

UNIVERSITY OF CAPECOAST

**EFFECTS OF MOTIVATIONAL FACTORS ON EMPLOYEE
PERFORMANCE: A STUDY OF KAKUM RURAL BANK LIMITED**

BY

FRANCIS MENSAH

**DISSERTATION SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT STUDIES OF THE SCHOOL OF BUSINESS,
UNIVERSITY OF CAPE COAST, IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE IN HUMAN RESOURCE MANAGEMENT**

JULY, 2013

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requirements for the award of master of business administration degree in
human resource management**

JULY, 2013

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature:..... Date:.....

Name: Francis Mensah

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:..... Date:.....

Name: Dr. Nana Yaw Oppong

ABSTRACT

The performance and survival of any organisation (such as banks) in a dynamic work environment, among other factors, depend largely upon the employees' motivation. Given that needs of employees and the level of motivation may differ from organisation to organisation, an understanding of what fosters and enhances employee motivation and performance is critical. The study sought to assess the motivational packages available at Kakum Rural Bank limited and how it affects employee performance. The convenience sampling method was employed. Data was obtained through self-administered questionnaires to staff members of all the branches of Kakum Rural Bank limited.

The descriptive survey research design was used for the study. The study revealed that, management can make use of different factors and policies to motivate employees in the banking environment. Employees are interested in enhanced salaries, fringed benefits, promotion, and car loans as motivating elements sufficient to push employees of the bank to give out their best. The research also revealed that the core duty of the bank is normally carried out by clericals who are more than the supervisors and as such motivational packages should be geared towards the clerical workers to ensure that they delight the customers. Promotion has been a worry to most staff; measures should be put in place by management to ensure that there is continuity in the promotion of staff to avoid low productivity in terms of deposit mobilisation. The study revealed that if management withdrew motivational packages it will have serious repercussions on employees' performance.

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DEDICATION

I dedicate this work to my lovely wife, Nana Ama Mensah and sons,
Reynolds Kwesi Mensah and Joel Abbew Mensah.

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CHAPTER ONE

INTRODUCTION

Background to the Study

The three most important resources necessary for organisational development all over the world are financial, physical and human resources. Although all the three are closely related and mutually dependent on each other in the process of organisational development, human resource is the most active component, which combines the other passive components, and exploits the wealth in them. An organisation with physical infrastructure and ample financial resources cannot necessarily achieve steady development if it does not have the requisite human resource to effectively combine these resources to achieve organisational goal.

However, human resources need to be motivated if they are to be committed to the organisation and improve performance. One of the major human resource management's function is to keep the employees satisfied with their jobs by putting in place the necessary motivational factors. If employees are not satisfied, they will not perform well to expected standards (Petcharak, 2004), and eventually result in high employee turnover.

Bateman and Snell (2007) assert that motivation is finding a need inside the employees and helping to achieve it in a smooth process. Thus, employee motivation has become very crucial to employee positive behaviour, commitment and increased job performance. Motivation is concerned with the factors that

influence people to behave in certain ways (Armstrong, 2006). In business firms, these triggers of behaviour are various needs that employees are striving to satisfy through various intrinsic and extrinsic rewards they receive at work (Bateman & Snell, 2007). The level of performance of employees relies not only on their actual skills but also on the level of motivation provided each employee (Burney & Widener, 2007). These highlight the fact that employers depend on the quality of their employees' performance to achieve organizational objectives, these could not be achieved if employees are not adequately motivated through varied factors. It is against this background that employee motivation is considered to be a vital human resource management function.

According to Armstrong (2006) Performance is often defined simply in output terms – the achievement of quantified objectives. But performance is a matter not only of what people achieve but how they achieve it. According to Lawler (1973), the determinants of task performance the world over are as follows:

$$\text{Performance} = \text{Ability} * \text{Motivation (Effort)},$$
$$\text{Ability} = \text{Aptitude} * \text{Training} * \text{Resources},$$
$$\text{Motivation} = \text{Desire} * \text{Commitment}.$$

According to these formulas, Performance is the product of ability multiplied by motivation, and Ability is the product of aptitude multiplied by training and resources. The multiplicative function in these formulas suggests that all elements are essential. For example, workers who have 100% of the

motivation and 75% of the ability required to perform a task can perform at an above-average rate. However, if these individuals have only 10% of the ability required, no amount of motivation will enable them to perform satisfactorily. Aptitude refers to the native skills and ability a person brings to the job. These obviously involve physical and mental capabilities, but for many people-oriented jobs, they also include personality characteristics of self-awareness. Staff motivation is therefore important in employees' performance and productivity, given that motivated people are willing to exert a particular level of effort for a certain amount of time toward the achievement of a particular goal and efficiency.

Statement of the Problem

The management of people at work is an integral part of the management process. To understand the critical importance of people in the organization is to recognize that the human element and the organization are synonymous.

Some employers do not appreciate the fact that employees have to be motivated to ensure they do what they have to do so that the goals and objectives of the organization are achieved. Because of the prevailing situation in Ghana where supply of labour is greater than its demand, some employers do not believe much in effective motivation of workers to produce high performance. They uphold the view that even if workers are not properly motivated they cannot leave the job since there is no job in the labour market. However motivation and retention are not only dependent on supply of labour. As pointed out by Oppong (2012), although 'war for talent' may be less applicable these days due to large pool of unemployed labour, organisations still have to motivate and retain their

talented employees for effective combination and utilisation of the other organisational resources for competitive advantage.

Although the Bank of Ghana has describe the performance of Kakum rural bank as satisfactory and remarks that it can do better (IFAD, 2008), indication that commitment and satisfaction of employees of the need to be improved. There have been a number of studies on the effects of motivation on employee performance in commercial banks but same cannot be said about rural banks, especially those in the Central Region of Ghana. The focus of this study therefore, is to analyse the motivation programmes being implemented by Kakum rural bank and their effects on performance of employees.

Objectives of the Study

The main aim of the study is to investigate the motivational factors at the Kakum Rural Bank and their effects on the overall performance of the employees of the Bank. To achieve the aim, the following objectives are set.

- a) To ascertain whether motivational factors are in place in Kakum Rural bank.
- b) To determine which motivational factors are most important in influencing the work behaviour of staff of Kakum Rural Bank Ltd.
- c) To determine the effects of the motivational factors on performance of employees of Kakum Rural Bank Ltd.

Research Questions

The above specific objectives will be achieved by finding answers to the following research questions.

1. What motivational factors are available in Kakum Rural bank?
2. What factors of motivation are most important in positively influencing work behaviour of the staff of Kakum Rural Bank?
3. To what extent do employee motivational factors affect the performance of Kakum Rural Bank Ltd staff?

Significance of the Study

Although some works have been done on motivation and organizational performance especially in developed countries, not much can be said about rural banks in Ghana. It should be reiterated, however, that improved productivity would result mostly when motivation strategies are made an integral part of the organisationwide, be it public or private.

In view of this, it is hoped that the study will go a long way to add to people management in rural banks in Ghana especially on their motivation and contribution towards organisational performance. Not only will this study contribute insight into, and literature on motivation and employee performance but can also incite interest into further research. Again it is hoped the study will go a long way to draw the attention of top management to the need for well-defined and more effective motivation factors for employees by initiating

motivation programmes and improving on existing ones to serve as reference material to policy makers and investors.

Delimitation of the Study

The study will cover the staff of Kakum Rural Bank Ltd. only. Ideally, it should have covered all the 122 rural banks in Ghana in order to lessen the problems associated with generalisation of findings. However, only Kakum Rural Bank is chosen for the study due to the limited time which will be available for the study as well as financial constraints, but it is believed that the results could be generalised since rural banks in Ghana have similar characteristics and employee motivational needs.

Organisation of the Study

The rest of the study is organised as follows.

Chapter two considers a review of the relevant literature on motivation and employee job performance. Chapter three provides an overview of the research methodology, including the research design, the type and sources of data, data collection instruments, and the procedures that will be employed for collecting and analyzing the data.

Chapter four considers the presentation and analysis of the quantitative data. Finally, in chapter five, the summary of the major findings, conclusions and implications for practice and suggestions for future research are presented.

Chapter Summary

This chapter looked at the general introduction to the entire research. Specifically it looked at the background to the study, problem statement, objectives of the study, research questions, significance of the study, delimitation of the study as well as how the rest of the study is organised.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The current trend of globalisation demands that organisations adopt strategies to be able to achieve sustainable competitive advantage. This can be achieved through motivated workforce and good organisational environment. This is because it is the employees who make up an organisation. The general belief is that all people can be motivated. However, people are not motivated by the same factors, at the same time, for the same reasons, or with the same intensity. It is for this reason that it is important that both managers and supervisors understand the factors that motivate people.

Evolution of Rural Banks in Ghana

According to Badu (1994), modern banking system originated from Mediterranean Europe and later spread to Northern Europe. In England for instance, the goldsmith were very influential in the evolution of modern banking in the country during the mid-seventeenth century. Similarly in Iran, modern banking began to emerge in the mid-nineteenth century. Banking was introduced to Africa by the early European traders in the last three Centuries. Modern banking in African countries started with the achievement of independence by these countries; for example, soon after independence in 1957, Ghana established its Central Bank. This was followed by the establishment of state-owned commercial, development and investment banks in the country. The banking

system performs two vital functions in addition to the provision of credit. These are maturity transformation, and risk transformation (Badu, 1994).

Enew and Nigel (2007), contends that commercial banking developed significantly from the 19th Century onwards. Banks grew in response to the need for services such as loans, safe deposit and financing of consignments of exported and imported goods. The services rendered by banks can be grouped into two broad headings: (i) lending and credit, and (ii) saving and investing. In simple terms, a loan represents the granting of a specific sum of money to an individual or organization for them to spend personally in respect of some specific, previously agreed item. Credit, on the other hand, refers to a means of financing an item or items of expenditure whereby the funds are transferred to the product provider directly by source of credit. Saving and investing are the reciprocal of lending and credit. Saving and investing concern the sacrificing of present consumption in order to provide for some future event or requirement. The term 'savings' is used to describe a process associated with the accumulation of a larger fund through regular contributions, while the term 'investment' is used to describe the process of managing a lump-sum for the purpose earning recurrent income or for capital growth (Enew & Nigel, 2007).

Before independence, two overseas branches of British commercial banks dominated the banking scene in Ghana. With the abolition of the slave trade businesses, economic activity shifted to the gathering and processing of a wide variety of tropical products including ginger, groundnuts, monkeys' skin, palm kernel which were in high demand for export to Britain. The colonial masters

therefore saw the need to establish a bank to offer the basic banking services and to administer the issuance of currency for trading. In these items, Ghana has since the late nineteenth century developed its banking sector. The first bank called the British Bank of West Africa (BBWA), now Standard chartered Bank was established in Gold Coast in 1896 (www.standardchartered.com). The BBWA enjoyed some level of monopoly until 1917 when another colonial Bank, now Barclays Bank Ltd was established in 1918(www.barclaysbankofghana.com).

Until the liberalization of the Ghanaian economy, beginning from the early 1980, the banking industry in the country was dominated by a few banks which were either foreign or government owned and were highly specialized and therefore restricted in their areas of operations. Some of these banks included Barclays Bank, Standard Chartered Bank, Agricultural Development Bank, and Ghana Commercial Bank. However, as part of the measures of the economic liberalization of the country, several enabling Acts were passed to promote free trade and competition in the sector. These Acts included among others the Banking Act of 2002, Act 612 and the Universal Banking Act of 2007, Act 673 and their amendments. Since the enactment of these Acts the banking industry in Ghana has both been liberalized and revolutionarised. While many new commercial banks entered into the Ghanaian banking industry, existing commercial banks are increasingly expanding their operations by opening many new business offices all over the country. Currently, all commercial banks in the country offer universal banking services across the country, with some even venturing into micro financing. This has led to a blur in the distinction between

commercial, development and investment banks even though some banks in the country still bear “commercial”, “development”, or “investment” as part of their names. Currently, there are twenty seven (27) universal banks and one hundred and thirty 135 rural banks in the country (<http://en.wikipedia.org/wiki/ListofbanksinGhana>).

The establishment of the rural banking system in Ghana is the Bank of Ghana’s answer to a long search for suitable institutional arrangement for providing credit facilities for the rural dwellers. It had been observed over time that in spite of the existence of commercial and development banks, the small-scale farmers; fishermen; and smaller categories of workers who produce the bulk of the country’s food requirements and national exports were generally denied access to institutional credit. Consequently, they had to resort to moneylenders whose interest rates are usually very high.

In order to ensure that the rural banks serve the interest of the local people, the ownership, management and the control of general operations of the banks are vested in the people of the area. The manifestation of the external involvement is only seen at the establishment of the Bank. It is the Bank of Ghana, which initially identifies an area where a bank is to be established. After this initial identification, everything else then depends on the local people.

Rural Banks are organized in the form of limited liability companies. The authorized share capital is fixed by the Bank of Ghana, which takes up fifty percent (50%) of the capital as preferential shareholder. Any one individual’s

subscription in the ordinary share is not to exceed three-quarters to the authorized capital. This provision is to ensure that no one individual acquires a controlling interest in a bank.

Meaning of Motivation

The term motivation was originally derived from the Latin word *movere*, which means 'to move' and it is concerned with why people behave in a certain way. The fundamental underlying question is, 'Why do people do what they do'? Jones (1955) defined motivation as how behaviour gets started, is energized, sustained, stopped and what kind of subjective reaction is present in the organism while all this is going on. Motivation is the propeller that drives people towards achieving their goals and objectives. In fact, without this force human beings would be inactive, leading to mundane and unproductive life. In this vein, motivation is not what employers do to their employees but rather the eagerness that comes from the employee (Byars and Rue, 2002); the employers' responsibility is to provide a congenial atmosphere that would bring out motivation.

According to Vroom (1964), motivation is a process governing choice made by persons or lower organism among alternative forms of voluntary activity. Campbell and Pritchard, (1976) stated that motivation has to do with a set of independent/dependent variables and relationships that explain the direction, amplitude and persistence of an individual's behaviour, holding constant the effects of aptitude, skill and understanding of the task, and the constraints operating in the environment.

According to Boachie-Mensah (2006), motivation may be referred to as the level of desire of an individual to behave in a certain manner. In organisational context, motivation may refer to the willingness of an individual to respond to organisational requirements in the short-run. Motivation causes people to make choices, from the available alternatives, about how best to allocate their energy and time. People tend to be motivated in activities or relationships that offer the greatest perceived rewards and fewer penalties.

Motivation has two pre-requisites: the desire and the determination to achieve something notwithstanding any obstacles one might meet along the way. It is known that people start out committed to an idea only to abandon it mid-stream because it was too difficult to handle. This means the person had the desire, and lacked the necessary determination to see it through. Conversely, there are those who had the determination but lacked the true desire to achieve the objective.

Molander (1996) viewed an individual's willingness to put efforts into his or her work and on the amount of effects, which are made in order to obtain incentives or a specific form of incentives.

According to Bassy (2002), an organisation has to be aware of what motivates and satisfies the employees at work to stimulate them to perform their job as best as possible. According to him, a person who is satisfied with his or her work may show a higher commitment and effort toward the achievement of the organisation's goal and will not easily give up the job.

The motivational process (Figure 1) represents a very general model of human behaviour (Mullins, 1999).

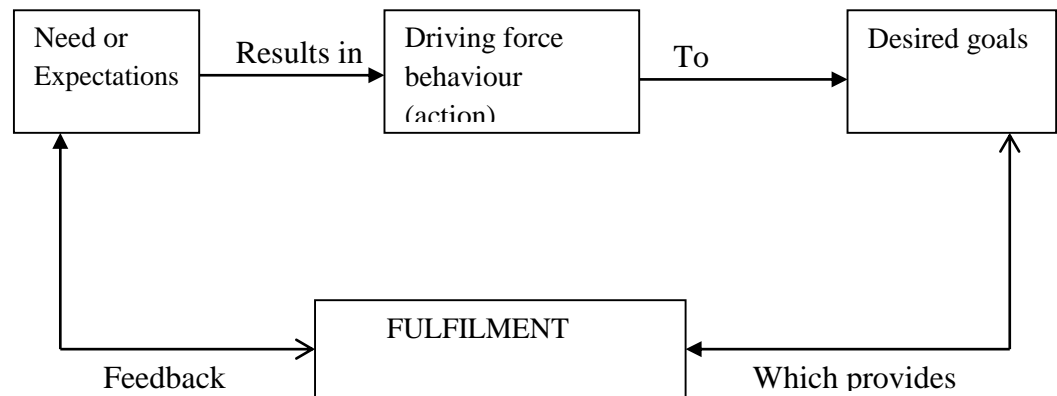


Figure 1: A simplified illustration of the basic motivational model.

Source: Mullins, 1999, p. 407

The underlying concept of motivation is need, which creates some driving force within individuals by which they attempt to achieve some goal in order to fulfil the needs or expectations. This concept gives rise to the basic motivational model. The motivational process (Figure 1) represents a very general model of human behaviour. Here, needs are drives or forces that initiate behaviour. People need food, affection, security, recognition and so forth. When such needs are strongly felt, individuals take action to fulfil them. People experience various levels of need satisfaction, as a result of the effort made. People's behaviour, therefore, is determined by what motivates them. Their performance is a product of both ability level and motivation (Mullins, 2007).

Porter and Steers (1991) argued that this model assumes that individuals hold a number of needs, desires and expectations in varying strengths. Based on these needs and expectations, people act or behave in a certain way that they believe will lead to the desired goal. According to Porter and Steers (1991), the individual is thereby provided with a feedback about the impact of his or her individual action to alter his or her present behaviour or may induce the individual that his or her current way of acting is correct and may confirm the person in pursuing this course of action.

The motivational process is not as simple and straight forward as it seems (Bassy, 2002). Porter and Steers (1991), identified four aspects, which complicate the simplicity of the model. The first aspect refers to the fact that motives cannot directly be observed and, therefore, a need to deduce them exists (Baron, 1983). However, the inference of motives from observed behaviour is associated with difficulties traced back to at least five reasons mentioned by (Bassy, 2002). These five reasons are: 1). several motives may be expressed through single action; 2) motive may occur in disguised forms; similar or identical action may represent several motives; different behaviours may embody similar behaviour and the modes of expression of certain motive may be mitigated by personal and cultural variations.

Porter and Steers (1991) points out that the selection of certain motives over others, the intensity of such motives over others, as well as the intensity with which such motives are pursued, may differ from person to person. In addition, they refer to the fourth complication, the fact that attainment of certain needs,

desires and expectations may prompt a person to direct his or her attention to other motives, or to intensify the pursuit of these motives.

A careful analysis of the foregoing definitions reveals different perceptions about the concept of motivation. In summary, it is perceived to be purposive, goal directed, what energises human behaviour, how it is directed and sustained. It also involves individual willingness to put efforts in work in order to obtain some special incentives.

It can be deduced from the above that motivation takes different forms and hence may act differently on different people. That is, what may motivate one person may not motivate the other. However, what is paramount is that people need to be motivated to perform well.

Meaning of Performance

Despite the great relevance of individual performance and the widespread use of job performance as an outcome measure in empirical research, relatively little effort has been spent on clarifying the performance concept. Campbell (1990) cited by Sonnentag, (1999) describes the literature on the structure and content of performance as 'a virtual desert'. However, during the past 10 to 15 years one can witness an increasing interest in developing a definition of performance and specifying the performance concept. Authors agree that when conceptualizing performance one has to differentiate between an action (i.e., behavioral) aspect and an outcome aspect of performance (Campbell, 1990; Roe, 1999). The behavioural aspect refers to what an individual does in the work

situation. It encompasses behaviours such as assembling parts of a car engine, helping a customer to access a bank loan, or performing heart surgery.

Not every behaviour is subsumed under the performance concept, but only behaviour which is relevant for the achievement of organizational goals. Performance is what the organization hires one to do, and do well (Campbell et al., 1993), cited in (Sonntag 1999). Thus, performance is not only defined by the action itself but by judgemental and evaluative processes (Motowidlo, Borman, & Schmit, 1997). Moreover, only actions which can be scaled, i.e., measured, are considered to constitute performance (Campbell et al., 1993). The outcome aspect refers to the consequence or result of the individual's behaviour. The above described behaviours may result in outcomes such as numbers of engines assembled, or number of new bank loans approved for customers. In many situations, the behavioral and outcome aspects are related, but they do not overlap completely. Outcome aspects of performance depend also on factors other than the individual's behaviour. For example, imagine a sales employee in the rural bank business who shows only mediocre performance in the direct interaction with potential clients (behavioral aspect of performance), but nevertheless achieves high sales figure for new loans for customers (outcome aspect of performance) because of a general high demand for loans.

In practice, it might be difficult to describe the action aspect of performance without any reference to the outcome aspect. Because not any action but only actions relevant for organisational goals constitute performance. One needs criteria for evaluating the degree to which an individual's performance

meets the organisational goals. Moreover, despite the general agreement that the behavioural and the outcome aspect of performance have to be differentiated, authors do not completely agree about which of these two aspects should be labelled 'performance' Sonnentag, (1999).

Some Motivational Theories

This section identifies three motivational theories put forward to explain influence of employee behaviour towards. These theories include Maslow's needs hierarchy; Vroom's Expectancy; and Locke's Equity theories.

Hierarchy of Needs Theory

The hierarchy of needs theory advanced by (Maslow 1943) contends that human motives develop in a sequence according to the five levels of needs; physiological needs, security and safety needs, affiliation, esteem and need for self-actualization. He emphasized that when one set of needs is satisfied, it ceases to be a motivator, and activate a higher level need to be satisfied.

The Expectancy Theory

Vroom (1964) advanced the expectancy theory. He contends that people will be motivated to do things to attain a goal if they believe in the worth of that goal and if they can perceive that what they do will help them in achieving it. The theory contends that motivational force is a function of the value of money to a

person multiplied by his subjective estimate that equitable amount will be forthcoming should he perform in a desired way.

The Equity Theory

The theory was developed by Adams (1967) and it refers to an individual's subjective judgment about the fairness of the rewards she receives relative to inputs such as effort, experience and education, and in comparison with the rewards of others who fall under the same group. If the relation is not equal, then inequality shall be perceived and will reduce or increase the morale of the affected employee. One common feature that runs through all these theories, however, is the subjective evaluation of motivational factors.

Motivational Factors

Employee motivation can be investigated in many different ways. One of the approaches to research on employee motivation is looking for factors that are most often chosen by employees when they are asked to decide what motivates them at work. There is a long history of research on motivating factors. Sonawane (2008) in her paper about rewards mentioned the most important studies on this topic. As she suggests, one of the first surveys about motivating factors was conducted by Lindhal in 1949. The result of those studies indicated "full appreciation of work done", "feeling of being in on things" and "interesting work" as the most important motivators for employees. Another mentioned author who through questionnaires distinguished the most important factors was

Herzberg (1968). He suggested that the order for crucial factors is the following: security, interesting work, opportunity for advancement, appreciation, company and management, intrinsic aspects of the job.

Another example comes from Keller's (1965) research. In which job satisfaction was ranked followed by pride in organization, relation with fellow workers, relation with superiors, treatment by management, opportunity to use ideas, opportunity to offer suggestions at work and appreciation of one's effort. Sonawane (2008) cited Jurgensen (1978) as his studies showed interesting differences between subgroups of respondents. The study was conducted on a sample of 57,000 job applicants. It showed significant difference between male and female choices regarding motivating factors. Males indicated

1. security,
2. advancement,
3. opportunity and
4. type of work.

as most important factors to them. Females on the other hand chose the following factors and ranked them in order of importance as follows;

1. type of work,
2. company and
3. security

Another cited study was conducted by Sharma (1997) in 51 organizations in India. He found that safety, security and monetary benefits were recognized as the most important by Indian workers. Leadership style plays an important role in motivating employees. This assertion is confirmed by results of the survey that asked people to rank factors taken into consideration when they decide whether to take a job or not. Respondents' choices included open communication, effects on personal/family life, nature of work, management quality Sonawane, 2008.

Job design factors such as Advancement opportunities, Flexible work schedules and opportunities to learn new skills were chosen in a survey by Sonawane, 2008. Kinnear and Sutherland (2000) focused on knowledge workers and factors that motivated that occupational group. They found that financial reward and recognition were the motivators ranked at first place. Knowledge workers were also strongly motivated by freedom to act independently, developmental opportunities and access to new technologies. A comparison of this study with other studies leads to the conclusion that specific occupational groups may be motivated by other factors than other groups. The difference between groups of respondents was also noticed by Kovach (1980, 1987, 1995). His studies seem to cover many important areas from previous research on motivational factors mentioned in this short overview. Moreover, he was followed by other researchers who replicated or modified his researches to find out more about the topic. All these features make Kovach's work interesting and therefore will be a subject of more detailed analysis. Kovach has been doing research and practically work on employees' motivation for over 20 years. He conducted

survey in 25 organisations and had responses from 1000 participants.

Respondents were asked to rank factors on the list that contained:

1. Interesting work,
2. Full appreciation of work done,
3. Feeling of being in on things,
4. Job security,
5. Good wages,
6. Promotion and growth in the organization,
7. Good working conditions,
8. Personal loyalty to employees
9. Tactful discipline,
10. Sympathetic help with personal problems.

Presented order of factors is the actual order that came out from Kovach's (1980, 1995) results. The three most important factors in respondents' opinion were interesting job, full appreciation of work done and feeling of being on things. Kovach compared those findings with findings from similar surveys from 1946 and 1980. The comparison showed the difference between answers from 1946 and his 1980 and 1995 surveys. Workers in the middle of the century on the first position placed full appreciation of work done. Interesting work was placed

on the sixth as against first by Kovach and sympathetic help with personal problems was on the third as against tenth by Kovach. The difference between employees' choices in the different points of time is interesting but it was not the main finding of Kovach's studies. The crucial part of Kovach's research was comparison of responses given by employees and supervisors who were asked to rank factors that motivate their subordinates. It became clear that supervisors have very inaccurate perceptions about their employees' needs. The most important factors for employees according to managers were:

1. Good wages,
2. Job security,
3. Promotion and growth in the organization.

Supervisors' answers were the same in different points of time. Kovach (1987, 1995) suggests possible reasons for such significant differences. Employees might give more socially desired answers, but on the other hand they may be simply better witnesses of own motivation than their supervisors. Supervisors may choose factors that they are not directly responsible for, such as wages. Finally, managers might be motivated by other factors than employees. Possibly, by taking themselves as a reference point they rank factors in a different way than people on lower positions.

Another step that Kovach (1995) took was of subgroups which resulted in finding that there was no statistically significant difference between males and females. However, it could be noticed in the ranking that women chose Full

appreciation of work done on the first position while men chose interesting work. The comparison between different age groups showed that employees who were under 30's were characterized by similar answers as supervisors. Differences were also observed between groups with lowest income and lowest position in the organization and groups with high income and position. Kovach's studies were replicated by other authors like Lindner (1998). He indicated interesting work and good wages as the most important motivators for university workers. Results from a survey conducted by Harpaz (1990) on a representative sample of employees in seven countries showed the same two factors as the most important motivators. Fischer and Yuan's (1998) research also compared employees from various countries. They indicated that Chinese employees ranked good wages, good working conditions and personal loyalty of boss as the most important factors.

Their findings showed that Chinese managers, opposite to US managers, were able to provide appropriate answers to the question what motivate their employees. To summarize, there are several factors such as good wages, interesting work, job security and promotion and growth that were ranked highly in a majority of studies. However, presented results suggest that employees' choices may differ according to respondents' culture, occupation, gender, position in the organization and salary. This means that organizations which want to focus on motivating particular group of employees need to be aware of the fact that some factors that motivate one group could not work well with other group.

The Relationship between Motivation and Employee Performance

According to Steers (1991), employee motivation is the process of enabling or authorizing an individual to think, behave, take action, control work and decision making in an autonomous way. A number of studies have examined the relationship between motivation and performance. Koestner (2008) wrote that if motivation is crucial for initiating behaviour, then performance exists at the opposite end of the spectrum and is defined as the outcome of a motivated act.

Scot (1964) says that people need motivation just as pieces of equipment need fuel and operators. This is highly demanded to ensure that they are always at their optimum working condition. In turn, this will absolutely lead to optimum productivity. People are one of the most important assets in business. They have unlimited potential to contribute in the achievement of objectives. Their aggregate productivity propels the operations of the company. It dictates the overall performance, which creates an attractive corporate culture.

According to Stajkovich and Luthans (2001), the value of human resource productivity is a managerial concern. Employee motivation is the classic response on this matter. This has been utilized for ages by many different entities, small- and large-scale businesses alike. It fosters mutual growth in an employer-employee relationship, on the premise that such relationship increases productivity. In their study Wood, Kakebeeke, Debowski, and Frese (2000) examined the role of active exploration in an adult training program. Their results indicated that participants who were trained to actively explore the environment during training had higher intrinsic motivation levels, as well as higher

performance due to effective transfer of skills. In agreement Cooper, Clasen, Silva-Jalonen, and Butler (1999) found that intrinsic motivation was associated with higher levels of creativity-based performance for an in-basket work task. The in-basket technique is an employment screening task in which an applicant is asked to complete a set of paperwork that would be representative of his/her actual work tasks. Graen (1999) also found that intrinsic motivation in employees was related to higher levels of creative performance, as rated by work supervisors. However, Fang (1997) reported that, although intrinsic motivation was related to innovative performance, it was not related to other work outcomes.

Hersey and Blanchard (1996) posited that motivation is concerned with human behaviour. It is the inner striving condition described as wishes, desires, drives or moves, human psychological characteristics, which include the factors that cause sustain human behaviour. Therefore motivation deals with what makes people active. It's the influence force that gives rise to behavior involving creating conditions in which employees want to work and are willing to accept responsibility.

According to Peters and Waterman (1982), motivation is the degree of effort an employee exerts to accomplish a task, it shows an excitement about work. From the managers' point of view, a person who is motivated has such characteristics as hardworking, sustaining a pace of hard work, and self-directed behaviour towards important organizational goals. Motivation is the key to performance improvement. There is a saying that saying "you can take a horse to the well but you cannot force it to drink", it will drink if only it is thirsty. The

horse analogy could be applied to motivation-employee will give optimum performance when motivated –whether to excel on the shop floor or in a well-furnished situation. They must be motivated, either by themselves or through external stimulus.

According to Heneman (1992), differences in institutional arrangements contribute to the feasibility and effectiveness of various monetary incentives, as do differences in employees' preferences for specific incentives. Therefore, companies are wise to study these issues before implementing changes to existing incentive plans. This is especially pertinent for service organizations, where financial reinforcements tend to produce a stronger effect on task performance than non-financial rewards used alone. Even stronger results are seen with a composite approach. For example, one meta-analysis of 72 field studies found that monetary incentives improved task performance by 23%, social recognition improved task performance by 17% and feedback elicited a 10% improvement¹⁸. Simultaneously combining all three types of reinforcements improved performance by 45% (Heneman 1992).

Milkovich (1991), stated that team-based or small-group incentives are reward systems whereby a portion of individual pay is contingent on measurable group performance. In general, its effectiveness is dependent on the characteristics of the reward system, the organization, the team and the individual team members. Here again, studying this issue via employee surveys or interviews can be useful. But generally speaking, research suggests that equally divided small-group incentives sustain high levels of productivity and satisfaction

for group members, and that small group incentives are at least as effective as individual incentives with groups of two to twelve people. Survey research studies of alternative pay systems such as profit-sharing or gain-sharing plans are even more consistent in their findings. These incentive programs include various pay-for-performance approaches that link financial rewards to employees for improvements in the performance of the work unit. Research reveals that these types of incentive systems are associated in practice – and in employer and employee minds – with both higher productivity and improvements in organizational performance.

The Effects of Motivation on Employees Performance

The authors of theories presented in previous sections of this dissertation tried to explain what motivate people to work. The answer to this question is important because it is obviously good to understand what influences people's behavior. However, it is not the only reason for a great interest in the topic of motivation. Managers might look for ways to motivate employees because they assume that motivation can lead to some positive outcomes for a company. The question is still asked if motivation really has influence on people's performance at work. Researches show that indeed there is a relation between motivation and performance (Deci & Gagne, 2005). However, motivation and performance cannot be treated as equivalent phenomena. The distinction between them was noted by Vroom (1964), who suggested that effective accomplishment of a task is not only related to motivation but also to other factors. The picture that emerged from his study suggested that even if people are motivated they cannot perform

well if they do not possess abilities to fulfill the task. In Vroom's point of view motivation and abilities are equally important. In his opinion more is to be gained by increasing ability from people who are highly motivated to accomplish the task than from those who are not motivated.

Vroom used indication from existing data and described the relationship between motivation and performance as an inverted U function. In other words, performance is not constantly increasing when level of motivation is rising. Vroom (1964) cited an early study of Yerkes and Dodson (1908) which showed that the highest level of motivation does not necessarily lead to the highest performance, especially when the task is difficult. In fact, extremely high levels of motivation lead to lower performance than moderate levels. This relation is explained in two ways. First, it is assumed that high levels of motivation narrow the cognitive field, thus leading to lower performance; and second, because highly motivated people are afraid of failure and that results in a lower performance. Other authors have mentioned several factors that might limit employees' performance such as restricted practices of their superiors, limits of company policies and physical work environment such as lightening, temperature, noise or availability of materials (Hall, 1994; Baron, 1983, as cited in Pinder, 1998).

Undoubtedly, limitations of people's performance are an important subject. However, it seems that there are more studies that rather search for the answer to the question what can positively influence performance of employees, which is the concern of this study. Companies often use incentives to motivate their employees. Meta-analysis on the effects of incentives on workplace

performance conducted by Condly, Clark and Stolovitch (2008), shows some interesting findings. The authors found that average effect of all incentive programmes in all work settings lead to 22% gain in performance. It means that incentives can significantly increase performance but, as authors caution, the incentives have to be carefully implemented. Results of this study indicated that some settings are better than others to increase performance. For example, if we take into consideration incentive programmes it comes up that they lead to better performance of employees if a mechanism of the programme includes competition between employees to earn a bonus. Another important feature of incentives programs is their length. Long programmes increase performance more significantly than short programs. One of the greatest differences between levels of performance in (Condly et al 2008) analysis was between incentives offered to teams and individuals. Team directed incentives have much stronger effect on performance than individual directed incentives. The last important finding of the study was a relation between types of incentive and performance. Studies indicated that monetary incentives resulted in a higher performance than nonmonetary incentives (Condly, et al 2008).

Frey and Osterloch (2002) stressed an important fact that can explain relation between performance and motivation. They suggested that different people have different goals in their lives. Therefore, particular motivators influence performance of individuals differently. There are employees who are motivated extrinsically. Frey et al (2002) divided them into two types: income maximisers and status seekers. Income maximisers are only interested in earning

money for consumption goods and they find work an unpleasant duty. Status seekers search for social comparisons. Work for them is a tool to gain 'positional goods' that shows their high status.

Employees can also be motivated intrinsically (Frey et al 2002). There are three groups of employees characterised by specific features. Loyalists identify personally with the goals of company they work for. Formalists are focused on procedures and rules existing in a company, while Autonomists pursue their own ideology. Defining those types of employees helps to predict which kind of motivators are effective in increasing individual's performance. As an example, performance-related pay increases performance of income maximisers, especially when it is paid out as money rather than fringe benefits. The condition that has to be met is that employees see clear relationship between compensation and performance. Status seekers can also be motivated by wages as long as they let them distinguish themselves from other people. In their however, case compensation does not have to necessarily be in a form of money. They would rather prefer other benefits that directly show their status such as promotion. Additionally, non-financial rewards also need to be matched with employee types identified. For example praise would be desired by status seekers but would be not motivating at all for income maximisers who cannot buy anything for it. Autonomists may feel that management is trying to absorb them into the organisation and formalists may not appreciate praise as they 'just do their job'.

Another way to increase performance is implementing commands and sanctions. This way would be effective for formalists who understand them as a

guide. On the other hand, it can dramatically reduce performance of other types of employees. Income maximisers, status seekers, loyalists and autonomists see commands as restrictions, what result in crowding-out their intrinsic motivation to work. Participation can be helpful tool that positively affect performance of autonomist but it would be treated as waste of time by Income maximisers and Status Seekers as they are not interested in the work itself. Finally, autonomy understood as possibility to make own decision is crucial for Loyalist and would definitely increase their performance. For other types of employees autonomy would not be an effective way of increasing their efforts.

The characteristics of employee types presented here suggest that people have different expectations and desires at work. Some incentives can be really rewarding for them but others are rather seen as factors that negatively influence their performance (Frey & Osterloch, 2002). The question still remains what are the best ways to motivate employees. Answers to this question are broadly discussed by many researchers and professionals and seem to produce many opposite opinions.

Chapter Summary

This chapter has generally explored motivation and its practices, employee performance and the relationship between motivation and employee performance. From the above literature, one can conclude that motivation can really have an impact on the level of employee performance as confirmed by Wood (2000) and Koestner (2008) and the clear link between motivation and employee performance help us to investigate the validity of various aspects in relation to Kakum Rural

Bank Ltd. Considering the various sources of popular and academic literature presented in this chapter, no study has been conducted in the area of motivational factors and their influence on employee performance in Kakum Rural Bank in the central region of Ghana.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter describes the research design, population sample and sampling technique/method. It also examines the instruments used to collect the data, data collection procedure and procedure for data analysis.

Kakum Rural Bank Limited

The Kakum Rural Bank Limited was incorporated in 1980 and authorized to carry on the business of banking under the Banking Act 1970 (Act 339) on 9th December 1980. It is a limited liability company owned by the local communities in its catchments area. It is a private unit bank established to mobilize resources in its operational area and to extend credit locally. These activities are conducted within the framework, limitations and the manner provided for under the Banking Act. It is subject to the supervisory powers of both the Bank of Ghana Act, 1963 (Act 182) and the Banking Act and lately the ARB Apex Bank Ltd.

It was formerly known as Edinaman Rural Bank Limited but as the bank expanded, it became necessary to change the name of the bank to reflect its new catchment characteristics. So the name of the Kakum River was adopted by the shareholders for the bank since it flows throughout the catchment or operational area of the bank. The head office of the bank is at Elmina the capital of Komenda Edina Eguafu Abrem municipality. The bank currently has nine branches in the Central Region (www.kakumbank.com).

Research Design

A researcher's overall plan for obtaining answers to the research questions or for testing the research hypotheses is referred to as the research design. It is a plan or blue print which specifies how data relating to a given problem should be collected and analyzed. It provides the procedural outlines for the conduct of any investigation (Cooper & Schindler, 2001).

In this study, the researcher used the descriptive and analytical survey design. A survey is an attempt to collect data from members of a population with respect to one or more variables (Gay & Airasian, 2003). Babbie (1990) recommended the use of descriptive survey for the purpose of generalising from a sample to a population so that inferences can be made about the characteristics, attributes or behaviour of the population. Again, Saunders, Lewis and Thornhill (2007) perceived that survey strategy is authoritative by people in general and is both comparatively easy to explain and to understand. Data obtained in the survey are standardised, allowing easy comparison. In this study, the results obtained from the sample can be generalised to the entire population.

Population and Sampling Method

The target population of the study comprised one hundred and thirty six (136) employees in 9 branches of the bank. Seventy-six are male employees while female employees are 60. Names of all the branches with their respective population are presented in table 1.

Table 1: name of all the branches

Name of branch	Number of employees
Cape Coast	14
Abakrampa	14
Abura	11
Elmina(sika fie)	17
Kotokuraba	11
Mankessim	13
Mpoben	16
Moree	15
Elmina market	15
Total	136

It was intended to use the entire population (136) of the bank for the study. However as a result of the limited time and financial constraints, samples of the population were used. A total number of ninety employees were chosen from six branches. Simple random sampling and purposive sampling procedures were used to select the population for the study. The purposive sampling procedure was used to select the branches of the bank as well as management staff. This was done because by the virtue of their positions management staff are in charge of human resource of the bank and were thus in better positions to provide relevant information for the study. The researcher chose the six branches out of nine branches due to financial constraint. The simple random sampling procedure was

used for the selection of middle and junior level staff in order to ensure that the selection of the elements was unbiased, that is each staff had equal chance of being included.

A list of the employees was used as the sampling frame and lottery method was employed for the selection of the respondents for the study. Numbers 1 to 90 were written on equal sizes of pieces of paper corresponding to each staff's employment number and folded up. They were then placed in a box and shaken several times to ensure that they were properly mixed up. Eighty units were thereafter randomly picked one after the other and recorded on sheet of paper. For each picking the box was successfully shaken to ensure that each unit had equal chance of being picked. The numbers recorded were then compared with the staff list and the corresponding units selected for the study.

Research Instrument

The researcher relied totally on primary data source. The primary source involves self-administered questionnaires (Appendix 1). Before the questionnaire was designed, the researcher interviewed the human resource manager of the bank to ascertain the various motivational factors in place at the bank. The interaction brought to light that there are six factors of motivation in the bank. The outcome of the interview was used to design the questionnaire. The questionnaire was used because the researcher considered it to be more convenient as respondents could answer at their convenience. The questionnaire was made up of fourteen (14) items grouped into three sections-A, B, and C. Section A was made up of five (5) items that elicited information on the demographic details of the population.

Section B was made up of six (6) items that elicited information on motivational factors that are in place at the Kakum Rural Bank and which of them is most important to the employees. Again it elicited information on how often employees benefit from those factors as well as the incorporation of employees view into the design of the motivational factors. Finally, section C elicited information on the effects of the motivational factors on employee performance.

Validation and Pre-testing of Instruments

The questionnaire was adapted from Owusu (2012). The modified questionnaire was given to supervisors, some lecturers and colleagues for their comments and suggestions after the design. This was meant to refine the instrument and enhance its validity. After those comments and criticisms, some refinements were made by removing some entire statements, maintaining others and adding some other statements. According to Creswell (1994), when one modifies an instrument or combines instruments in a study, the original validity and reliability may be distorted and it becomes important to re-establish validity and reliability. To enhance validity and reliability however, every attempt was made to ensure that the modification of the instrument did not result in a total departure from the original one.

The instrument was pre-tested in Assinman Rural Bank. The Assinman Rural Bank was selected for the pilot-testing because it is a major competitor to Kakum Rural Bank. It was thought that they two banks have similar characteristics in terms of size, culture and operational policies. The Bank was first visited to obtain the consent of the branch management and also to establish

rapport with the staff. They were generally very cooperative. At the next visit, the questionnaire was administered to the staff and they were given a week to complete them. Eventually, it took two weeks for all the questionnaires to be retrieved because not many completed them at the end of the one week, citing heavy work schedules.

Procedure for Data Collection

Ninety (90) questionnaires were administered. As stated earlier, the questionnaires were preceded by an introductory letter soliciting information for purely academic work and at the same time assuring participants of their anonymity in answering the questions.

The researcher collected a letter of introduction from his department to enable him gather data from respondents. Permission was obtained from the authorities of the bank. The respondents were assured of confidentiality and allowed to voluntarily respond to the questionnaires. The data collected were not divulged to any persons. Based on the time it took to retrieve the instrument from the pilot-test, the respondents were equally given two weeks to complete the questionnaire. The author handed the questionnaires to the administrators at the various branches who then gave them out to the members of staff. At each branch, the researcher visited at two-weekly intervals to retrieve the questionnaires. Out of the 90 questionnaires that were given, 80 were retrieved resulting in a retrieval rate of 84.6%.

A structured interview guide was also used to collect data from the supervising manager, head of human resource and key personnel of the bank in the following areas

- a. motivational packages of the bank.
- b. effects of the motivational packages on the their employees.

The management personnel were interviewed because their number was small. As a result, the researcher was able to collect data from them personally within the limited time at his disposal. In addition the interview helped to save time on the part of the categories of personnel who always have tight work schedules.

Data Analysis

The Statistical Package for Service Solutions was used for data analysis. The data was first edited, coded and entered. The main descriptive techniques that were employed in presenting the data were frequencies and percentages. In all cases, frequency counts and their corresponding percentages were reported for the responses obtained from the respondents.

Relevant Ethical Issues

Research ethics refers to questions about how we formulate and clarify our research topic, design our research and gain access, collect data, process and store our data, analyse data and write up our research finding in a moral and responsible way. This means that one has to ensure that the way one designs his research is both methodologically sound and morally defensible to all those who are involved (Zikmund, 2000).

Chapter Summary

This chapter looked at the research design, population sample and sampling technique/method. It also examined the instruments used to collect the data, data collection procedure and procedure for data analysis as well as the relevant ethical issues which were followed in conducting the research.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter discusses the results of the study in relation to the objectives. The various interpretations and implications of the findings are discussed. The findings are also compared with those made by earlier researchers.

Profile of Respondents

Perry (2000) contends that, personal attributes like gender, education, family life status and age have significant effects on motivation at the workplace. In light of this assertion, the socio-demographic description of respondents, presented for analysis respective included:

- a. Branches where respondents serve,
- b. Designation of respondents,
- c. Gender of respondents,
- d. Number of years respondents have been working with the Bank
- e. Core duties of respondents.

Table 2 presents a summary of the branches of the Bank at which the respondents currently serve.

Table 2: Name of selected branches

Branch name	Frequency	Percentage
Cape Coast	14	17.5
Abakrampa	14	17.5
Abura	11	13.8
Elmina	17	21.2
Kotokuraba	11	13.8
Mankessim	13	16.2
Total	80	100

Table 2 indicates that the respondents are from six branches out of the total number of nine branches that are currently operating in the Central Region. The highest number of the respondents 17 (21.2%) serve at Elmina, the headquarters of the bank, while 11 (13.8%) respondents each serve at the Abura and Kotokuraba branches of the bank.

Table 3 presents a summary of the designations of respondents.

Table 3: Designations of Respondents.

Designation	Frequency	Percentage
Manager	5	6.2
Clerical staff	16	20
Cashier	21	26.2
Customer relations officer	15	18.8
Accountant	7	8.8
Auditor	5	6.2
Loans officer	11	13.8
Total	80	100

Table 3 indicates that majority of the respondents serve in the capacities of cashiers 21(26.2%), clerical staff 16(20%), customer relations officers 15(18.8%) and loans officers 11(13.8%).

As noted by Enew and Nigel (2007), banks grew in response to the need for services such as loans, safe deposit and financing of consignments of exported and imported goods. Consequently, services rendered by banks can be grouped into two broad headings: (i) lending and credit, and (ii) saving and investing. These functions are depicted in the designations given to the respondents in Table 3. Furthermore, Badu (1994) stated that the provision of credit is one of the major roles performed by banks. It is therefore not surprising to find that out of 80

employees surveyed, there are at least 11 loan officers to execute the lending activities of the bank.

Again, in our part of the world where technology infrastructure can be described as being at the entry level (just beginning), it is not out of place to find many workers within banking establishments working as cashiers and clerical staff as depicted in Table 3. Perhaps, as the rural banking sub-sector expands and adopts more technology, these positions may give way to others such as information technology specialists.

It must also be noted that by convention, banks are both high-tech and high-touch services. In other words, both people and machines are relied upon to deliver services to their clients. The service nature of banking operations therefore requires adequate number of personnel serving in the face-to-face interactions between the bank and its constituents. This is what has propelled concepts such as customer service to the fore of banking operations all over the country.

Table 4 presents a summary of the gender of respondents.

Table 4: Gender of respondents

	Frequency	Percentage
Male	42	52.5
Female	38	47.5
Total	80	100

Table 4 presents the sample size for male and female respondents with 42 representing 52.5% and 38 representing 47.5% respectively. Contrary to the general position that banks now recruit more women than men, with the idea that women attract more customers than men, the gender representation in this study shows that men inch a little above their female counterparts in terms of number. One must take note that the sample includes other designations such as managers and accountants, designations that are still dominated by males. Perhaps if the sample had been limited to purely the clerical staff and cashiers, the reverse might have been the case.

Table 5 presents a summary of the number of years that the respondents have been working for the bank.

Table 5: Years of service to the bank

	Frequency	Percentage
1-5years	57	71.2
6-10years	21	26.2
11-15years	2	2.5
Total	80	100

Table 5 shows that majority of the respondents, 57 representing 71.2% have been working for the bank for up to five years while only 2 representing 2.5% have been with the bank for more than ten years. However, up to five years is reasonably long enough. Therefore, the experiences of the 1-5 year group can be relied upon for making judgments about the motivational packages.

One issue that arises pertaining to the number of years that the respondents have been working with the bank is that of loyal. One may suppose that for a bank that has been operating for more than 30 years, a considerable number of their staff should have been serving for longer. This certainly raises issues about employee retention and turnover.

Table 6 presents a summary of the core duties undertaken by the respondents.

Table 6: Core duties

Duties	Frequency	Percentage
Customer service	36	45
Loan processing	11	13.8
Administrative duties	15	18.8
Managerial and operational duties	6	7.5
Preparing company accounts	7	8.8
Auditing financial records	5	6.2
Total	80	100

From Table 6, it can be observed that 36 respondents representing 45% perform customer service duties, while 11 representing 13.8% and 15 representing 18.8% respectively fall under loan processing and administrative duties. Interestingly, a comparison with the designations of respondents indicates that designations that involve face-to-face interactions with customers form the majority. In light of this observation, the term customer service may be used in the loose sense to refer to cashiers, clerks, and other banking hall operatives.

As Atta-Bronya (1990) stated, banks perform three major functions: the acceptance of deposits, the transmission of money and the lending of money. With cashiers forming the core of customer service representatives in the banks, and loan officers constantly working to gain sales with borrowers of money, it might still be relevant to state that banks are still in the business of accepting deposits, and transmitting and lending money, howbeit, different descriptions may be used for these activities.

Motivational Packages Available to Employees at Kakum Rural Bank Limited

Research question 1 addresses the issue of the motivational policies, methods and factors that are available in Kakum Rural bank? Table 7 presents a summary of the results. Motivation can generally be looked at as being extrinsic or intrinsic. In Kakum Rural Bank however, the motivational packages of its staff would be considered in both categories.

Table 7: Employees' self-report of available motivational packages for employees

Package	<u>Frequency</u>		<u>Percentage</u>	
	Yes	No	Yes	No
Enhanced salaries	80	0	100	0
Car loan	76	4	95	5
Housing loan	74	6	92.5	7.5
Fringe benefits	80	0	100	0
Promotion	78	2	97.5	2.5
Recognition	78	2	97.5	2.5

Table 7 indicates that there are six main motivational packages available to employees of the bank. In all the cases, more than 92% of the respondents attested to the existence of the packages. Especially for enhanced salaries and fringe benefits that come in monetary forms, all 80 (100%) respondents affirmed their existence in the bank.

The observation however is that all six packages relate to the domain of extrinsic motivation. In other words, these motivational packages are stack in favour of economic benefits that seek to compensate the employees for their efforts. This situation can largely be described as an imbalanced condition since the place of intrinsic motivation such as, job satisfaction, responsibility, freedom to act, scope to use and develop skills and abilities and challenging work and opportunities for growth has been emphasized by Owusu (2012). In other words, a good motivational package must blend both extrinsic and intrinsic components.

Taking this line of argument even further, Frey and Osterloch (2002) suggested that different people have different goals in their lives. Therefore, different individuals favour particular motivators. There are employees who are motivated extrinsically but there are many others who are also motivated intrinsically or a combination of these. The consequence of the extrinsic is that in the short run, it entices the employees to deliver and to augment in achieving the long term goal of the bank. However, in the long run, using only extrinsic motivation in the bank will be detrimental to the banks human resource management and development, and eventually, the banks survival. The picture is not entirely bleak, since Condly, Clark, and Stolovitch (2008) found that

monetary incentives resulted in a higher performance than nonmonetary incentives. It is therefore possible for the bank to attain improved employee output if they enhance these incentives. At least, it will satisfy the needs and aspirations of income maximisers.

The Importance of Motivational Packages to Employees

Table 8 is a summary of responses given for the importance that the employees attach to various components of the motivational package. The rationale behind this section of the instrument is to identify the value that the employees attach to the components of the motivational package.

Table 8: Importance of motivational package to respondents

Package	Frequency	Percentage
Enhanced salaries	50	62.5
Housing loan	4	5.0
Fringe benefits	9	11.2
Promotion	11	13.8
Recognition	6	7.5
Total	80	100

Table 8 shows that majority 50 respondents representing 62.5% rank enhanced salaries as the most important component of the motivational package, followed by fringe benefits with 11 respondents representing 13.5%.

It must be noted that these two components form the monetary aspect of the motivational packages of the bank. Therefore, the fact that majority of the respondents rated enhanced salaries as the most important is an indication that the

workforce of Kakum Rural Bank is dominated by income maximisers. This finding supports the earlier finding by Kinnear and Sutherland (2000) who found that workers in high-tech-service environments were strongly motivated by monetary rewards. Similarly, Lindner (1998) and Fischer and Yuan (1998) found that good wages were among the most important motivators for university workers and Chinese workers respectively.

This finding is however, contrary to the findings made by Kovach (1995), who found that the three most important factors in respondents' opinion were interesting job, full appreciation of work done and Feeling of being on things. Though these are not included in the motivational components at Kakum, recognition bears similar marks with them. Conversely, only 6% of the respondents in this case rated recognition as the most important factor. Owusu (2012) cautions employers to beware of employees who want enhanced salary, as in this case. His argument is that such workers have a very high tendency to move to new banks where the enhanced salary is much higher than their current salaries.

As Heneman (1992) noted, differences in institutional arrangements contribute to the feasibility and effectiveness of various motivational factors, as do differences in employees' preferences for specific motivators. Therefore, companies are wise to study these issues before implementing changes to existing incentive plans. This is especially pertinent for service organizations like Kakum Rural Bank Limited, where financial reinforcements tend to produce a stronger effect on task performance than non-financial rewards used alone.

Time Scale within which Respondents Benefit from the Various Motivational Packages

Table 9 presents a summary of how long it takes for employees to benefit from the various motivational packages. The data indicates that most of the motivational packages are assessed beyond a period of one year. It is only in two cases; fringe benefits (82.5%) and recognition 43 (53.8%) that respondents affirmed to have benefited from on yearly basis.

Table 9: Time scale within which respondents benefit from packages

Package	Frequency				Percentage			
	M'tly	Q'ly	Y'ly	B.1yr	M'tly	Q'ly	Y'ly	B.1yr
Enhanced salaries	-	-	8	72	-	-	10	90
Car loan	-	-	5	75	-	-	6.2	93.8
Housing loan	-	-	-	80	-	-	-	100
Fringe benefits	-	14	66	-	-	17.5	82.5	-
Promotion	-	-	11	69	-	-	13.8	86.2
Recognition	6	5	43	26	7.5	6.2	53.8	32.5

Note: M'tly=montly, Q'ly=quarterly, Y'ly=yearly, B.1yr= beyond 1yr.

Thus the data reveals that a car loan can only be received when one has offered five years of continuous service to the bank. The housing loan, which involves a larger sum, is also received by people who have rendered 10 or more years of continuous service to the bank.

Those who have worked for 5 years and 10 years mostly qualify for car loan and housing loan respectively. My finding on the most important motivational factor to employees revealed that not even a single respondent

ranked car loan as the most important factor. Therefore, though some of them have received this package, it may really not mean much to them. The housing loan on the other hand was ranked as most important by quite a considerable number of employees. However, judging from the fact that not many of the employees have served the required term of service (10 years or above), only few of them currently qualify for this long term package.

The implication is that those who benefit from long term packages will intend normally give of their best in the discharge of their duties in the bank. Long serving employees exhibit a higher degree of self-motivation. Notwithstanding, the required 10 years of continuous service could de-motivate employees who do not intend to work in the bank for that long and can therefore affect their performance negatively. The truth however, is that because car and housing loans involve large sums of money, it may not make business sense to give them within shorter time frames, except in very few cases, where they could be used to drive short-term performance. As Stolovitch et al (2008) noted, long-term incentive programs increase performance more significantly than short programs.

Incorporation of Employees' Views on Motivational Packages

The point has earlier been made that different people have different goals in their life. Therefore, particular motivators influence performance of individuals differently. It is therefore necessary to incorporate the views of beneficiaries into the design of motivational packages. Table 10 presents a summary of employees'

perception of how their views are incorporated into the design of motivational packages.

Table 10: Incorporation of employees' views on motivational packages

	Frequency	Percentage
Yes	78	97.5
No	2	2.5
Total	80	100

Table 10 indicates that almost all (97.5%) respondents believe that their views are incorporated into the design of the package. This suggests that to some extent, the components in the motivational package represent some of the aspirations of the respondents. It is a good practice for top management to find out what the expectations of their employees are and see how best they can meet them. As Vroom (1964) noted, people will be motivated to do things to attain a goal if they believe in the worth of that goal and if they can perceive that what they do will help them in achieving it. It is therefore a good practice for top management at the bank to incorporate employees' views into the design of motivational packages, or at least make the employees believe that their views are valuable. Perhaps one may even argue that incorporating employees' view in itself constitutes some form of motivation for employees.

Adequacy of Motivational Packages at Kakum Rural Bank Limited

Table 11 presents a summary of the responses as to whether the respondents consider the motivational packages as adequate.

Table 11: Adequacy of motivational packages

	Frequency	Percentage
Yes	55	68.8
No	25	31.2
Total	80	100

From Table 11, fifty-five respondents representing 68.8% were of the view that the packages received are adequate to motivate them to give of their best to the bank. This notwithstanding, 25 respondents representing 31.2% percent indicated that the packages are not enough. This number though, is less than half of those who consider the package as adequate, is still considerable and thus requires some attention from the management. Noting that the package currently revolves around extrinsic components, perhaps, those who claim that the package is inadequate are those who might have preferred other forms of motivation i.e. intrinsic motivation.

Managers must therefore aim at reaching a state in which every member of staff at least, finds some components within the package that address a certain need or aspiration. Once a wide variety of packages are put in place and are reviewed from time to time, employees are likely to be happy.

The extent to which employee motivational factors affect the performance of the employees

Research question 3 addresses the issue of the extent to which motivational strategies affect the performance of Kakum Rural Bank Staff. Table 12 presents a summary of employees' response on how the motivational packages of the bank affect their work attitude, behaviour and performance.

Table 12: Effects of motivational packages on employee performance

	<u>Frequency</u>		<u>Percentage</u>	
	Yes	No	Yes	No
Reporting early to work	69	11	86.2	13.8
Staying on the job	69	11	86.2	13.8
Improved customer service	70	10	87.5	12.5
Respect among colleagues	65	15	81.2	18.8
Inner satisfaction	62	18	77.5	22.5
Loyalty to the bank	38	42	47.5	52.5

Table 12 shows that 70 respondents representing 87.5% reported that the motivational factors lead to improved customer service. Similarly, 69 respondents representing 86.2% reported indicated that they are motivated to report early to work and stay on the job because of the motivational packages. Employee loyalty appears to be a major issue that top management of the bank still has to contend with irrespective of the gains they appear to be making in the areas of employee motivation. It is instructive for management to note that 42 respondents

representing 52.5% stated that the motivational packages are not enough to create enough sense of loyalty for the bank. Perhaps the low level of loyalty is responsible for the earlier finding in Table 6, which indicated that only two of the employees have been serving the bank for more than 10 years.

According to Stajkovich and Luthans (2001), the value of human resource productivity is a managerial concern, and employee motivation is the classic response on this matter. Employee motivation has therefore been utilized for ages by many different entities, small- and large-scale businesses alike. It fosters mutual growth in an employer-employee relationship. For example, Heneman (1992) found that monetary incentives improved task performance by 23%. Therefore, the presence of enhanced salaries and other financial incentives in the motivational package of the bank establishes a positive relationship between the motivational package and the performance of employees.

Employees' assessment of the overall influence of the motivational factors on their performance

On the effects of the motivational package of the bank on the performance of employees, respondents presented their views on the overall influence of the package. The views ranged from excellent (being the highest), to totally negative (being the lowest). The results are presented in Table 13.

Table 13: Employees' overall assessment of the influence of motivational packages

Remark	Frequency	Percentage
Excellent	8	10
Very high	7	8.8
High	56	70.0
Cannot tell	9	11.2
Total	80	100

Table 13 shows that majority 56; representing 70% believe that the motivational package of the bank has a high influence on their performance, and that of the bank. Only nine respondents representing 11.2% indicated that they could not tell the overall influence of the motivational factors on their performance. This is an indication that employees' performance could largely be attributed to the motivational packages of the bank.

Scot (1967) says that people need motivation just as pieces of equipment need fuel and operators. This was found earlier by Wood (2000) and Koestner (1999). Motivation is highly demanded to ensure that employees are always at their optimum working condition. From Table 13, one can say that employee motivation in the bank is positively impacting the level of employee performance.

The extent to which the current levels of output could be achieved without the motivational packages

Finally, there was the need to find out a conclusive assessment of employees on whether they could sustain the level of performance if the current package is withdrawn. Their responses are presented in Table 14.

Table 14: Achievement of current level of output without motivational packages

Remark	Frequency	Percentage
Yes	8	10
No	72	90
Total	80	100

Table 14 indicates that 72 respondents representing 90% believe that they cannot maintain their current levels of output without the motivational packages. Interestingly, eight of them representing 10% believe that even if the current packages are withdrawn, they will still be able to perform at the current level. Perhaps this class of workers has found other ways to motivate themselves rather than depending on the more obvious motivational packages available to them. In other words, workers who believe that they can perform at their current levels even without the motivational packages have other reasons for doing their jobs.

Chapter Summary

This chapter began with a presentation of the profile of respondents: their branches, designations, gender, years of service and core duties. It then went into the discussion of the various dimensions of motivational packages. The analyses of sub-headings such as the available motivational packages and the importance that respondents attach to the various factors have been addressed. Finally, the effects of the motivational packages on employees' performance have been discussed.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter covers the summary of the key findings and conclusions based on the findings. The chapter also covers recommendations made by the author.

Summary of Key Findings

Assessing the Motivational Packages Available at Kakum Rural Bank Limited:

Currently, all the motivational packages available to employees are based on extrinsic motivation. The components identified include enhanced salary, car loan, housing loan, fringe benefits (allowances), promotion, and recognition. Elements pertaining to the domain of intrinsic motivation are not yet obvious in the motivational policies and strategies of the bank. Except for fringe benefits and recognition, which are given on mostly yearly basis, all other components can be accessed far beyond one year. For instance, employees qualify for car loans after five years of continuous service, while housing loan takes 10 years and above to be accessed. As a result, only about 29% of the employees qualify for car and housing loan. It is however clear that majority of the respondents are familiar with their entitlements and when they are due. Also, with the exception of two, all respondents indicated their views are incorporated into the design of the motivational packages.

Importance of the Components of the Motivational Package to Employees

Majority of the respondents (62.5%) indicated that the most important component of the package to them is enhanced salaries. This is an indication that majority of the employees find monetary gains more rewarding than non-monetary ones. In other words, motivational packages that have monetary components are more likely to motivate the employees than non-monetary packages.

The Effects of the Motivational Package on the Performance of Employees

Majority of the respondents indicated that the motivational packages are adequate to motivate them to give of their best to the bank. This does not suggest in any way however, that every employee in the bank is satisfied with the package currently offered to them. The lesson is for top management to build on the goodwill enjoyed by the organisation as a result of the motivational packages so that they serve as a drive towards greater performance among the employees. Also, majority of respondents reported that the motivational packages lead to positive attitude, positive work behaviour and improved performance. Interestingly, though the respondents indicated that they are motivated to work, they also pointed that they are not motivated to stay with the Bank. This is where management's attention must be drawn to the issue of employees' loyalty to the bank. Furthermore, majority of the employees reported that the motivational package of the bank has a high (positive) influence on their performance, and that of the bank. Not even a single respondent attributed any negative influence to the

motivational packages. At worst, they were only indecisive. In the final analysis, majority of the respondents were categorical in stating that the motivational packages are largely responsible for their high performance and for that matter.

Conclusions

The employee motivational factors in use at Kakum Rural Bank Limited are effective to a very large extent as a tool for enhancing employees' performance. However, the set of motivational factors will highly motivate only the income maximisers and status seekers but not those employees who are intrinsically motivated. In other words, there is the need for intrinsic components to be included in the package for example, appreciation, interesting work and job security. Generally, the employees are dominated by income maximizing motives. This is an indication that most of them are not satisfied with their current level of remuneration. As Maslow (1954) noted, once a person satisfies a lower level need, that need is no more a motivational factor to him or her. The fact that these employees still hold monetary gains in high regard means that there is more to be done by top management if they are to retain the employees.

Again, many of the employees of the bank do not have any appreciable level of loyalty toward the bank. This is variously shown in the result which indicated that majority of the respondents have not served longer than five years. It is concluded that employees do not stay with the Bank long enough. This conclusion is also justified by the indication given by almost half of the respondents that though they are happy to enjoy the package, they do not feel any

level of loyalty towards the bank. Top management should pay attention to this before employees begin to seek jobs in other banks and institutions.

Lastly, it is found that the current performance of the employees of the bank is driven by extrinsic motivation. Therefore, any negative adjustment in the existing factors or total withdrawal of any component could lead to performance problems.

Recommendations

1. There is an urgent need for top management of the bank to search for ways by which they could incorporate intrinsic motivational components into the existing packages. First, they could solicit employees' views on the new components that could be included in the package. Since the employees largely hold the view that their views are incorporated into the package, this should not create any problem for both management and employees.
2. Management must take another look at the remuneration structure of the Bank. It should be noted that salary levels are rising generally as a result of the introduction of the Single Spine Salary Structure in the public sector. Organizations that have always paid way above what the government offers would have some respite for now. However, those which pay just a little above public sector salaries must rethink. In light of these, management must adjust salaries of employees so that they can move their focus from their economic motives. This will give them the peace of mind they need and also lead to greater employee retention.

3. Again, rather than basing qualification for various packages on the years of service, management could focus on tying them up with individual and group performance. This could greatly enhance the motivational element of the package rather than just waiting for employees to serve for a number of years before qualifying for these benefits. The fact that employees are required to serve longer before they benefit from car and housing loans does not necessarily mean that they will be motivated to stay that long just to receive these benefits.
4. Finally, it is contended that loyalists identify personally with the goals of the company they work for. Top management must therefore, constantly work to develop loyalty among the employees.

Suggestions for Future Research

Other researchers could take a look at the intrinsic factors and their likely impact on employees' performance in the Bank.

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Appendix 1: Introductory Letter

UNIVERSITY OF CAPECOAST
CAPE COAST, GHANA
SCHOOL OF BUSINESS
DEPARTMENT OF MANAGEMENT STUDIES

Dear Sir/Madam,

INTRODUCTORY LETTER

The bearer of this letter, Mr Francis Mensah, is an MBA (Human Resource Management) student of the School of Business. He is writing his dissertation on topic “Effects of motivational factors on employee performance: A study of Kakum Rural Bank”.

We would be grateful if you could assist him with the filling of the questionnaires and any other information that he may need to complete his work.

We appreciate your co-operation.

Yours faithfully,

Signed
F.O Boachie-Mensah
HEAD

Appendix 2: Questionnaires

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT STUDIES

QUESTIONNAIRES

This study is being conducted as part of the requirements for the award of a Master of Business Administration(Human Resource Management) Degree by the School of Business, University of Cape Coast. The research topic is “Effects of motivational factors on employee performance: a study of Kakum Rural Bank” The information you provide will therefore be used for academic purposes only and will be treated with confidentiality. Please answer the questions which are stated below

SECTION A: Socio- Demographic Characteristics

1. Name of Branch

2. What is your designation at Kakum Rural bank Limited?

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3. Gender Male [] Female []

4. How many years have you been working at Kakum Rural Bank

Limited?.....

5. Please state your core duties at Kakum Rural Bank

Limited.....

SECTION B: Motivational factors in Kakum Rural Bank Limited

6. Please indicate which of the following is a motivational package for employees of the Bank? (*Multiple responses*) Yes No.

i. Enhance Salaries to employees

ii. Employee car loan scheme

iii. Employee housing loan scheme

iv. Fringe benefits (i.e. allowances)

v. Promotions

vi. Recognition

vii. Others (specify).....

7. By ranking them in order of priority which package is most important to you? (1 being the highest and 6 being the lowest)

i. Enhanced salaries to employees

ii. Employee car loan scheme

iii. Employee housing loan scheme

iv. Fringe benefits (i.e. allowances)

v. Promotions

vi. Recognition

8. How often do you benefit from these factors?

	Monthly	Yearly	Other
i. Enhance Salaries to employees	[]	[]
ii. Employee car loan scheme	[]	[]
iii. Employee housing loan scheme	[]	[]
iv. Fringe benefits (i.e. allowances)	[]	[]
v. Promotions	[]	[]
vi. Recognition	[]	[]

9. Are the views of employees incorporated in the design of these factors? (i)

Yes [] (ii) No []

10. Do you think these factors are adequate enough to motivate employees of Kakum Rural Bank to give out their best effort at their workplaces? (i)

Yes [] (ii) No []

11. If no please suggest alternatives adequacy levels of packages for management of the bank.

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SECTION C: Effect of Motivational factors on Employee Performance

12. In what ways do these factors influence you?

- | | Yes | No |
|--------------------------------|-----|-----|
| i. Early reporting to work | [] | [] |
| ii. Staying on the job | [] | [] |
| iii. Delight to customers | [] | [] |
| iv. Respect amongst colleagues | [] | [] |
| v. Inner satisfaction | [] | [] |
| vi. Loyalty to the bank | [] | [] |

13. What is the effect of these packages on your work output?

Excellent [] Very High [] High [] Cannot tell []

14. Would you be able to achieve the same level of output if these packages were not introduced or were withdrawn by management? (i) Yes [] (ii) No []

THANK YOU