory relationship with boss (employee relations), work conditions, administration, remuneration (salary), relationship with peers, status and security. They tend to be associated with job dissatisfaction. Dissatisfaction comes if these factors are not existed in the workplace. It simplifies the physiological needs which the employees expected and need to be satisfied (Bradley, 2003).

When taking Herzberg’s Two-Factor theory into account, it is argued that extrinsic factors (or hygiene factors) cannot cause motivation or satisfaction, so it is likely that those factors are not causing high performances (Brass, 1981). Hackman and Oldham (1976) argue that an exclusively increase in extrinsic factors will not lead to an increase in performance. However, it

seems that there are some extrinsic factors which can (in combination with intrinsic factors) lead to higher performances (Ansar et al., 1997).

According to Herzberg, 'Motivators' are those that resulted in a positive feeling and self-actualization among employees and are intrinsic motivational factors such as challenging work, recognition for one's achievement, responsibility, personal growth, opportunity to do something significant (job involvement), contribution in decision-making, sense of importance to an organization, advancement and growth. If companies wish to enhance their employees' need for self-actualization, they must have to provide interesting and challenging work that will propel employee innovation, creativity, sense of accomplishment and increased responsibility

Hon (2012) also agreed that creativity and innovation behavior among employees is based on the principle of intrinsic motivation. In a study which was based on hospitality industry, Hon proved that a sense of autonomy impacts employee creativity and innovation. Gong, Huang and Farh (2009), in their study, also found a positive relationship between creativity and performance while the Hon (2012) examined the role of intrinsic motivation in shaping environment conducive to creativity.

Moreover, Teo, Lim, and Lai (1999) and Davis, Bagozzi, and Warshaw (1992) have proposed extrinsic motivation as users' preference in performing an activity because it is perceived as the capability in achieving valued outcomes, such as career progression, payment or job promotions. Moreover, intrinsic motivation is defined as performing an activity for its inherent satisfactions, rather than for some separable consequence, such as appreciation and recognition from the organization (Ryan and Deci, 2000).

According to Lai (2009), skills development, training, growth opportunities and promotion are considered to be powerful motivation factors for employees to satisfy their need for esteem and self-actualization. However, criteria must be set correctly for the purpose of promotion and growth, so that employees become motivated by fulfilling those (Brewster et al., 2003). Promotion and growth policy should be matched to the need of employees (Hoag and Cooper, 2006), and there should be a positive correlation between good performance and promotion and growth (Cummings and Worley, 2001 in Lin, 2007).

According to Williams et al (2002), if employees perceive unfair, then they may be less likely to perform, produce, and commit to the organization. In other words, low perceptions of fairness

are likely to cause employees to less commitment to their organization. According to the study made by Richard S. Allen and Ralph H. Kilmann (1999), their findings were asserted that whenever promotions of organizations are based on achievements of employees on the targets given to them and failure of employees to achieve a target is supported by trainings to enhance their skills, their desire to achieve in work increases and their satisfaction in job also increases.

Organizations can also motivate the workforce most through introducing appropriate reward and recognition programs and other benefits. Bishop (1987) suggested that, pay is directly related with productivity and reward system depends upon the size of an organization. Effective reward and recognition system can be a good motivator but inappropriate reward and recognition program increase de-motivation of the employees. The related research has established that low salary and benefit packages is one of the factors contributing to de-motivation of employees and eventually affects employees performance (WHO 2003a; Martinez 2003). Research undertaken by Kovach (1987) suggested that, as employees' income increases, money becomes less of a motivator. Recognition also indicates assigning the employees with new roles and responsibilities as per their experience and willingness to perform that task (Sharma and Sharma, 2011). People feel rewarded and motivated if they have the scope to achieve as well as being recognized for their achievement (Armstrong, 2010).

Salary is an extensively researched extrinsic motivator. Since it is labeled as an extrinsic factor, it is not perceived as causing motivation in the workplace (Herzberg, 1959). However, recently, Jurgensen (1978) concluded that job applicants seemed to believe that pay is the most important attribute to everyone except themselves. Ansar et al. (1997) also argue that that lowering wage levels to market parity can even reduce worker productivity. However, Deci (1972) argues that pay can decrease intrinsic motivation. Deci (1972) proved in his research that if payments are non-contingently presented it decreases intrinsic motivation and it does not if payments are contingently presented. Hence, money is a motivator but money alone will not adequately or exhaustively solve the problems of motivation for employee high performance in a company According to Denton (1991), a motivated workforce will lead to greater understanding, acceptance, commitment to implementation, understanding of objectives and decision making between management and employees. On the other hand, demotivation among the people brings about decline in performance, dishonesty, irresponsibility, lack of commitment, absenteeism and

attitude problem, thus, eroding the productivity of the organization. According to Petcharak (2002), their performance is poor if the employees are not satisfied and happy. Workplace dissatisfaction often leads organization and its employees` poor performance. Besides, motivation is a key determinant of job performance and a poorly motivated force will be costly in terms of excessive staff turnover, higher expenses, negative morale and increased use of managements' time (Jobber, 1994).

Amabile (1993) argues that it is important that managers and organizational leaders learn to understand and deal effectively with their employee's motivation; since motivated employees are necessary to let the organization being successful in the next century. She also argues that unmotivated employees are likely to expend little effort in their jobs, avoid the workplace as much as possible, exit the organization and produce low quality of work. In the case that employees are motivated; they help organizations survive in rapidly changing workplaces (Lindner, 1998). an employee should always be motivated to work, but if the environment conditions do not support him then his capabilities can be incapacitated (Khalid.T.H.M and Waheed.S, 2010) Furthermore, Lindner argues that the most complex function of managers is to motivate employees; because what motivates employees changes constantly (Bowen and Radhakrishna, 1991). Most managers do not also know what motivates their employees because they do not realize that individuals in the organization have unique motives for working (Shalley, 2000). Thus, communication is needed on a continuous basis in order to know what motivates employees.

It could be deduced from the definition that having a motivated work force or creating an environment in which high levels of motivation are maintained remains a challenge for today's management. This challenge may emanate from the simple fact that motivation is not a fixed trait as it could change with changes in personal, psychological, financial or social factors.

2.3.5 Concept of Employee Performance Appraisal (EPA)

According to Katz and Green (1997), performance standards are written statements that describe the level of performance as well as the satisfactory performance which the employee is expected to achieve; it is thus crucial that the performance standards expected from employees should be

clear and understood and employees are aware of and clearly understand the objectives to be achieved in an organization.

Once tasks are assigned to employees and employees are aware of and clearly understand the objectives as required, the management of the organization is supposed to make sure that the tasks are performed as planned accordingly. This could be achieved through performance appraisal. Hence, EPA is a formal system of periodic review and evaluation of an individual's job performance (Naryan, 2007). An EPA is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost, and time) typically by the corresponding manager or supervisor.

A formal definition of EPA is given by Aswathappa, A (2002): "It is the systematic evaluation of an individual with respect to his or her performance on the job and his or her potential for development. More comprehensively, it is a formal, structured system of measuring and evaluating an employee's job related behaviors and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employees, organizations, and society all benefit ". From this definition one can see that the objective of performance evaluation is not only designed to check past performance (i.e. controlling) but also predicts the promotion potential of the candidate in the future (i.e. development and coaching). Furthermore, the system is structured to measure and evaluate employee's job related behaviors and outcomes and this is an answer to the question "what to measure". This largely determines what methods to use to measure these behaviors and outcomes. But one of the weaknesses of the above definition is that it does not tell us the frequency of performance evaluation which determines the frequency of the feedback given to the employees. According to Invancevic & Glueck (1989) performance appraisal serves many purposes for those organizations that conduct it. For example, it is used for wage and salary administration, employee promotion or demotion, helps to know those employees that were misplaced during placement, those need training by identifying their weakness, strength, reward employees, both intrinsically and extrinsically and so forth.

According to Mathis et al (2004), there is a link between reward employees receive and performance appraisal. He describes the linkage as: Productivity → Performance appraisal → Rewards. This implies that when employees achieve their targets or increase their outputs, they

need to be rewarded and this motivates them to continue to work harder. He further stated that if any part of the appraisal process fails, the better performing employees do not receive larger pay increase, resulting in perceived inequality in compensation. Therefore, as reported in a research done by Bannister and Balkin (1990), appraisees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards.

When it is properly done, performance appraisal provides feedback to employees about their performance and thus organizations also benefit by ensuring the employees' effort and ability to make contribution to organizational success. But if it is poorly done it leads to disappointing results for all concerned. Since, the basic purpose of performance appraisal is to make sure that employees are performing their jobs effectively.

The basic issue is who will be responsible for the evaluation process, and the appraisal technique to be employed.

When it comes to the responsibility of conducting performance evaluation, some scholars in the field argue that, effective evaluation can be done by those who have the opportunity to observe performance and the ability to translate observation into useful assessment. For example, Matths & Jackson (2008) puts the responsibility of employee performance evaluation on the shoulder of the immediate supervisors, peers, self, subordinate or combination of all. Others argue that, it is HR department that is responsible for performance appraisal. They claim that performance appraisal is human resource activity regardless of the type of organization. However, the point is, Whoever conducts the evaluation and whatever techniques (ranking, or rating scale or others), it should be transparent and agreed by all whom their performances are evaluated and thereafter feedback is timely communicated.

Moreover, performance feedback should be specific, timely, accurate, understandable, and presented in an atmosphere of cooperation and support so as to improve subsequent employee performance (De Cenzo and Robbins 1996). Without feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior. Giving employees feedback on how well they are doing in their jobs is held to meet a variety of needs; from organizations point of view, it assist effective learning so that tasks are completed correctly and helps maintain and stimulate effort towards specified goals; from the individual's viewpoint, feedback can satisfy any personal need for information on progress and facilitate social

comparison with others (Larson, 1984). Rafferty et al (2005) confirm the importance of feedback on outcomes of performance appraisal as this is the means by which staff can be informed about their performance outcome. When the employees do good jobs, they expect a positive feedback; on the other hand, if the poor performers do not receive a constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve (Locke and Latham 1990).

According to Kostiuk and Follmann (1989) in most organisations performance is measured by Supervisory ratings, however these data are not very useful since they are highly subjective, not perceived as objective. According to Perry and Porter (1982), the performance of many employees probably will be measured despite the lack of availability of generally accepted criteria for measurements.

The criteria are not objective if it fails to differentiate between effective performers' and non-performers'; if the system uses comprehensive forms across all the jobs in the organization; if it lacks a system to provide feedback on the evaluation results; if in case the evaluation result is found to be unfair and inaccurate; and if the system fails to help employees to improve their job performance. According to Rudman (2003), casual or unsystematic as well as traditional trait appraisals suffered from lack of objectivity. Managers seem uneasy in appraising their subordinates because of the realization that they base their evaluation on subjective standards (Scott and Einstein, 2001). Bishop (1989) states, it is not impossible, but only costly to obtain objective information about a worker's effort and productivity.

Furthermore, greater employee participation generates an atmosphere of cooperation and support, which facilitates the development of a coaching or counseling relationship, thereby reducing appraisal related tension and rater-ratee conflict (Jordan, 1992). Besides, commitment to goals can be increased if employees participate in the goal setting process Locke and Latham, (1990). Participation in work planning and on-going discussion, feedback and open appraisal also helps to promote trust in performance appraisal system (Kim, 2002). Thus, participation, *i.e* involving employees in the decision making process or performance standards can increase employee job performance and job satisfaction which can broadly contribute to organizational performance and strategy process.

On top of this, according to Leonard & Hilgert (2007), the supervisor is responsible for firstly, evaluating the subordinate, as he or she is in the best position to observe and judge how well the subordinate has performed the job. Secondly, he/she should establish performance expectations on standards. Thirdly, he/she should provide regular feedback on employee performance and, fourthly, keep accurate record of the subordinate`s performance.

Therefore, the overall purpose of performance appraisal is to provide an accurate measure of how well a person is performing the task or job assigned to him or her to achieve performance targets. Based on this information, decisions will be made affecting the future of the individual employee. Therefore, a careful appraisal of an employees` performance can uncover weaknesses or deficiencies in a specific job skill, knowledge, or areas where motivation is lacking. Once identified, the deficiencies may be remedied through additional training or the provision of the needed rewards.

2.2. Empirical Literature Review

This part examines the different empirical studies conducted by various authors/scholars who try to point out the factors affecting employees` performance in case of different sectors throughout different countries. They all probes issue about factors and their impact on employees` performance and their finding indicates performance of the employees has been significantly affected by different factors which the researcher reviews the literature in the following paragraphs.

Linder (2001) conducted a study and found that the correlation between the competency and work performance was strong and significant. New (1996) also pointed out that competency leads to confidence of the employees to have control over their work and, hence, flexibility and creativity to achieve a remarkable performance.

A study was conducted by Kagaari & Munene (2007) among the engineering lecturers at Kyambogo University. The result revealed that lecturers with relevant competencies are able to deliver effective work outcome. Similarly, an investigation was carried out among the nurses in Taiwan revealed that there is a significant relationship between competency and job performance (Tzeng, 2004).

Chng Hui Chei et.al, (2014) conducted study on the factors that affect employees` performance in the hotel industry of the Kuala Lumpur area in Malaysia. The study has reached that, there are significant correlations between employee performances with the other four independent variables (including empowerment).

Hitt, Bierman, Shimizu, and Koachhar's (2001) conducted study and found a positive relationship between human capital (based on intellectual capabilities, knowledge, and social capital) and firm performance in a sample of professional organizations.

Another study that makes a possible link between empowerment and performance was done by Hechonova et al. (2006) on the relationship between psychological empowerment, job satisfaction and performance among Filipino service workers. The study found that psychological empowerment had a positive correlation with performance.

Wood (2007) also did a study which found that employee empowerment was the key to improving performance and promoting innovation among manufacturing firms in Ireland. The study found that empowerment is the only practice that has significant effects on performance in all companies surveyed.

The study conducted by Akhtar et al (2014) on "Factors Affecting Employees Motivation in Banking Sector of Pakistan." The study showed that there was a direct positive link or association between the factors of motivation i.e. financial rewards, high salary and job design and employee performance. The findings are also in agreement with Eisengerber, Fasolo and Davis-LaMastro (1990) who provided that employee's positive perception of being cared and provided necessary support from the top management in task performance encourages employees' performance. Madan (Dr) and Jasleen Kaur Bajwa (2016) conducted the study on the factors affecting employee job performance in banking sector and concluded that factors like motivation, financial rewards, administrative practices, leadership, training, work environment and capacity building and emotional intelligence plays an important role in overall performance level of employees.

Umar Farooq et. Al, (2015) conducted a study on Factors Affecting Employees' Performance: A Case of Kabul-Based Telecom Firms in Afghanistan. The study finds a positive and significant impact of employees` participation, job involvement, and employer-employees relations on employees`s performance.

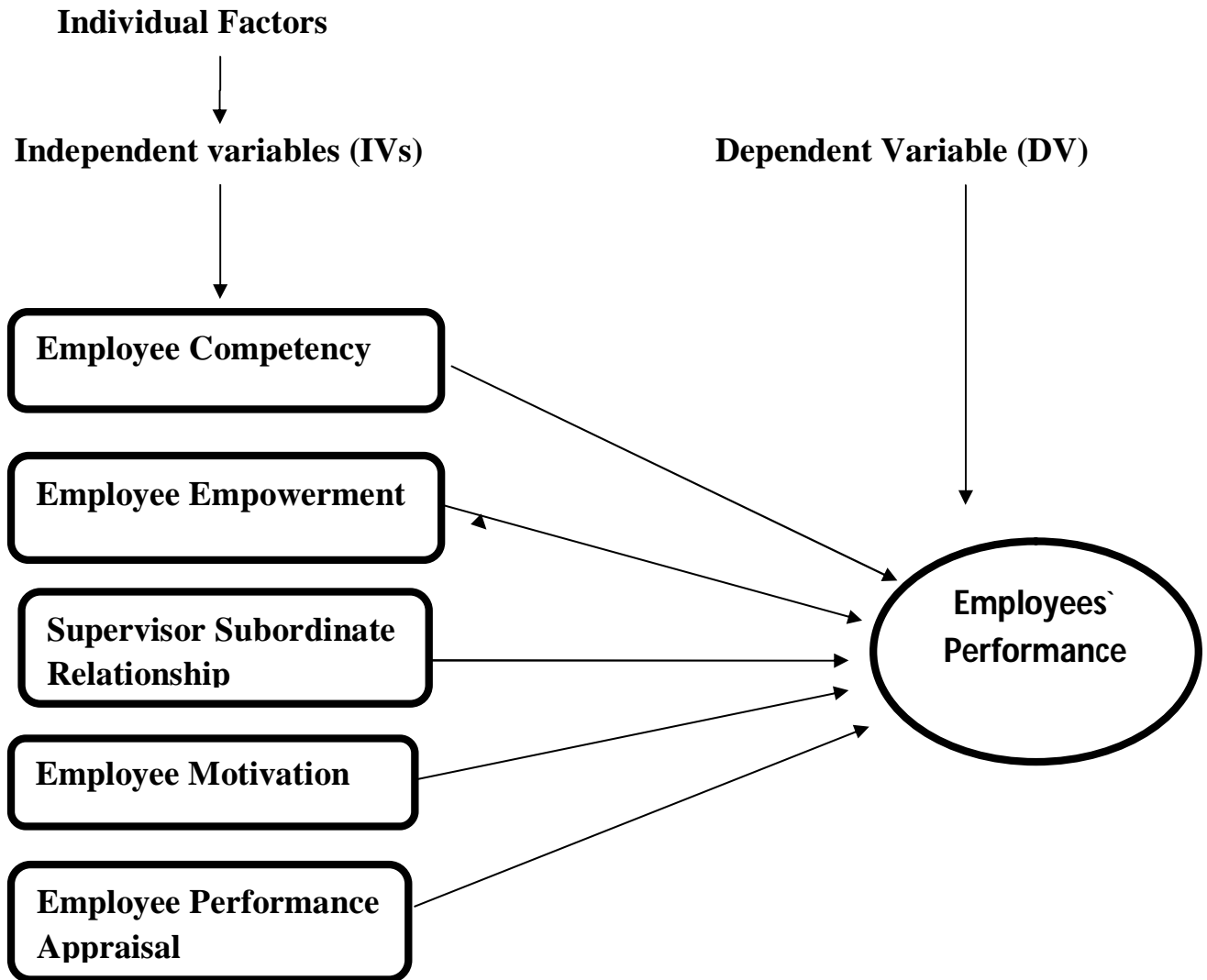
Empirical studies (Kinnear and Sutherland, 2001; Meudell and Rodham, 1998; Maertz and Griffeth, 2004) have, however indicated that extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment, and job security were key motivational variables that influenced their retention in the organizations. The implication of this therefore is that management should not depend only on intrinsic variables to affect employee retention; rather, a combination of both intrinsic and extrinsic variables should take in to account as an effective retention strategy.

Therefore, the literatures used in this thesis cover a wide range of time period, highly relevant and useful for addressing the purpose of this paper.

2.9. Conceptual framework of the Study

The conceptual framework of the study focuses on conceptualizing the main concepts of individual factors and their impacts on employees` performance. Accordingly, the conceptual framework of this study posits that there is hypothetical relationship between the different independent variables (individual factors) and the dependent variable (employees` performance) as described in the figure below:

Figure 1: Conceptual Framework of the Study



Source: Researcher, 2017

The conceptual framework depicts that variables considered in this study were the following: Employees` Performance is dependent variable whereas employee competency, employee Empowerment, Supervisor Subordinate Relationship, Employee Motivation and Performance Appraisal are independent variables. The researcher would like to examine whether these factors influences employees` job performances in OIB

The next chapter presents a detailed evaluation of the research methodology used for this research.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The preceding chapter established the influences of various individual factors on employees` performance in an organization. In order to analyze the influences of potential individual factors on employees` performance, this study makes use of a research methodology which refers to “...techniques used to structure a study and gather and analyze information in a systematic way” (Polit & Beck, 2004) to answer the research questions and test the hypothesis of the study. Thus, this chapter presents research approach to be followed in the study. The research design, population and sampling techniques, sources of data, data collection instruments, validity and reliability, the procedure of data collection, methods of data analysis and ethical considerations are discussed.

3.2 Research Design

Research design is the blueprint for fulfilling research objectives and answering research questions (John *et al.*, 2007). It ensures that the study would be relevant to the problem and that it uses economical procedures. In this study, a quantitative approach of doing research is employed. The quantitative method helps in generating numerical data, which is statistically manipulated to meet required objectives through descriptive statistics (frequencies and percentages) and inferential statistics, which test hypotheses using correlations and coefficient of determination (Amin, 2005).

3.3 Population and Sampling Techniques

3.3.1 Population of the Study

A population is the total collection of element about which inferences are made and refers to all possible cases which are of interest for a study (Kothari, 2004). According to Polit and Beck (2004), the target population “is the aggregate of cases about which the researcher would like to make generalizations”. Accordingly, the target population for this study included all clerical staff and managerial staffs who have more than one year work experience and working in the head office departments and city branches located in Addis Ababa City. The reason why this study

target one year and above work experience is that the employees who have less than one year work experience may not know well about the working environment in the bank. As of June 30, 2016, the total population size of all clerical staff and managerial staffs of the Bank in Addis Ababa city was 663.

3.3.2 Sampling Techniques

Sampling is done to some elements of a population so that conclusions about the entire population can be drawn (Mugenda and Mugenda, 2003). The study employed stratified sampling technique to select the sample. This method ensured that the researcher was able to divide the sample into suitable strata that were equally exclusive. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. The method also enabled the researcher to determine the desired levels of sampling precision for each group, and provided administrative efficiency.

3.3.3 Sample Size

According to Catherine Dawson (2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population to be sampled. In this study the total population of the study was 663 formally permanent employees of OIB in those 13 departments of the Headquarters and 50 branches under the two districts, South West and North East Addis Ababa city, as of June 30, 2016 were obtained. To select the sample, the following sample determinants table 1 were used. Hence, using the population size categorized in the sixth row and the samples to be used as lowest (32), medium (80), and highest (125), the highest sample size (125 employees) were selected to be representative in this study.

Table 1: Sample Determinants

| Population Size | Sample Size | | |
|-----------------|-------------|-----------|------------|
| | Low | Medium | High |
| 51-90 | 5 | 13 | 20 |
| 91-150 | 8 | 20 | 32 |
| 151-280 | 13 | 32 | 50 |
| 281-500 | 20 | 50 | 80 |
| 501-1200 | 32 | 80 | 125 |
| 1201-3200 | 50 | 125 | 200 |
| 3201-10000 | 80 | 200 | 315 |
| 10001-35000 | 125 | 315 | 500 |
| 35001-150000 | 200 | 500 | 800 |

(Source: Malhorta Naresh, 2007)

After determining the sample size, respondents were selected from each of those 13 departments of Head quarter and two districts, consisting of 50 branches located throughout Addis Ababa city (strata) based on proportional allocation as shown in the following table. In selecting the representatives following the method of proportional allocation under which the sizes of the samples from different strata are relatively kept proportional to the sizes of the strata. Thereafter, every respondent was selected randomly from each stratum to give equal chance of selection since the study targeted to all of the clerical and managerial staffs of Head quarter and branches found in Addis Ababa City. Out of the total sample size of 125 respondents, equal-sized samples from each stratum were drawn and on a proportional basis, 95 clerical and 30 managerial staffs were given the chance to respond as shown in table 2 below.

Table 2: Sample Size from Total Population, Employees in Addis Ababa City, of OIB

| Number | HO Clerical Employees | City Branch Clerical Employees | City Branch managerial Employees | Head Office managerial Employees | Total Employees in Addis Ababa City |
|----------------------------------|------------------------------|---------------------------------------|---|---|--|
| Target Population | 213 | 302 | 81 | 67 | 663 |
| Total Representative Sample Size | 40 | 57 | 15 | 13 | 125 |

(Source: Researcher's Survey Questionnaire, 2017)

3.4 Sources of Data and Data Collection Instruments

3.4.1 Sources of Data

The study was made to use of both primary and secondary data as its sources of information. Secondary data were explored from textbooks, articles, and researches undertaken in the area, journals, and annual reports of the bank. The primary data was obtained from the bank staffs through survey questionnaire.

3.4.2 Data Collection Instruments.

Data collection, in this study, refers to gathering information for research purposes. Data may be collected through a variety of methods using the appropriate instruments. For this study, primary data was collected through a self-administered structured questionnaire, except one open-ended question, which served as the most appropriate instruments. The close ended questions were considered appropriate since they conserved time and were easy to fill while the open ended question was used as it encouraged the respondents to give in-depth response without feeling held back According to De Vos et al (2005), questionnaires are the most frequently used data collection instrument. The researcher employed a five point Likert scale to obtain the opinion of the respondents concerning the variables under investigation. It comprises a list of possible Alternatives: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. It enables to understand respondents' degree of agreement with each statement and require respondents to select the answer that best describes their situation. The Likert scale is a

rating scale, which measures the strength of agreement with a statement (John Arul Phillips, 2010). The tool was administered individually to all selected respondents.

3.5 Procedures of data collection

In order to administer the questionnaire, each questionnaire was designed in English language. It was organized and finalized with a close consultation of the advisor of the researcher and expertise of the subject area. the questionnaire contained an opening introductory letter requesting for the respondent`s cooperation in providing the required information for the study. The respondents were given clear instructions on how to complete the item and required to complete questionnaire as honestly and as completely as possible. The researcher used the drop and pick approach in delivering and collecting the questionnaires. The respondents were then given three days to respond after which questionnaires were picked; this was to allow enough time for responding to the questions. Besides, all the respondents were domesticated by the nature of their employment and positively acquainted to the researcher. In addition secondary data was gathered through reviewing textbooks, articles, and researches undertaken in the area, journals, and annual reports of the bank.

3.6 Methods of Data Analysis

Data analysis refer to “...the systematic organization and synthesis research data, and the testing of research hypothesis” (De Vos et al 2005). In analyzing the data collected, the data collected from survey questionnaire were thoroughly coded and checked for consistency and entered into SPSS version 20 spreadsheet. In this study, both descriptive and inferential statistical tools were used to measure the variables.

The descriptive statistics which was frequency and percentages were used to summarize background information of respondents and was used for frequency tables to analyze the mode scores, frequency and percentages for the response/data collected from survey questionnaire about the effects of individual variables/factors on employees` performance using statistical results presented using tables, frequency distributions, percentages and a detailed explanation on the findings to give a condensed picture of the data. This was achieved through summary statistics for each variable in this study.

The inferential statistics tools like Spearman's rank order correlation " r_s " which is a nonparametric measure of the strength and direction of association that exists between two variables - independent variables (the individual factors on employees' performance) with dependent variable (employee performance) measured on at least an ordinal scale, and coefficient of determination " r_s^2 " which is " r_s " squared". The report was presented using table and a detailed explanation on the findings. Hypothesis testing was also conducted to predict its relationship between independent variables and dependent variable.

To guide the measure of correlation, the criteria described by Sarwono (2012) shown in the table 3 below was used:

Table 3: Criteria for the Range and Strength of correlation coefficient (r_s)

| The Pearson Correlation | Type/strength of Relationship |
|--------------------------------|--------------------------------------|
| >0 – 0.25 | Weak correlation |
| >0.25-0.50 | Fair correlation |
| >0.50-0.75 | Strong correlation |
| >0.75-0.99 | Very strong correlation |

Whatever correlation coefficient used, it is interpreted in generally the same way. The value of the correlation coefficient must be between -1.00 and +1.00; larger correlation coefficients mean stronger relationships.

3.7 Validity and Reliability of Research Instruments

Validity and reliability are the most important criteria for evaluating quantitative instruments. The reliability of instruments was measured using the Cronbach's Alpha. To generate accurate data as required in the research, ensuring validity and reliability is the basic need before obtaining the data.

3.7.1. Validity of Instruments

In view of Garson (2006b), content validity of an instrument means validating the fact that the instrument designed does represent the individual factors under study, and this is substantiated by the study. According to De Vos et al (2005), experts in the specific study field were called upon to judge whether or not the instrument reflects the known content area Similarly, validity of

the questionnaire is obtained by presenting it to at least two professional people, including the researcher's supervisor because according to Amin (2005) content and construct validity is determined by expert judgment. Thus, for the purpose of quality control, the study questionnaire was given to my thesis advisor and approved before distributing to the respondents and refined through the comments from the research advisor, and researcher's fellow masters' students in the field. The purpose is to make the instruments more focused on the purpose of the study.

3.7.2. Reliability of Instruments

The instrument was tested for their reliability using the Cronbach's Alpha reliability test. Reliable instrument emphasizes to check in order to examine the measurement of internal consistency. This means that if such measure is used for several attempts, the consistent data or result will be obtained (Zikmund & Babin, 2010). In other words, reliability indicates the stability of result generated from the same measurement in various. According to Field (2009), the Cronbach Alpha should be higher than 0.70 to indicate a satisfying level of internal consistency for the scale and specific sample. The researcher tested the reliability of the items which were developed for respondents. Therefore, the test results of the reliability were presented as follows:

Table 4: Reliability test

| Individual Factors/Variables | Total No. of Items | Cronbach's Alpha Value | Types of Variable | Cronbach's Alpha (α) Value |
|-------------------------------------|--------------------|------------------------|-------------------------------------|-------------------------------------|
| Employee Competency | 7 | 0.87 | Independent Variables (41 items) | 0.89 |
| Employee Empowerment | 7 | 0.74 | | |
| Supervisor-Subordinate Relationship | 9 | 0.72 | | |
| Employee Motivation | 9 | 0.83 | | |
| Employee Performance Appraisal | 9 | 0.91 | | |
| Employee Performance | 6 | 0.76 | Dependent Variables | 0.76 |
| Overall Individual Factors | 47 | 0.90 | | |

Source: Researcher's Survey Data (2017)

Based on the results in table 4 above, the overall reliability coefficient of the individual factors questionnaire was 0.90. Out of all the variables, employee performance appraisal seemed to have had the most reliable item. However, all the Cronbach's Alpha value of the variables were greater than 0.70 which indicates that all the items in the questionnaire were reliable. Thus, all of the items are reliable and the scale is internally consistent.

3.8 Measurement of Variables

The questionnaires specifically for respondents were measured on a five point Likert Scale variables (strongly disagree, disagree, agree to strongly agree); the level of agreement was ranked as strongly agree, which reflected more agreement than just agreement or strongly disagree compared to just disagree. Ordinal Scale as measurement of variables did not only categorize the elements being measured but also ranked them into some order (highest to smallest). Therefore, the numbers in the ordinal scale represented relative position or order among the variables (Amin, 2005).

The key to calculating Spearman's coefficient of correlation was to identify the rank-order of each individual for each variable. So Spearman's coefficient of correlation can be used for correlations involving ordinal data for determining the correlation between ordinal data (Jakobsson U., 2004). Spearman's correlation coefficient, (ρ , also signified by r_s) measures the strength and direction of association between two ranked variables.

According to Jakobsson, U. (2004), Ordinal variables are another type of variable where there are a discrete number of values but the values have some inherent order to them. Ordinal variables only give us an 'ordering' or the rank of one individual compared to another. For example, Likert scale variables are ordinal variables. There is an inherent knowledge that strongly disagree is "worse" than disagree. On the other hand, several types of descriptive statistics can be calculated for ordinal types of variables including frequencies and proportions or percentages, modes, etc.

3.9 Ethical Considerations

Throughout the research, the researcher upheld and respected the participants' right to privacy, anonymity, fair treatment and to protection from discomfort and harm (Neuman, 2003). In this

regard, confidentiality and privacy are some of the most corner stone of the research activities in order to get relevant and appropriate data. Hence, the researcher assured the purpose of the research paper and confidentiality of any information gathered through questionnaire on the introductory part of the paper. During data gathering few respondents didn't show willingness to respond to the questionnaire but, the researcher approached and explained the purpose and assured the confidentiality and finally they were positive to give response.

This chapter has presented the research approaches that were adopted to conduct this study. The next chapter would deal with presentation, analysis and interpretation of the results acquired from completed questionnaires.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Introduction

This chapter presents the analysis and findings of the study as set out in the research methodology. The results are presented on an analysis of the factors affecting employees' performance in OIB. The presentations are done according to the specific objectives and hypotheses. The analysis involves examining, categorizing and tabulating the data to address the research objectives. The first section of this chapter presents the response rates and background information of Respondents. The second section presents descriptive statistical results that have been used to present the finding of the study and inferential statistical results, which included a correlation analysis and coefficient of determination, through SPSS version 20.

4.2. Questionnaire Distribution and Response Rates of Respondents

Response rate refers to the number of people who answered the survey divided by the number of people in the sample. It is usually expressed in the form of a percentage. In this study, the sample size was 125 members of staff and a total of 125 valid responses were obtained from the distribution of this questionnaire, giving the total responses rate of 100.0%. With this overall high response rate of 100%, the findings of the study were deemed adequate to make conclusions about the topic under study and, representative of the actual population and could therefore be generalized, as observed by Sekaran (2003).

4.2.2 Descriptive Statistics on Background Information of Respondents

The background information is the demographic characteristics of respondents that include: gender, age, level of education, work experience and job category. This aspect of the analysis deals with the personal data on the respondents of the questionnaires distributed to them. This information was required to ensure that the sample that participated in the study have similar

distribution of the respondents by characteristics to that of the population it was drawn from. This determines the accuracy and representatives of information drawn from the sample to the population. The table below shows the details of background information of the respondents.

Table 5: Shows background information of Respondents

| S.No. | Characteristics of the Respondents | Frequency | Percentage (%) |
|--------------|---|------------------|-----------------------|
| 1 | Gender | | |
| | Male | 46 | 60.8 |
| | Female | 49 | 39.2 |
| | Total | 125 | 100.0 |
| 2 | Age | | |
| | 21 to 30 years | 64 | 51.2 |
| | 31 to 40 years | 48 | 38.4 |
| | 41 to 50 years | 12 | 9.6 |
| | 51 to 60 years | 1 | .8 |
| | Total | 125 | 100.0 |
| 3 | Educational Qualification | | |
| | College Diploma | 1 | .8 |
| | Bachelor Degree | 103 | 82.4 |
| | Masters Degree | 21 | 16.8 |
| | Total | 125 | 100.0 |
| 4 | Work Experience | | |
| | 1 to 3 years | 56 | 44.8 |
| | 4 to 7 years | 38 | 30.4 |
| | above 7 years | 31 | 24.8 |
| | Total | 125 | 100.0 |
| 5 | Job Category | | |
| | Clerical Staff | 96 | 76.8 |
| | Managerial Staff | 29 | 23.2 |
| | Total | 125 | 100.0 |
| 6 | Work place | | |
| | Head Office | 55 | 44.0 |

| | | | |
|--|-----------------|-----|-------|
| | Branches | 70 | 56.0 |
| | Total | 125 | 100.0 |

Source: Researcher`s Survey Data (2017)

As shown in table 5 above, as far as gender of respondents is concerned, the survey results show that there are more males as compared to females. Male respondents represented 60.8%, on the other hand 39.2% are females. To this extent, the findings can be generalized on the male respondents. Accidentally, this indicates that there is male dominancy within the respondents for the study under consideration.

As shown in table 5 above, as far as age of respondents is concerned, the results show that an overwhelming majority, 112 (89.6%) , of the study respondents were below 41 years of age, while only 13 was above 41 years of age. This indicates that the majority of staff in OIB are in their most productive age group and will have much time to serve the company as long as the company remains best place to work in. Such employees are likely to perform better at their jobs and can be more productive if motivated properly.

As regards educational level of respondents, indicated in table 5 above, it can be said from the survey that most, 124 (99.2%), of the respondents were first degree and Masters holders. These results show that a majority of the respondents had adequate education and knowledge to enable them to understand the concept of the questions and respond to the questionnaire asked in the study. The results also practically imply that the bank has adequately educated employees who are likely to perform better at their jobs. Therefore an employee with better educational level has a chance to effectively and efficiently perform their tasks that enhance organizational performance.

Regarding work experience of the respondents shown in table 5 above, the majority of the respondents (55.2%) had worked in the bank for over 4 years. This implies that due to the experience adequately obtained by majority of the respondents, this study is likely to benefit because they would give more comprehensive information and acceptable responses to questionnaires in the study. It is also implied that experienced staffs are likely to perform better and be productive at their jobs if well motivated due to the job experience gained over time.

Pertaining to the Job Category of respondents, the respondents were asked to indicate their job category in the bank in which they worked. The findings in the table 5 above show that, of the samples, 96 (76.8%) of the respondents represented clerical staff whereas 29 (23.2%) of the respondents were managerial staff. The implication on the research is that the respondents were evenly distributed and therefore a variety of the responses were obtained.

Finally, with respect to work place in the bank, as indicated in the table 5 above, of the samples, 44.0% of the respondents was from the employees of various profession or position at the head office whereas 56 % of the respondents was from the various employees of various profession or position at branches of the bank. These results show that a majority of the work place had the same number of respondents. The implication on the study is that varied responses from the different departments of head office or positions of branches can adequately explore all the expected responses from the entire organization and therefore would give balanced information with regard to the study questions.

4.3 Descriptive Analysis about Variables

The descriptive statistics such as frequencies, percentages and mode are used for the analysis of the research questions as shown in the following tables and manner. Frequency distribution table was useful to elaborate the data from respondents.

4.4.1 Responses on Employee Competency

This part tries to determine the level employee competency in relation employee performance. Respondents were asked to evaluate their competence (knowledge, skills and attitude) as used in their current job positions according to five alternative ratings as shown in the table below.

Table 6: Shows the Responses on Employee Competency (n=125)

| S.N | Statements of Employee competency | Mode* | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|-------|---|-------|------------------------------|----------------|----------------|----------------|----------------|---------------------------------|
| | | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
| EC 1 | I have the competence (i.e., knowledge, skills and attitudes) required to do my job well | 4.00 | 0 (0%) | 28 (22.4%) | 8 (6.4%) | 88 (70.4%) | 1 (0.8%) | Agreement |
| EC 2 | I am confident about my capabilities and skills to do my job | 2.00 | 0(0%) | 75 (60.0%) | 21 (16.8%) | 28 (22.4%) | 1 (0.8%) | Disagreement |
| EC 3 | I have the ability to work in an interdisciplinary team | 4.00 | 2 (1.6%) | 29 (23.2%) | 7 (5.6%) | 82 (65.6%) | 5 (4.0%) | Agreement |
| EC 4 | My impact on what happens in my work unit is significant and evident | 4.00 | 3 (2.4%) | 37 (29.6%) | 25 (20.0%) | 59 (47.2%) | 1 (0.8%) | Agreement |
| EC 5 | My competency level increases due to Training & Development given to me | 4.00 | 1 (0.8%) | 28 (22.4%) | 17 (13.6%) | 76 (60.8%) | 3 (2.4%) | Agreement |
| EC 6 | The management of the bank considers and upgrades my competence to improve my performance | 2.00 | 4 (3.2%) | 92 (73.6%) | 13 (10.4%) | 16 (12.8%) | 0 (0%) | Disagreement |
| EC 7 | I use my competence without reservation to enhance my performance in the bank | 2.00 | 0 (0%) | 89 (71.2%) | 14 (11.2%) | 20 (16.0%) | 2 (1.6%) | Disagreement |
| Total | | 4.00 | 10 (1.1%) | 378 (43.2%) | 105 (12.0%) | 369 (42.2%) | 13 (1.5%) | Partially Disagreement |

*mode score = 2 which is a code representing disagreement to the statement in the Questionnaire
Source: Computation from SPSS 20 Analysis

As shown in table 6 above, most respondents 89 (71.2%) either agreed or strongly agreed that they have the competence (i.e., knowledge, skills and attitudes) required to do their job well as compared to those respondents 28 (22.4%) who disagreed and 8 (6.4%) who were neutral to the statement. Besides, majority of the respondents 87 (69.4%) indicated either agree or strongly agree that they have the ability to work in an interdisciplinary team; however, 31 (24.8%) of them either disagreed or strongly disagreed and 7 (5.6%) were neutral to this statement. It is implied that not all respondents indicate that they have the competence and capabilities which enable them to do their work individually as well as in teams.

On the other hand, majority of the respondents 75 (60%) disagreed that they are confident about their capabilities and skills to do their job while 29 (23.2%) of them agreed or strongly agreed and 21(16.8%) were neutral to this statement. It can be deduced that majority of respondents do not have confidence to perform their job well due to their competency because lack of confidence leads to avoidance of responsibility. However, such lack of confidence is mainly the result of lack of adequate experience, knowledge, training or inferior self-perception or problem of competency job-fits.

Majority of respondents 60 (48%) either agree or strongly agree that their impact on what happens in their work unit is significant and evident'; however, 40 (32%) respondents disagree or strongly disagree whereas 25 (20%) of them remains neutral to this statement. Similarly, most of the respondents 79 (63.2%) either agree or strongly agree that their competency level increases due to training & development given to them while 29 (23.2%) of them disagree or strongly disagree and 17 (13.6%) remained neutral to this statement. This implies that respondents indicated that training and development are activities used to enhance employees' competencies and to improve employees` performance.

Most of the respondents 96 (76.8%) disagree or strongly disagree that the management of the bank considers and upgrades their employees competence to improve their performance. Again, most of the respondents 89 (71.2%) disagree or strongly disagree that they use their competence

without reservation to enhance their performance in the bank as 22 (17.6%) of them either agreed or strongly agreed and 14 (11.2%) were neutral to this statement. It is implied that the respondents did not get the necessary support from the management and hence may not accomplish heartily and effectively so as to enhance their performance.

It can be concluded from the table that not all respondents have the required competency (knowledge, skills and attitudes) to do their assigned job well which in return impacts their employees' performance.

4.4.2 Responses on Employee Empowerment

This part tries to determine the level employee empowerment in relation employee performance. Respondents were asked to evaluate their empowerment as used in their current job positions according to five alternative ratings as shown in the table below

Table 7:Shows Responses on Employee empowerment (n=125)

| Statements of Employee Empowerment | Mode | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|--|-------------|------------------------------|----------------|----------------|----------------|----------------|---------------------------------|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
| I have the authority to make the necessary decisions to perform my job well | 2.00 | 3 (2.4%) | 73 (58.4%) | 27 (21.6%) | 15 (12.0%) | 7 (5.6%) | Disagreement |
| I have significant autonomy (i.e. opportunity for such as flexibility, independence, freedom and control) over those aspects of my job for which I am accountable | 2.00 | 13 (10.4%) | 54 (43.2%) | 33 (26.4%) | 17 (13.6%) | 8 (6.4%) | Disagreement |
| I regard myself as an employee who wants to have greater decision-making power | 2.00 | 16 (12.8%) | 51 (40.8%) | 30 (24.0%) | 22 (17.6%) | 6 (4.8%) | Disagreement |
| My manager/supervisor trusts me to make the appropriate decisions in my job | 2.00 | 8 (6.4%) | 77 (61.6%) | 22 (17.6%) | 15 (12.0%) | 3 (2.4%) | Disagreement |
| I normally get sufficient support and resources I need to do my job well | 2.00 | 13 (10.4%) | 61 (48.8%) | 30 (24.0%) | 13 (10.4%) | 8 (6.4%) | Disagreement |
| EE6 I have a freedom to use my own judgments in my job | 2.00 | 15 (12.0%) | 39 (31.2%) | 35 (28.0%) | 30 (24.0%) | 6 (4.8%) | Disagreement |
| Our supervisors coach and train his/her subordinates | 2.00 | 12 (9.6%) | 66 (52.8%) | 29 (23.2%) | 9 (7.2%) | 9 (7.2%) | Disagreement |
| Total | 2.00 | 80 (9.1%) | 421 (48.1%) | 206 (23.5%) | 121 (13.8%) | 47 (5.4%) | Disagreement |

*mode score = 2 which is a code representing disagreement to the statement in the Questionnaire
Source: Computation from SPSS 20 Analysis

As indicated in the table 7 above, the survey revealed that majority of employees 76 (68%)

disagree or strongly disagree that they have the authority to make the necessary decisions to perform their job well, and 67 (53.6%) disagree or strongly disagree that they have significant autonomy over those aspects of their job for which they are accountable and again majority of Analysis them 67 (53.6%) regard themselves as employees who want to have greater decision-making power while 54 (43.2%) disagree or strongly disagree that they have a freedom to use their own judgments in their job; however, 36 (28.8%) disagree or strongly disagree and 35(28%) are neutral to this last statement. These imply that majority of the respondents do not have the necessary authority, autonomy and freedom to make decision on the domain of their job that affect their performance and hence, it meant that they are not empowered.

The findings further revealed that most of the respondents 85 (68%) disagree or strongly disagree with the statement that their manager/supervisor trusts them to make the appropriate decisions in their job and 74 (59.2%) disagree or strongly disagree that they normally get sufficient support and resources they need to do their job well. This implies that most of the supervisors do not trust their subordinates and do not provide them with sufficient support and resources. When employees are not given the power for decision making, trusted and concerned by organizations, they will not perform well on their jobs.

Furthermore, most of the respondents 78 (62.4%) disagree or strongly disagree that their supervisors coach and train their subordinates whereas 29 (23.2%) of the respondents are neutral and 18 (14.4%) of them either agree or strongly agree to this statement. It is evident from the responses that majority of the respondent confirmed that their supervisors do not coach and train them/subordinates. Although the supervisors do not coach their subordinates, coaching can be regarded as a managerial method and behavior which promote awareness in order to encourage individual employees and teams for reaching a result.

It can be concluded that respondents are not happy and satisfied with their empowerment in the bank as a result impacted their performance.

4.4.3 Responses on Supervisor Subordinate Relationship at OIB

This part tries to determine the level supervisor subordinate relationship in relation employee performance. Respondents were asked to evaluate their supervisor subordinate relationship as

used in their current job positions according to five alternative ratings as shown in the table below.

Table 8: Shows Responses on Supervisor Subordinate Relationship (n=125)

| Statements of Supervisor Subordinate Relationship | Mode* | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|---|-------|------------------------------|---------------|---------------|---------------|----------------|---------------------------------|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
| Our supervisors encourage, respect, emphasize and reinforce new ideas coming from his or her subordinates and consider their ideas in decision making | 3.00 | 7 (5.6%) | 43 (34.4%) | 61 (48.8%) | 13 (10.4%) | 1 (0.8%) | Partially Disagreement |
| Our supervisor allows and expects his or her subordinates to try to solve the same problems in different ways and help them solve problems in their work. | 2.00 | 6 (4.8%) | 69 (55.2%) | 24 (19.2%) | 25 (20.0%) | 1 (0.8%) | Disagreement |
| Our supervisors reward and recognize his or her subordinates who are creative and innovative in doing their job | 2.00 | 21 (16.8%) | 50 (40.0%) | 45 (36.0%) | 8 (6.4%) | 1 (0.8%) | Disagreement |
| Communications between our supervisors and subordinates seem good within the bank | 2.00 | 7 (5.6%) | 66 (52.8%) | 28 (22.4%) | 22 (17.6%) | 2 (1.6%) | Disagreement |
| Our supervisors take care of the complaints of his or her subordinates | 2.00 | 23 (18.4%) | 45 (36.0%) | 42 (33.6%) | 14 (11.2%) | 1 (0.8%) | Disagreement |
| Our supervisors have complete confidence in his or her subordinates | 2.00 | 4 (3.2%) | 67 (53.6%) | 33 (26.4%) | 21 (16.8%) | 0 (0%) | Disagreement |
| Our supervisors encourage his or her subordinates to express their views openly without fear | 2.00 | 3 (2.4%) | 62 (49.6%) | 49 (39.2%) | 7 (5.6%) | 4 (3.2%) | Disagreement |
| There is good relationship between our supervisors and his or her subordinates and their working relationship is effective | 2.00 | 17 (13.6%) | 55 (44.0%) | 42 (33.6%) | 9 (7.2%) | 2 (1.6%) | Disagreement |

| | | | | | | | |
|---|-------------|---------------|----------------|----------------|----------------|--------------|---------------------|
| The smooth relationship between our supervisors and his or her subordinates enhanced the performance of employees | 2.00 | 13 (10.4%) | 55 (44.0%) | 32 (25.6%) | 24 (19.2%) | 1 (0.8%) | <i>Disagreement</i> |
| Total | 2.00 | 101 (9.0%) | 512 (45.5%) | 356 (31.6%) | 143 (12.7%) | 13 (1.2%) | Disagreement |

*mode score = 2 which is a code representing disagreement to the statement in the Questionnaire
Source: Computation from SPSS 20 Analysis

As indicated in the table 8 above, most of the respondents, 61(48.8%) neither disagreed nor strongly disagreed that their supervisors encourage, respect, emphasize and reinforce new ideas coming from their subordinates and consider their ideas in decision making, whereas 50 (40%) of them either disagreed or strongly disagreed to this statement. This implies that supervisors are not treating their subordinates fairly and this made them working under low morale; hence undesired performance.

Majority of the respondents 75 (60%) either disagreed or strongly disagreed that their supervisors allow and expect their subordinates to try to solve the same problems in different ways and help them solve problems in their work, 65 (52%) either disagreed or strongly disagreed that their supervisors encourage their subordinates to express their views openly without fear and 68 (54.4%) either disagreed or strongly disagreed that their supervisors take care of the complaints of their subordinates. This implies that most of the employees cannot easily communicate their views and complaints openly to their supervisors. However, when employees are allowed to communicate their views and comments, argumentative relations openly, then counterproductive work behavior is likely to reduce, leading to improved employee performance. In addition, a leader with high supervisor support is one that makes employees feel appreciated, heard and cared about (Eisenberger, 1990).

A large number of the respondents 71 (56.8%) either disagreed or strongly disagreed that their supervisors reward and recognize their subordinates who are creative and innovative in doing their job and again 71 (56.8%) either disagreed or strongly disagreed that their supervisors have complete confidence in their subordinates. This indicates that supervisors do not motivate their subordinates in such a way that they enhance the confidence of their subordinates who are creative and innovative. If supervisors do not provide intrinsic motivation like recognition,

nurture, reward, supporting a creative environment etc to their subordinates, they will not strive for excellence, ,creativity and or innovations and hence impacts their performance.

The survey also revealed that majority of the respondents 73 (58.4%) either disagreed or strongly disagreed that communications between their supervisors and subordinates seem good within the bank. The findings also indicate that majority of the respondents 72 (57.6%) either disagreed or strongly disagreed that there is good relationship between supervisors and their subordinates and their work relationship is effective and 68 (54.4%) of them either disagreed or strongly disagreed that the smooth relationship between the supervisors and their subordinates enhanced the performance of employees. This implies that most of the respondents in the opinion survey responded that there is no good communication and smooth relationship between supervisors and their subordinates and hence their relationship does not enhance employee performance. When a lack of communication exists in the organizational setting it has the potential to cause significant problems between supervisor and subordinate. As a result conflict often arises and problems remain unresolved because of the absence of communication. This means that the absence of open communication does not stimulate and motivate employees to meet goals, hence negatively affects employee performance.

From this table, it can be concluded from the respondents response that there is no as such good supervisor subordinate relationship in the bank which in return impacted their performance.

4.5.4 Responses on Employee Motivation at OIB

This part tries to determine the level employee motivation in relation employee performance. Respondents were asked to evaluate their employee motivation as used in their current job positions according to five alternative ratings as shown in the table below.

Table 9: Shows results Employees Responses on Employee Motivation at OIB

| Statements of Employee Motivation | Mode | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|---|-------------|------------------------------|----------------|----------------|----------------|--------------|---------------------------------|
| | | Strongly Disagree | Neutral | Agree | Strongly Agree | | |
| I have a chance to make use of my best abilities | 2.00 | 10 (8.0%) | 81 (64.8%) | 9 (7.2%) | 21 (16.8%) | 4 (3.2%) | Disagreement |
| My current salary is commensurate to my qualification, skills and level of experience | 2.00 | 17 (13.6%) | 73 (58.4%) | 18 (14.4%) | 13 (10.4%) | 4 (3.2%) | Disagreement |
| The current employment benefit package is fair and equitable and I am satisfied with it | 2.00 | 21 (16.8%) | 75 (60.0%) | 16 (12.8%) | 12 (9.6%) | 1 (0.8%) | Disagreement |
| Every employee has an equal chance to be promoted in the bank | 2.00 | 20 (16.0%) | 72 (57.6%) | 18 (14.4%) | 13 (10.4%) | 2 (1.6%) | Disagreement |
| Our bank recognizes achievements and hardworking employees | 2.00 | 20 (16.0%) | 71 (56.8%) | 14 (11.2%) | 18 (14.4%) | 2 (1.6%) | Disagreement |
| My chances of promotion are dependent on the level of my performance, qualification, skills and work experience | 2.00 | 20 (16.0%) | 70 (56.0%) | 18 (14.4%) | 17 (13.6%) | 0 (0%) | Disagreement |
| Decisions related to promotion are consistent and declared in a visible place in the bank | 2.00 | 20 (16.0%) | 74 (59.2%) | 19 (15.2%) | 10 (8.0%) | 2 (1.6%) | Disagreement |
| I enjoy working in the bank for the rest of my life | 2.00 | 22 (17.6%) | 63 (50.4%) | 16 (12.8%) | 24 (19.2%) | 0 (0%) | Disagreement |
| Considering all things , I am satisfied with my job and perform to enhances my performance in the bank | 2.00 | 16 (12.8%) | 66 (52.8%) | 21 (16.8%) | 13 (10.4%) | 9 (7.2%) | Disagreement |
| Total | 2.00 | 166 (14.8%) | 645 (57.3%) | 149 (13.2%) | 141 (12.5%) | 24 (2.1%) | Disagreement |

*mode score = 2 which is a code representing disagreement to the statement in the questionnaire
Source: Computation from SPSS 20 Analysis

As observed from the table 9 above, most of the respondents 90 (72%) either *disagreed* or *strongly disagreed* that their current salary is commensurate to their qualification, skills and level of experience. Similarly, most of the respondents 96 (76.8%) either *disagreed* or *strongly Disagreed* that the current employment benefit package is fair and equitable and they are satisfied with it. These imply that a significant number of respondents were not satisfied with their salary and benefit packages which are low. The replies of respondents are supported by the literature which indicates that low salary and benefit packages are seen as having a profound influence on the way individuals are performing their jobs. The related research has established that low salary and benefit packages is one of the factors contributing to de-motivation of employees and eventually affects employees performance (WHO 2003a; Martinez 2003).

Furthermore, nearly three-third of the respondents 91 (72.8%) *disagreed* or *strongly disagreed* that their bank recognizes achievements and hardworking employees while less than one-fourth of the respondents 20 (16%) either *strongly disagreed* or *disagreed* to this statement. This shows that most respondents who have been efficient at their work yet not recognized by the bank could not get the chance to obtain what they deserve. Respondents who are not recognized for their achievements remain disappointed at their work and this will lead to poor performance results.

With regard to the statements on promotion, most of the respondents 92 (73.6%) either *disagree* or *strongly disagree* that every employee has an equal chance to be promoted in the bank, the majority 90 (72%) still either *disagree* or *strongly disagree* that their chances of promotion are dependent on the level of their performance, qualification, skills and work experience and again the majority 94 (75.2%) either *disagree* or *strongly disagree* that decisions related to promotion are consistent and declared in a visible place in the bank. This generally means that respondents feel unfair/unequal treatment and not transparent about promotion made in the bank. According to Williams et al (2002), if employees perceive unfair, then they may be less likely to perform, produce, and commit to the organization. In other words, low perceptions of fairness are likely to cause employees to less commitment to their organization and hence failure of employees to achieve a performance target. On the other hand, when employees have high perceptions of fairness in their organization, they are more likely committed to their organization.

Furthermore, majority of the respondents 91 (72.8%) either disagreed or strongly disagreed compared to very less respondents 25 (20.5%) who either agreed or strongly agreed that they have a chance to make use of their best abilities. Majority of the respondents 82 (65.5%) still either *disagreed* or *strongly disagreed* that they are satisfied with their job and perform to enhance their performance in the bank and again majority of them 85 (68%) either *disagreed* or *strongly disagreed* that they enjoy working in the bank for the rest of their life. It is inferred that respondents are unsatisfied with their jobs, do not make use of their best abilities and hence do not perform to enhance their performance. According to Khalid.T.H.M and Waheed.S (2010) an employee should always be motivated to work, but if the environment conditions do not support him then his capabilities can be incapacitated. (Khalid.T.H.M and Waheed.S, 2010) Besides, according to Mohammad et al. (2013) a great deal of employees has intention to leave the organization because of work environment issues. In order to improve employees' productivity and job performance, an organization needs to provide harmonious and friendly environment that makes them stay in the bank.

It can be deduced from responses in the table that most of the respondents feel not motivated and hence leads to less job satisfaction, poor productivity and undesired performance.

4.4.5 Responses on Employee Performance Appraisal

Table 10: Responses on Employee Performance Appraisal (n=125)

| Statements of Performance Appraisal | Mode | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|---|------|------------------------------|---------------|---------------|---------------|----------------|---------------------------------|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
| Performance standards expected from staff are clear and understood by all | 2.00 | 15 (12.0%) | 75 (60.0%) | 13 (10.4%) | 18 (14.4%) | 4 (3.2%) | Disagreement |
| Objectives to be achieved are known by individuals to be assessed | 2.00 | 23 (18.4%) | 65 (52.0%) | 17 (13.6%) | 20 (16.0%) | 0 (0%) | Disagreement |
| My supervisor gives me regular, timely feedback that helps me to identify areas to improve my work performance | 2.00 | 21 (16.8%) | 71 (56.8%) | 13 (10.4%) | 20 (16.0%) | 0 (0%) | Disagreement |
| Constructive feedback on performance appraisal results is provided on a regular basis | 2.00 | 20 (16.0%) | 76 (60.8%) | 11 (8.8%) | 18 (14.4%) | 0 (0%) | Disagreement |
| Increment in salary, bonus/incentives and promotion are designed basing on the results of performance appraisal | 2.00 | 23 (18.4%) | 73 (58.4%) | 13 (10.4%) | 15 (12.0%) | 1 (0.8%) | Disagreement |
| The performance appraisal system of the bank is participatory | 2.00 | 12 (9.6%) | 77 (61.6%) | 16 (12.8%) | 20 (16.0%) | 0 (0%) | Disagreement |
| The job performance appraisal system of the bank is objective | 2.00 | 31 (24.8%) | 64 (51.2%) | 8 (6.4%) | 22 (17.6%) | 0 (0%) | Disagreement |
| Employee productivity is assessed properly in performance appraisal system of our bank | 2.00 | 14 (11.2%) | 79 (63.2%) | 10 (8.0%) | 21 (16.8%) | 1 (0.8%) | Disagreement |
| The performance appraisal system of our bank helps me to improve my performance | 2.00 | 23 (18.4%) | 64 (51.2%) | 15 (12.0%) | 23 (18.4%) | 0 (0%) | Disagreement |

| | | | | | | | |
|--------------|-------------|----------------|----------------|----------------|----------------|-------------|--------------|
| Total | 2.00 | 182 (16.2%) | 644 (57.2%) | 116 (10.3%) | 177 (15.7%) | 6 (0.5%) | Disagreement |
|--------------|-------------|----------------|----------------|----------------|----------------|-------------|--------------|

*mode score = 2 which is a code representing disagreement

Source: Computation from SPSS 20 Analysis

As shown in the table 10 above, most of the respondents 90 (72%) either *disagreed* or *strongly disagreed* that performance standards expected from staff are clear and understood, and again most of them 89 (70.2%) *disagreed* and *strongly disagreed* that objectives to be achieved are known by individuals to be assessed. It is implied that most of the respondents are not clear with and understood performance standards and they are not aware of the objectives to be achieved. This means that respondents who do not understand the connection between individual tasks and the organization's goal/performance standards wonder why it is important to do a good job. Consequently, they often fail to excel their performance.

Moreover, most of the respondents 92 (73.6%) disagree or strongly disagree that their supervisor gives them regular and timely feedback that helps them to identify areas to improve their work performance and most of them 96 (76.8%) also disagree or strongly disagree that constructive feedback on performance appraisal results is provided on a regular basis. It is implied that most of the supervisors do not provide regular and timely constructive feedback to their subordinates that enables them to identify areas to improve their work performance. When employees do good jobs, they expect a positive feedback; on the other hand, if the poor performers do not receive a constructive feedback which tells them to improve, they will think that the present level of performance is accepted in the organization and they may not put extra efforts to improve. Without feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior.

It is indicated that majority of the respondents 96 (76.8%) disagree or strongly disagree that increment in salary, bonus/incentives and promotion are designed basing on the results of performance appraisal while 16 (12.8%) of them either *strongly agreed* or *agreed* with the same statement. This shows that the employees are not aware of the effects of performance appraisal for their promotion, reward and punishment in the organization. According to Mathis et al (2004), when employees achieve their targets or increase their outputs, they need to be rewarded and this motivates them to continue to work harder. He further stated that if any part of the

appraisal process fails, the better performing employees do not receive larger pay increase, resulting in perceived inequality in compensation. Therefore, employees seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards.

Most of the respondents 89 (71.2%) still either *disagreed* or *strongly disagreed* that the performance appraisal system of the bank is participatory. It can be implied that performance appraisal system that is in place does not allow for participation or give some authority to subordinates to make decisions on their work. In any case, if the employees perceive the appraisal system as biased, unfair and lacks rigor, then it is unlikely that they will accept the outcomes of the system. However, participation, *of* employees in the decision making process or performance standards can increase employee job performance and job satisfaction which can broadly contribute to organizational performance and strategy process.

Moreover, most of the respondents 95 (76%) disagree or strongly disagreed that the performance appraisal system of the bank is objective. This implies that about 76% of the respondents disagree with the objectivity of the appraisal system. It can be said that the appraisal system of the bank is not objective. Due to this, performance appraisal is destined to fail because of lack of clearly established performance standards, criteria for evaluation and the evaluation form itself, and the absence of objective criteria by which employees' performance are judged. Consequently, it is difficult to differentiate the weakness and strength of employees which in return impacts employees' performance.

It is also observed that very large number of the respondents 93 (74.4%) disagree or strongly disagreed that employee productivity is assessed properly in performance appraisal system of their bank and again the respondents 87 (69.6%) disagree or strongly disagreed that the performance appraisal system of their bank helps them to improve their performance. It can be inferred that employees think that performance appraisal outcomes are not accurate and fair significant. This again shows that the performance appraisal system of the bank did not help them to improve their performance. However, a careful appraisal of an employees' performance can uncover weaknesses or deficiencies in a specific job skill, knowledge, or areas where motivation is lacking. Once identified, the deficiencies may be remedied through additional training or the provision of the needed rewards. Consequently, it may impact on the employee's

performance. It can be concluded that the majority of the respondents are not happy with the existing performance appraisal system of the bank employees understand what is expected

4.4.6 Responses on Employee Performance at OIB

The respondents were asked to respond to a number of statements regarding Employee Performance. The findings are summarized in Table 10 below.

Table 11: Responses on Employee Performance (n=125)

| Statements of Employee Performance | Mode | Agreement On Scale of 1 to 5 | | | | | Remarks On Respondents Response |
|---|------|------------------------------|----------------|----------------|----------------|----------------|---------------------------------|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | |
| I understand my performance targets clearly | 4.00 | 1 (0.8%) | 11 (8.8%) | 32 (25.6%) | 65 (52.0%) | 16 (12.8%) | Agreement |
| My performance targets are realistic | 2.00 | 5 (4.0%) | 48 (38.4%) | 37 (29.6%) | 34 (27.2%) | 1 (0.8%) | Partially Disagreement |
| I do large amount of work each day | 2.00 | 23 (18.4%) | 69 (55.2%) | 23 (18.4%) | 9 (7.2%) | 1 (0.8%) | Disagreement |
| I accomplish tasks quickly and efficiently | 2.00 | 32 (25.6%) | 73 (58.4%) | 16 (12.8%) | 3 (2.4%) | 1 (0.8%) | Disagreement |
| My work outcomes are of high quality | 2.00 | 27 (21.6%) | 77 (61.6%) | 16 (12.8%) | 4 (3.2%) | 1 (0.8%) | Disagreement |
| I always beat my performance targets | 2.00 | 39 (31.2%) | 69 (55.2%) | 11 (8.8%) | 5 (4.0%) | 1 (0.8%) | Disagreement |
| Total | 2.00 | 127 (16.9%) | 347 (46.3%) | 135 (18.0%) | 120 (16.0%) | 21 (2.8%) | Disagreement |

*mode score = 2 which is a code representing disagreement

Source: Computation from SPSS 20 Analysis

As indicated in the table 11 above, majority of the respondents 81 (64.8%) agree or strongly agree that they understand their performance targets clearly. This implies that majority of them clearly; they also understand how they contribute to the objectives of the company and feel that they are part of the company`s objectives. Conversely, those who do not understand their performance target face difficulty to perform effectively as required to meet their performance targets.

Some of the respondents 53 (42.2%) disagree or strongly disagree that their performance targets are realistic whereas some of them 37 (29.6%) neither disagree nor agree and some 35 (28%) agree or strongly agree to the statement. It can be implied that almost not all respondents concur that their performance targets are realistic. This means that they may not lead to realistic expectations about what can be reasonably accomplished. However, Setting meaningful targets provides employees, implementing partners, and stakeholders with benchmarks to document progress toward achieving results.

Moreover, most of the respondents 105 (84%) disagree or strongly disagree that they accomplish tasks quickly and efficiently and most of the them 92 (73.6%) also disagree or strongly disagree that they do large amount of work each day and again most of the them 99 (83.2%) disagree or strongly disagree that their work outcomes are of high quality. From these responses, it is possible to infer that almost all employees do not perform their assigned tasks quickly and efficiently and abundant work regularly and their work results are not of high quality, too. It can be said that low level performance is realized through inefficient and ineffective performance of employees. Employees unsatisfied about the job are not committed and extend less effort to job performance. Conversely, unsatisfied employees will not be more committed to their organization, more effective with their work and do not offer high quality service to customers. As a result, they may impact their employees` performance.

In addition, most of the respondents 108 (86.4%) disagree or strongly disagree that they always beat their performance targets. From this, it is implied that almost all employees do not always meet their performance targets. It is undeniable fact that through employee performance, an organization can achieve and exceed its goals of productivity efficiently.

Overall, these findings indicate that employees' performance is not as such good and that employees are not encouraged to do their job well and hence impacted employees' performance.

4.4.7 Responses on other Critical factors affecting Employee Performance

The respondents were asked to respond regarding other critical factors affecting Employee Performance. Accordingly, the respondents provided suggestions consisting of six elements; namely team work, leadership, training and development, work environment, organizational culture, and organizational communication are summarized in table 11 below;

Table 12: Responses on the question of "The other critical factors affecting employees' performance in OIB" (n=125)

| Items/Issues | Frequency (n) | Percent (%) | Rank |
|------------------------------|---------------|-------------|------|
| Team work | 17 | 13.6 | 4th |
| Leadership | 19 | 15.2 | 3rd |
| Training and development | 22 | 17.6 | 2nd |
| Work environment | 28 | 22.4 | 1st |
| Organizational culture | 6 | 4.8 | 6th |
| Organizational communication | 13 | 10.4 | 5th |
| Response | 105 | 84.0 | |
| No response | 20 | 16 | |
| Total | 125 | 100.0 | |

Source: Computation from SPSS 20 Analysis

As indicated in the table 12 above, respondents provided suggestions about the open ended question of what other critical factors they think that affects employees' performance in the bank. According to the responses provided by respondents, the other critical factors they thought of are set in order of their rank: work environment 28 (22.4%), training and development 22

(17.6%), leadership 19 (15.2%), team work 17 (13.6%), organizational communication 13 (10.4%) and organizational culture 6 (4.8%). It can be worth mentioning that these critical factors mentioned by respondents are not covered in this research but may be considered in other future research work.

4.5 Inferential Statistics

To examine the relationship between the independent variables (employee competence, employee empowerment, supervisor-subordinate relationship, employee motivation and employee performance appraisal) and the dependent variable (employee performance) of the study, an inferential analysis which involved a Spearman's rank-order correlation coefficient (denoted by the symbol r_s or the Greek letter ρ , pronounced rho) analysis and Coefficient of determination were carried out. The Spearman's rank-order correlation coefficient analysis was employed in this study to determine the relationship between the variables that is, the direction, strength and significance of the relationship through hypothesis testing.

4.5.1 Spearman's Rank Correlation Coefficient analysis

In order to obtain the relationship between the independent variables (employee competency, employee empowerment, supervisor subordinate relationship, employee motivation and employee performance appraisal) with that of employees' performance, the Spearman rank order correlation was computed and presented below. Table 13 summarizes the results.

Table 13 Spearman's Rank Order Correlation Coefficients of the Study Variables

| | Employee Competence | Employee Empowerment | Supervisor Subordinate Relationship | Employee Motivation | Performance Appraisal | Employee Performance |
|--|-----------------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|----------------------|
| Employee Competence Correlation Coefficient Sig. (2-tailed) N | 1.000 125 | | | | | |
| Employee Empowerment Correlation Coefficient Sig. (2-tailed) N | .169 .060 125 | 1.000 125 | | | | |
| Supervisor Subordinate Relationship Correlation Coefficient Sig. (2-tailed) N | .043 .634 125 | .348** .000 125 | 1.000 125 | | | |
| Employee Motivation Correlation Coefficient Sig. (2-tailed) N | .207* .021 125 | .507** .000 125 | .307** .001 125 | 1.000 125 | | |
| Performance Appraisal Correlation Coefficient Sig. (2-tailed) N | .256** .004 125 | .187* .037 125 | .229* .010 125 | .182* .042 125 | 1.000 125 | |
| Employee Performance Correlation Coefficient Sig. (2-tailed) N | .184* .040 125 | .342** .000 125 | .241** .007 125 | .272** .002 125 | .243** .006 125 | 1.000 125 |

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

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

Source: Researcher`s Survey Data (2017)

4.5.1.1 Hypothesis Testing of the Relationship between Employee Competency and Employee Performance

Hypotheses 1

H1: There is a positive and significant relationship between employee competency and employees` performance. In order to test this hypothesis, the Spearman rank order correlation was used

Direction of the Relationship

As can be seen from the table 13, the employee competence variable has a 0.184 correlation with the employee performance variable. There is positive relationship between employee competence and employee performance because of the positive value for correlation coefficient.

Strength of the Relationship

The value of this correlation coefficient (r_s) 0.184, ($p > 0.05$) falls under coefficient range from $0.0 < r_s \leq 0.25$. Therefore, the relationship between employee competence and employee performance is weak.

Significance of the Relationship

From the table 13 above, the result shows that the correlation coefficient $r_s = 0.184$ ($p = 0.040$) in a two tailed test. At the 0.05 level of significance (which is the 95% confidence level) this would imply $p < .05$. In which case, the correlation between employee competence and employee performance is statistically significant.

According to the results in table 13, employee competence and employee performance were found to have a significant and positive relationship ($r_s = 0.184$ ($p = 0.040$), $p < 0.05$). Thus, the hypothesis that there is positive and significant relationship between employee competence and employee performance is accepted. The results were also consistent with past studies that have been conducted by Linder (2001); New (1996); Kagaari & Munene (2007); and (Tzeng, 2004). The findings suggest that employee competency and employee performance are positively and significantly correlated. It can therefore be logically inferred that employee competence was

significantly related to the employee performance in OIB. The implication is that employees seemed to demonstrate higher employee performance when encouraged with employee competence. This means that employee performance increases with increase in their employee competence and vice versa. This practically implies that employee performance at OIB improves with a positive employee competence. Thus, there is a positive effect of employee competence on employee performance.

4.5.1.2 Hypothesis Testing of the Relationship between Employee Empowerment and Employee Performance

Hypotheses 2

H2: There is a positive and significant relationship between employee empowerment and employees` performance. In order to test this hypothesis, the Spearman rank order correlation was used

Direction of the Relationship

From the table 13, the employee empowerment variable has a 0.342 correlation with the employee performance variable. There is positive relationship between employee empowerment and employee performance because of the positive value for correlation coefficient.

Strength of the Relationship

The value of this correlation coefficient (r_s) 0.342 falls under coefficient range from 0.25 • $r_s \leq \pm 0.50$. Therefore, employee empowerment has fair relationship with employee performance.

Significance of the Relationship

As indicated in the table 13 above, the result shows that the correlation coefficient $r_s = 0.342$ ($p=0.000$) in a two tailed test. At the 0.01 level of significance (which is the 99% confidence level) this would imply $p < .01$. In which case, the correlation between employee empowerment and employee performance is statistically significant ($p - \text{value} = 0.000 < 0.01$).

According to the results in table 13, employee empowerment and employee performance were found to have a significant positive relationship ($r_s = 0.342(p=0.000)$, $p < 0.01$). Thus, the hypothesis that stated that there is positive and significant relationship between employee empowerment and employee performance is accepted.. This result is consistent to the findings of

Hechonova et al. (2006); Wood (2007); Bartram and Casimir (2007); Nzuve & Bakari (2012) and Chng Hui Chei et. al, (2014) who found a positive relationship between employee empowerment and employee performance. Meyerson and Dewettinck (2012) also found that empowerment had a significant positive effect on employee productivity. It can therefore be logically concluded from this result that as employee empowerment increases employee performance also increases in the same direction. It means that increase or decrease in employee empowerment will bring corresponding change in employee performance. It practically implies that employee performance at OIB improves with a positive employee empowerment. Thus, there is a positive effect of employee empowerment on employee performance.

4.5.1.3 Hypothesis Testing of the Relationship between Supervisor Subordinate

Relationship and Employee Performance

Hypotheses 3

H3: There is a positive and significant relationship between supervisor-subordinate relationship and employees` performance. In order to test this hypothesis, the Spearman rank order

correlation was used

Direction of the Relationship

As shown in the table 13, the supervisor-subordinate relationship variable has a 0.241 correlation with the employee performance variable. There is positive relationship between supervisor subordinate relationship and employee performance because of the positive value for correlation coefficient.

Strength of the Relationship

The value of correlation coefficient, (r_s) 0.241, ($p > 0.01$) falls under coefficient range from 0.25 • $r_s \leq 0.50$. Therefore, the association between supervisor-subordinate relationship and employee performance is fair.

Significance of the Relationship

As indicated in the table 13above, the result shows that the correlation coefficient $r_s = 0.241$ ($p=0.007$) in a two tailed test. At the 0.01 level of significance (which is the 99% confidence

level) this would imply $p < .01$. In which case, the correlation between supervisor-subordinate relationship and employee performance is statistically significant ($p - \text{value} = 0.007 < 0.01$).

According to the results in table 14, supervisor-subordinate relationship and employee performance were found to have a significant positive relationship ($r_s = 0.241$ ($p = 0.007$), $p < 0.01$). Thus, the hypothesis is accepted and it is concluded that "There is positive and significant relationship between supervisor-subordinate relationship and employee performance. This result is also supported by Umar Farooq et.al, (2015) who found that employers-employees relationship has a positive and significant relationship with employees' performance. That is when supervisor-subordinate relationship increases the corresponding employee performance also increases in the same direction. It is, practically meant that employee performance at OIB improves with a positive supervisor-subordinate relationship. Thus, there is a positive effect of supervisor-subordinate relationship on employee performance.

4.5.1.4 Hypothesis Testing of the Relationship between Employee Motivation and Employee

Performance

Hypotheses 4

H4: There is a positive and significant relationship between employee motivation and employees' performance. In order to test this hypothesis, the Spearman rank order correlation was used

Direction of the Relationship

From the table 13, the employee motivation variable has a 0.272 correlation with the employee performance variable. There is positive relationship between employee motivation and employee performance because of the positive value for correlation coefficient.

Strength of the Relationship

The value of this correlation coefficient, (r_s) 0.272, falls under coefficient range from $0.25 < r_s \leq 0.50$. Therefore, the relationship between employee motivation and employee performance is fair.

Significance of the Relationship

As shown in the tables above, the result shows that the correlation coefficient $r_s = 0.272$ ($p = 0.002$) in a two tailed test. At the 0.01 level of significance (which is the 99% confidence

level) this would imply $p < .01$. In which case, the correlation between employee motivation and employee performance is statistically significant ($p - \text{value} = 0.002 < 0.01$).

In accordance with the results in table 13, employee motivation and employee performance were found to have a significant positive relationship ($r_s = 0.272$ ($p=0.002$), $p < 0.01$). Thus, the hypothesis is accepted and it is concluded that "There is positive and significant relationship between employee motivation and employee performance. The findings were also consistent with past studies that have been conducted by Eisengerber, et al (1990); Akhtar et al (2014) and Madan (Dr) et al (2016). The results suggested that employee motivation and employee performance are positively and significantly correlated. It can therefore be reasonably deduced that employee motivation was significantly related to the employee performance in OIB. The implication is that employees seemed to demonstrate higher employees` performance when encouraged with employee motivation. That is, when employee motivation increases the corresponding employee performance also increases together in the same direction. This practically implies that employee performance at OIB improves with a positive employee motivation. Thus, there is a positive effect of employee motivation on employee performance.

4.5.1.5 Hypothesis Testing of the Relationship between Employee Performance Appraisal and Employee Performance

Hypotheses 5

H5: There is a positive and significant relationship between employee performance appraisal and employees` performance.

Direction of the Relationship

From the table 13, the employee performance appraisal variable has a 0.243 correlation with the EP variable. There is positive relationship between EPA and EP because of the positive value for correlation coefficient.

Strength of the Relationship

The value of correlation coefficient 0.243 falls under coefficient range from $0.25 < r_s \leq 0.50$.

Therefore, the relationship between EPA and EP is fair.

Significance of the Relationship

In accordance with the results in table 13, EPA and EP were found to have a significant positive relationship ($r_s=0.243(p=0.006)$, $p<0.01$). Thus, the hypothesis that stated that there is positive and significant relationship between EM and EP is accepted. The findings were also consistent with past studies that have been conducted by Meysam Fakharyan, et al, (2012) and Peti Johann et al, (2001), the relation between EPA and EP has been confirmed too. This implies that EP increases with increase in their EPA and vice versa. It means that increase or decrease in EPA will bring corresponding change in EP. In other words, the higher the EPA is, the higher the EP is, and conversely, the lower the EPA is, the lower the EP is. This practically means that EP at OIB improves with a positive EPA. Thus, there is a positive effect of employee performance appraisal on employee performance.

In general, as indicated in the tables above, the results of correlation test generally indicate that all independent variables (EC, EE, SSR, EM and EPA) were found to have positive and significant correlations with EP at , 5% for EC and 1% for the rest, level of significance. There was a weak and positive but significant correlation between EC and EP ($r_s =0.184$, $P<0.05$). The finding on table 4.2.1 above indicates that there was a fair and positive but significant correlation between employee empowerment EM and EP ($r_s =0.272$, $P<0.01$). The same table further indicates that the fair correlation is found between EE and EP ($r_s =0.342$, $P<0.01$).

There was a positive and fairly significant correlation between SSR and EP ($r_s = 0.241$, $P<0.01$). There was a positive and fairly significant correlation between EM and EP ($r_s = 0.272$, $P<0.01$). There was a positive and fairly significant correlation between performance EPA and EP ($r_s = 0.243$, $P<0.01$).

The results of this study further indicate that the first most important correlation ($r_s =0.342$) exists between EE and EP, followed by the association ($r_s = 0.272$) between EM and EP. The third most important relationship ($r_s = 0.243$) also exist between EPA and EP. That means that the EE should be emphasized for the excellent EP. EM and EPA are also crucial for the wonderful EP. Although there is no such influential relationship ($r_s = 0.241$) between SSR and EP as compared to the case of EPA, EM and EE, it is also essential for the job to serve the purpose of EP. However, the relationship that exists between EC and EP is weak, it should not be ignored as it has positive and significant relationship with EP.

The results entirely imply that all the independent variables (EC, EE, SSR, EM and EPA) positively and significantly affected the dependent variable, EP of OIB.

The results of this study further indicate that EE is the most important factor to have a positive and significant effect on EP.

4.5.2 Coefficient of Determination

Brown, Yamashiro, & Ogane (2001) stated that the *coefficient of determination* makes interpreting correlation coefficients easier. It is simply the squared value of the correlation coefficient. The resulting coefficient of determination provides an estimate of the *proportion* of overlapping variance between two sets of numbers (i.e., the degree to which the two sets of number vary together). It provides a measure of the degree to which one variable ‘predicts’ the other. In other words, the variance of the measure that the researcher wants to predict can be divided into the part that is explained by, or due to, the predictor variable and the part that is explained by other factors (generally unknown). The researcher finds this percentage of explained variance by calculating coefficient of determination by simply squaring the correlation value. It is then multiplying this by 100 to get a percentage value as shown in the table below.

Table 14: shows the Correlation Coefficients and Corresponding Coefficients of Determination between Independent Variables and Dependent Variable

| Correlation of Variables (independents and dependent) | Correlation Coefficients (r_s) | Coefficient of Determination (r_s^2) |
|--|--|--|
| Correlation between EC and EP | 0.184 | 3.4% Overlaps |
| Correlation between EE and EP | 0.342 | 11.7% Overlaps |
| Correlation between SSR and EP | 0.241 | 5.8% Overlaps |
| Correlation between EM and EP | 0.272 | 7.4% Overlaps |
| Correlation between EPA and EP | 0.243 | 5.9% Overlaps |
| Total | | 34.20% Overlaps |

Source: Computed for the research (2017)

According to the coefficient of determination results summarized in the table 14 above, the findings are analyzed as follows:

- **3.4%** of employees` performance (EP) is explained by employee competency (EC)
- 11.7% of employees` performance (EP) is explained by employee empowerment (EE)
- 5.8% of employees` performance (EP) is explained by supervisor subordinate relationship (SRR)
- 7.4% of employees` performance (EP) is explained by employee motivation (EM)
- **5.9%** of employees` performance (EP) is explained by employee performance appraisal (EPA)

From the coefficients of determination results, it is observed that all the independent variables (IVs) contribute in explaining the variation in the dependent variable (DV), employees` performance. However, they have not equal contribution. The step wise, the independent variable that relatively contributes the most in explaining the variability of the dependent variable from the highest to the lowest are: EE, EM, EPA, SSR and EC.

Therefore, the r_s square indicates the extent or percentage the independent variables can explain the variation in the dependent variable. In this study, independent variables (EE, EM, EPA, SSR and EC) can explain a total of 34.20% of the variations in dependent variable (EP). However, it is still left 65.80% (100% - 34.20%) unexplained factors in this study. In other word, there are other additional variables that are important in explaining EP that have not been considered in this study. This means that only 34.20% (r_s^2) of variance in EP is predictable by the above mentioned independent variables and that 65.80% is due to other factors, some known and some unknown.

The next chapter deals with the summary, conclusion and recommendations made on the basis of the findings of this chapter.

CHAPTER FIVE

SUMMARY OF FINDING, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

In this chapter, the main findings of the studies are discussed. First, the summary findings of statistical analyses which comprise of descriptive and inferential analyses are discussed. Then, it is followed by the conclusion of the study as well. Not merely for that, some of the limitations and recommendations for future research are discussed in this chapter.

5.1.1 Summary of Statistical Analyses

5.1.1.1 Summary of Descriptive Analyses

The study was intended to examine the effect of the individual factors on employees' performance of OIB in Addis Ababa City based on the questionnaire consisting of 125 randomly selected employees of the bank. In general, a summary description of descriptive analyses is generated from the questionnaire survey results of variables affecting employees' performance.

The arithmetic mode of descriptive statistics for the independent variables (EC, EE, SSR, EM and EPA) and dependent variable (EP) for the respondents, the percentage on average, were computed and presented with respect to the dimensions of independent variables and dependent variable questionnaire. Hence, the following are the summary findings:

The study found that the arithmetic mode for EC are 2 and 4. These mode scores, 2 and 4 respectively, show that most respondents were in disagreement (43.2%) and as well in agreement (42.2%) with the positive statements related to EC questionnaire. Thus, majority (44.3%) of the

respondents either disagree (43.2%) or strongly disagree (1.1%) to the statements related to EC. This implies that all employees do not have the required competency to do their assigned job well. This means that majority of employees do not have confidence to perform their job well; the employees did not get the necessary support of considering and upgrading their competence from the management; and they did not use their competency without reservation to enhance their performance. Hence, these situations in return impact their EP. However, the finding further indicated that the competency level of employees possibly increases due to Training & Development.

The study reveals that the arithmetic mode for the EE is 2. This mode score, 2, shows that most respondents were in disagreement (48.1%) with the positive statements related to EE questionnaire. Thus, majority (57.2%) of the respondents either disagree (48.1%) or strongly disagree (9.1%) to the positive statements related to EE. This implies that majority of the respondents do not have the necessary authority, autonomy and freedom to use own judgment to provide decision on the domain of their job that affect their performance; not trusted and not provided with sufficient support and resources; not coached and trained and hence, it can be said that they are not empowered and would not perform better in their task because they are not emotionally attached to the task and therefore they will appreciate every opportunity that is given to them.

The study established that the arithmetic mode for the SSR is 2. This mode score, 2, shows that most respondents were in disagreement (45.5%) with the positive statements related to SSR questionnaire. Thus, majority (54.5%) of the respondents either disagree (45.5%) or strongly disagree (9.0%) to the positive statements related to SSR. This implies that supervisors are not treating their subordinates fairly and this made them working under low morale; most of the employees cannot easily communicate their views and complaints openly to their supervisors; supervisors do not motivate their subordinates in such a way that they enhance the confidence of their subordinates who are creative and innovative; there is no good communication between supervisors and their subordinates; and therefore, there is no as such good SSR in the bank which in return impacted their performance, that is undesired performance.

The study further found that the arithmetic mode for the EM is 2. This mode score, 2, shows that most respondents were in disagreement (57.3%) with the positive statements related to EM

questionnaire. Thus, majority (61.1%) of the respondents either disagree (57.3%) or strongly disagree (14.8%) to the positive statements related to EM. This indicates that majority of the employees were not happy and satisfied with their salary and benefit packages offered; not recognized by the bank for achievement and hardworking at their work; have no equal chance of promotion; chances of promotion are not transparent and dependent on the level of their performance, qualification, skills and work experience; not satisfied with their job; do not enjoy working in the bank for the rest of their life and hence, employees were most likely de-motivated and did not perform to enhance their performance.

The study also found that the arithmetic mode for the EPA is 2. This mode score, 2 shows that most respondents were in disagreement (57.2%) with the positive statements related to EPA questionnaire. Thus, majority (72.4%) of the respondents either disagree (57.2%) or strongly disagree (16.2%) to the positive statements related EPA. It is implied that majority of the respondents are not clear with and understood performance standards; and employees are not aware of the objectives to be achieved; supervisors do not provide regular and timely constructive feedback to their subordinates that enables them to identify areas to improve their work performance;. increment in salary, bonus/incentives and promotion are not designed basing on the results of performance appraisal; the performance appraisal system of the bank is not participatory; not objective; does not properly assess employee productivity; and hence, the performance appraisal system of the bank did not help employees to improve their performance.

The arithmetic mode for the EP is 2. This mode score, 2 shows that most respondents were in disagreement (46.3%) with the positive statements related to EP questionnaire. Thus, majority (62.2%) of the respondents either disagree (46.3%) or strongly disagree (16.9%) to the positive statements related to EP that influences EP. This implies that majority of the respondents indicate that they understand their performance targets clearly; almost not all respondents concur that their performance targets are realistic; almost all employees do not perform their assigned tasks quickly and efficiently and abundant work regularly and their work results are not of high quality, too; almost all employees do not always meet their performance targets. Therefore, the findings indicate that employees' performance is not as such good and that employees are not motivated to do their job well so as to meet their performance targets..

5.1.1.2 Summary of Inferential Analyses

5.1.1.2.1 Reliability Test

According to the result derived from the reliability test, it is indicated that all of the variables are considered as consistent and reliable since the coefficient alpha values of all variables were greater than 0.70.

5.1.1.2.2 Spearman's Rank Correlation Coefficient

Correlation coefficients were computed for the purpose of determining the relationship between hypothesized variables or two sets of data collected from respondents of the bank. In general, based on the Spearman's Rank Correlation Coefficient, it reflects that all the independent variables (EC, EE, SSR, EM and EPA) are positively and significantly related with employees' performance. Besides, the values of correlation coefficient of these five independent variables reported showed that EC scored 0.184, EE scored 0.342, SSR scored 0.241, EM scored 0.272 and EPA scored 0.243. To conclude, these figures have indicated that the strength of the relationship between each of the four independent variables and EP is considered fair except the relationship between EC and EP which is weak.

Therefore, it is shown in the finding that increase or decrease in these independent variables will bring corresponding change in EP for positive and significant correlation. The finding also indicates that the highest relationship was found between EE and EP, while the lowest relationship was found between EC and EP. To conclude, as shown in the report, the research hypotheses were tested and analyzed in the previous chapter and their findings indicated that all the hypotheses were accepted.

5.1.1.2.3 The Coefficient of Determination

It was also conducted to provide an estimate of the *proportion* of overlapping variance between independent variables and dependent variables. Accordingly as shown in the findings, 34.20% of the variation in EP can be explained by the five independent variables and other unexplored variables may explain the variation in EP which accounts for about 65.80%. In support this, the respondents perceived and mentioned the six other critical factors, not covered in this study, as important factors that may affect EP

5.2 Conclusions

Based on the findings of this research, the conclusions were drawn. The research was conducted to examine the effects of individual factors on employees' performance in OIB especially focusing employees in Addis Ababa City.

The results of the descriptive statistical analysis indicated that, the respondents are not as such satisfied and happy with the level of the EC, EE, SSR, EM and EPA of the bank and further indicated the areas that employees failed to achieve their performance targets as required. It is further pointed out that these variables are the major individual factors that impact on the employees' performance in the bank.

In general, the findings of this research indicated that the independent variables (EC, EE, SSR, EM and EPA) have positive and significant relationship with EP. It is concluded that performance of employees mostly depends upon the independent variables (EC, EE, SSR, EM and EPA). The independent variables that are tested in the research, which are EC, EE, SSR, EM and EPA are applicable in enhancing the overall employee performance of OIB.

From the correlation matrix, the highest positive value of correlation between EE and EP clarifies that the authorities of OIB is required to focus mainly on EE in order to get a improved EP. If any one of the attributes in EM, PA, and SSR is neglected, EP will be severely hampered. Considering the correlation coefficients of EP with other individual factors, EC is the final factor according to the priority basis but the employees cannot deny it due to its statistically significant association with EP. Thus, the result of the research should be used as guidance when figuring out the individual factors that will significantly effect on the EP in banking industry.

The research also allows the employees to identify, manage and deal with the independent variables in order to cope with their job satisfaction and job performance. By understanding the determinant of EP, appropriate action can be taken in order to manage and control EP related event or acts. Though, continued research is needed to improve this study and to address the limitation of the present study. As such, it is anticipated that this research will give a preliminary insight on and understanding the independent variables towards coping with EP.

Besides, the result of the research can be used as a reference for future researches on the effects of individual factors that will significantly effect on the employee performance in banking industry.

Lastly, this study included only five individual factors; there could be some other relevant factors that may be perceived and mentioned as important by respondents/employees, but those were not covered in this study. Future researches, therefore, may consider more factors/variables, such as team work, leadership, training and development, work environment, organizational culture, organizational communication and other relevant variables to see their impact on EP.

5.3 Limitation of the Study

While conducting this research the employees who had less than one year work experience in the bank were not considered for the sample group and not included in the study. The reason for not considering them is that they did not have much information and know well about the bank especially, the title under the study. In addition, the researcher comes across the following some challenges in the administration and distribution of the research questionnaire:

- Situations where respondents were not available in their office or work units at all or even those present misplaced the questionnaires given to them to complete and instead new ones were given to them.
- Some respondents did not timely return the completed questionnaire within the expected time

Besides, it may be hardly possible to conclude/generalize the result of the research to the level of banking industry as a whole because the research would be based only on the data and results obtained from one bank only, a private commercial bank.

Apart from these technical limitations, the research output may suffer if the respondents lack interest to actively participate in the research by properly completing the questionnaire. It is also hardly possible to ask enough questions in the questionnaires to cover all aspects of given subject

5.4 Recommendations

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

1. For those employees who do not have enough abilities and competencies or lack of confidence to perform their job well, training and development should be provided to them
2. In doing so, the bank should carry out training need analysis to find out what is needed for the employees in order to ensure their job performance
3. The competency possessed by the employees must match with the desired/anticipated competency to perform a job well in the bank
4. Managers should understand the reasons why employees cannot perform their jobs well or can present well at the workplace
5. The management should empower employees by giving them the authority, autonomy, freedom, flexibility, and power to make decisions and solve problems in a way leaves them feeling energized, capable, and determined to make the organization successful.
6. The management should create the enabling environment where supervisor`s trust can give Employees/subordinates a sense of commitment by taking every word, action or interaction on value that is, be open and clear about the mission, principles, and goals of the bank.
7. The management should provide subordinates with sufficient support and resources, time and material, to enable them perform their work easily.
8. The management should create a culture of coaching and training within the bank where employees recognize that they are coached and trained in every daily activities by anyone, especially their direct supervisors.
9. The management of the bank should develop a unique strategy to create the relationship between supervisor and subordinates be good by maintaining greatly close friendship with their supervisor a professional relationship with their supervisor and a social relationship with their supervisor.
10. Supervisors should support learning and development of subordinates, e.g. provides training, gives task-oriented instructions, directions, coaching and demonstrations, and provide supports to increase working effectiveness.
11. When problem arise, supervisors should find out what employees think and let them help to design the solutions. They should stay out of the way; give employees the freedom to put the ideas and solutions into practice.
12. Supervisors should maintain high moral and confidence by recognizing successes and encouraging high performance of subordinates who are creative and innovative.

13. Supervisors should open ways of and facilitate good communication and relationships between subordinates and management. This will help the bank to generate suggestions that will help in improving working environments in the organizations.
14. The bank should have some survey in employees` motivation periodically to make the decisions of what kinds of motivation should be used and make sure that solutions motivate employees` needs
15. The bank must also get feedback from the employees to find out what kind of ways can be adopted to get them motivated. This will also give them a sense of feelings that they are important factor of the bank.
16. The bank should build the trust within the organization to believe that the effort will lead to a reward.
17. The bank should build up and upgrade the reward system (including financial and non-financial reward) to be equitable and achievable, totally according to the principle that rewards must be linked to performance.
18. The management of the bank should be expected to improve the payment/benefit package of the employees to retain employees who are de-satisfied, keep their staff motivate and improve their productivity and also the bank must revise salary structure of staff annually and
19. The management of the bank should improve the promotional policy and design transparent system of promoting staff members and provide an equal chance of promotion in a fair and equitable way.
20. The management of the bank should design appropriate system that ensure recognition of employees for their good deeds (achievement and hardworking).
21. The bank should combine pay/salary, financial factors of motivation, with others such as promotion, recognition for achievements, praise and special assignments (i.e., the intrinsic with extrinsic motivation) to ensure the effectiveness of motivation on employee performance.
22. The bank should have an effective performance appraisal system which enables employees to know what is expected from them, properly inform them how well they are doing, assist in areas in which they need help in improving their performance, and still share the fruit of their success so that both the organization and the employees mutually benefit

23. The bank should encourage the participation of its employees in the design of the form that is used to evaluate the performance of the workers and it should take into account the differences among jobs in terms of their requirements and characteristics.
24. In order for the appraisal system to be effective, at least the forms that measures jobs having similar characteristics need to be customized and tailor made.
25. In order to minimize the problems of subjectivity, raters need to evaluate their subordinates based on the actual volume of work and responsibility discharged over the period of evaluation rather than focusing only on subjective measurement
26. The appraisal result should usually be accompanied by appropriate documentation of the performance of employees.
27. Performance appraisal systems should ensure that they are always reliable and serve as basis for promotions and pay increments.
28. Manager should ensure that performance appraisal is carried out with clear objectives in mind. Performance targets of individual employees should also be clearly defined.
29. Any changes made to ratings of employees during the performance appraisal process should be communicated clearly and early to all concerned.
30. Future researchers *may study on those mentioned as other critical factors but not covered in this study* and other more independent variables in their future research so as their research is able to study this title in different perspectives and more precise results will be occurred.
31. If all these recommendations are followed properly, it is expected that the five factors affecting employees` performance will get improved and in return will have an influence on employees` performance in the bank.

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APPENDIX –QUESTIONNAIRE

SAINT MARY`S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MBA PROGRAM

**Questionnaire to be filled by Managerial and Clerical Employees of Head Office and
Branches of OIB located in Addis Ababa City**

Dear Respondents,

The questionnaire is designed to prepare a thesis on the title “Effects of Individual Factors on Employees` Performance in Oromia International Bank Share Company”. The outcome of the study will be used for suggesting possible solutions to problems identified while conducting this study. You have been selected as a key respondent for this study. Therefore, I would kindly request you to share your precious time to complete the questionnaire. I would like to confirm that the information/responses you provide will be kept confidentially and be used for academic purposes only. Your genuine, frank and timely responses are extremely determinant for the success of this study. Hence, I would once more kindly request your contribution in filling this questionnaire honestly and responsibly.

The questionnaire has two parts: background information of the respondents and questions on the factors affecting employees` performance.

If you require any further information or want feedback on the study, please contact me through my address given hereunder. I thank you in advance for sharing your valuable experience and time in completing the questionnaire.

Yours respectfully,

Eshetu G/Mariam

Cell Phone: 0912 198013,

E-mail address: eshetugmariam@gmail.com

PART ONE: - BACKGROUND INFORMATION

Direction: - Please put a tick (√) mark inside the box given or fill in the space provided as appropriate

1. Gender : Male Female
2. Age: less than 20 years 21 - 30 years
 31 - 40 years 41-50 years
 51-60 years more than 60 years
3. Educational Qualification:
Certificate College diploma Bachelor degree
Masters degree PHD other, specify _____
4. How long have you worked in the Bank?
Less than 1 year 1 - 3 years
4 -7 years more than 7 years
5. What is your current job category?
 Clerical staff
 Managerial staff
6. Mention your current working
 Head Office: _____
 Branch: _____

PART TWO: - EFFECTS OF INDIVIDUAL FACTORS ON EMPLOYEES` PERFORMANCE QEUSTIONS

Direction: - Please indicate the extent to which you agree with each statement below by putting a (√) mark in the appropriate column in the table below against each of the response scales: **SA = Strongly agree; A = Agree; N = Neutral; D = Disagree; SD = Strongly disagree**

| | QUESTIONS | S A | A | N | D | S D |
|---|--|----------|----------|----------|----------|----------|
| | EMPLOYEE COMPETENCY | 5 | 4 | 3 | 2 | 1 |
| 1 | I have the competence (i.e., knowledge, skills and attitudes) required to do my job well | | | | | |
| 2 | I am confident about my capabilities and skills to do my job. | | | | | |
| 3 | I have the ability to work in an interdisciplinary team | | | | | |
| 4 | My impact on what happens in my work unit is significant and evident | | | | | |
| 5 | My competency level increases due to Training & Development given to me | | | | | |
| 6 | The management of the bank considers and upgrades my competence to improve my performance | | | | | |
| 7 | I use my competence without reservation to enhance my performance in the bank | | | | | |
| | EMPLOYEE EMPOWERMENT | 5 | 4 | 3 | 2 | 1 |
| 1 | I have the authority to make the necessary decisions to perform my job well | | | | | |
| 2 | I have significant autonomy (i.e. opportunity for such as flexibility, independence, freedom and control) over those aspects of my job for which I am accountable | | | | | |
| 3 | I regard myself as an employee who wants to have greater decision-making power | | | | | |
| 4 | My manager/supervisor trusts me to make the appropriate decisions in my job | | | | | |
| 5 | I normally get sufficient support and resources I need to do my job well | | | | | |
| 6 | I have a freedom to use my own judgments in my job | | | | | |
| 7 | Our supervisors coach and train his/her subordinates | | | | | |
| | SUPERVISOR-SUBORDINATE RELATIONSHIP | 5 | 4 | 3 | 2 | 1 |
| 1 | Our supervisors encourage, respect, emphasize and reinforce new ideas coming from his or her subordinates and consider their ideas in decision | | | | | |

| | | | | | | |
|---|---|----------|----------|----------|----------|----------|
| | making | | | | | |
| 2 | Our supervisor allows and expects his or her subordinates to try to solve the same problems in different ways and help them solve problems in their work. | | | | | |
| 3 | Our supervisors reward and recognize his or her subordinates who are creative and innovative in doing their job | | | | | |
| 4 | Communications between our supervisors and subordinates seem good within the bank | | | | | |
| 5 | Our supervisors take care of the complaints of his or her subordinates | | | | | |
| 6 | Our supervisors have complete confidence in his or her subordinates | | | | | |
| 7 | Our supervisors encourage his or her subordinates to express their views openly without fear | | | | | |
| 8 | There is good relationship between our supervisors and his or her subordinates and their working relationship is effective | | | | | |
| 9 | The smooth relationship between our supervisors and his or her subordinates enhanced the performance of employees | | | | | |
| | EMPLOYEE MOTIVATION | 5 | 4 | 3 | 2 | 1 |
| 1 | I have a chance to make use of my best abilities | | | | | |
| 2 | My current salary is commensurate to my qualification, skills and level of experience | | | | | |
| 3 | The current employment benefit package is fair and equitable and I am satisfied with it | | | | | |
| 4 | Every employee has an equal chance to be promoted in the bank | | | | | |
| 5 | Our bank recognizes achievements and hardworking employees | | | | | |
| 6 | My chances of promotion are dependent on the level of my performance, qualification, skills and work experience | | | | | |
| 7 | Decisions related to promotion are consistent and | | | | | |

| | | | | | | |
|---|--|----------|----------|----------|----------|----------|
| | declared in a visible place in the bank | | | | | |
| 8 | I enjoy working in the company for the rest of my life | | | | | |
| 9 | Considering all things , I am satisfied with my job and perform to enhances my performance in the bank | | | | | |
| | EMPLOYEE PERFORMANCE APPRAISAL | 5 | 4 | 3 | 2 | 1 |
| 1 | Performance standards expected from staff are clear and understood by all | | | | | |
| 2 | Objectives to be achieved are known by individuals to be assessed | | | | | |
| 3 | My supervisor gives me regular, timely feedback that helps me to identify areas to improve my work performance | | | | | |
| 4 | Constructive feedback on performance appraisal results is provided on a regular basis | | | | | |
| 5 | Increment in salary, bonus/incentives and promotion are designed basing on the results of performance appraisal. | | | | | |
| 6 | The performance appraisal system of the bank is participatory | | | | | |
| 7 | The job performance appraisal system of the bank is objective | | | | | |
| 8 | Employee productivity is assessed properly in performance appraisal system of our bank | | | | | |
| 9 | The performance appraisal system of our bank helps me to improve my performance | | | | | |
| | EMPLOYEE PERFORMANCE | 5 | 4 | 3 | 2 | 1 |
| 1 | I understand my performance targets clearly | | | | | |
| 2 | My performance targets are realistic | | | | | |
| 3 | I do large amount of work each day | | | | | |
| 4 | I accomplish tasks quickly and efficiently | | | | | |
| 5 | My work outcomes are of high quality | | | | | |
| 6 | I always beat my performance targets | | | | | |

1. What other critical factor (s) you think that affects employees` performance in your organization? (and any other relevant comments)

Thank you for taking your time to answer the questions.