



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

**EFFECT OF FINANCIAL AND NON-FINANCIAL
REWARDS ON EMPLOYEE MOTIVATION:
THE CASE OF DASHEN BANK S.C.**

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**OCT, 2015
ADDIS ABABA, ETHIOPIA.**

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**A THESIS SUBMITTED TO ST. MARRY'S UNIVERSITY
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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

The researcher hereby declare that this thesis has been prepared by me in partial fulfillment of the requirements for the award of a Master's Degree in Business Administration. The researcher wish to state that this work has never been presented in any University or Institution of learning apart from references made to the works of other people for which the researcher have dully acknowledged. Therefore, it is an original work done by me under a close supervision of my advisor.

Name

St. Mary's University, Addis Ababa

Signature

September, 2015

STATEMENT OF CERTIFICATION

This is to certify that Selamawit Mulat has carried out this research work on the topic titled as: “Effect of Financial and Non-Financial Rewards on Employee Motivation: The Case of Dashen Bank S.C”. The work is suitable for submission of the award of Master’s Degree in Business Administration.

Advisor: _____

Signature: _____

Date: _____

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List of Abbreviations.

ANOVA	Analysis of Variance
ATM	Automatic Teller Machine
CLRM	Classical Linear Regression Model
CORE	Centralized On-line Real Time Environment
NBE	National Bank of Ethiopia
NPP	Normal Probability Plot
SPSS	Statistical Package for Social Science
VIF	Variable Inflation Factor

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Abstract.

The aim of this study was to examine the effect of financial and non-financial rewards with respect to overall levels of employee motivation in Dashen Bank. Employee complain about reward schemes not tailored according to their need and company's reluctance to identify which reward variable motivate employee most are few of the problems observed during preliminary survey and drive the researcher to conduct this research in more detailed manner. This research is descriptive in nature. Qualitative as well as quantitative research design have been adopted in this paper to achieve the objectives of this study. Financial and non-financial rewards taken as independent variables and motivation as dependent variable for this study. Structured questionnaire was used to gauge the responses on a five level scale. Questionnaire was distributed to 366 sample respondents who work at different area banks in Addis Ababa. Non-probability sampling was employed to select area banks and in order to select sample respondents simple random sampling was used. Data was analyzed by using different statistical techniques like descriptive statistics techniques, and regression analysis by using SPSS. The study confirmed financial rewards are important for employee motivation in the case company but the importance of non -financial rewards cannot be discriminated. It is also found out that salary is most motivating factor and while retirement benefit is the least one from financial reward. Job security and career advancement are also found to be highly motivating non-financial factors. This research can be helpful for the banking sector specifically to Dashen Bank. They can design effective compensation package to motivate their competent employees.

CHAPTER ONE

INTRODUCTION

This chapter deals with the background to the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope of the study and organization of the research report. The details are presented below.

1.1. Background of the Study

Employee reward programs play a powerful role in motivating appropriate employee behavior. Motivating high levels of employee performance is an important organizational concern and managers keep looking for answers. Moreover understanding and predicting employee motivation is one of the most popular areas in management research (John, S., 2005).

Motivation refers to the process by which a person's efforts are energized, directed, and sustained toward attaining a goal. Effort that's directed toward, and consistent with, organizational goals is the kind of effort required from employees (Stephen, P.R., Mary. C 2012). Motivation will join with high levels of commitment, a good feeling of satisfaction and well-being and a sense of being an important part of the organization (organizational citizenship) to produce high levels of performance (John, S., 2005). The effectiveness of an organization is greater than before when it has a motivated workforce. The reason behind this is that employees who are motivated are more productive for the organizational excellence. The more the motivated an employee is, the better he will perform his job. The motivated workforce is more quality oriented and dedicated to accomplishing goals. Companies can gain competitive advantage over other firms by motivating and retaining human resource. Organization motivates the high performers by providing financial and non-financial reward systems which motivate the employees and enhance job satisfaction. Financial and non-financial rewards have a strong influence over the employee motivation and are directly related to performance (Saira, Y., Madiha, L., Sumaira, A., & Anam, S. 2014).

In recent years, the expression 'reward' has started to replace 'pay' in the human resources vocabulary. It indicates a much broader approach, including elements of non-cash awards.

Reward is not just about pay, although this is the major part, and organizations need to develop a balance between the various components. For example, there are some organizations that pay high salaries, based on performance bonuses, but still have difficulty motivating and retaining their staff, many of whom are not comfortable with the insecurity and pressure that this brings. Other organizations, perhaps still a small minority, maintain high staff performance without any form of incentive and without high-base salaries. They concentrate on ensuring that the indirect rewards are of high quality (John, S., 2005).

There are two kinds of motivation: intrinsic motivation which derives from the individual itself and one feels that he or she does not necessarily need external stimuli to obtain this motivation. The second type of motivation is extrinsic which results from the external factors of the individual such as getting money. Individuals who are possessing extrinsic motivation will be motivated by the stimuli coming outside the individual and their motivation will be the sum of efforts made to motivate them in an organizational context in forms of rewards, promotion, pay increases and punishment. The intrinsic motivation is more powerful in the long run and deeper in meaning as it is integrated in the individual and not coming from the outside whereas the extrinsic motivation might have powerful and visible effects fast but these are not lasting long as the stimuli is coming outside the individual (Serena, A., Muhammad, K. S., Md. Emran, A. 2012).

Likewise rewards are categorized into two group's; financial and non-financial rewards. The financial rewards are also called extrinsic rewards and non-financial rewards are called intrinsic rewards. The financial rewards include pay, bonuses, allowances, insurance, incentives, whereas the non -financial rewards include appreciation, meeting the new challenges, caring attitude from employer, and recognition promotions and job security . Employees expect financial and non-financial rewards for their services and efforts. In the absence of equitable pay, training and development opportunities and recognition, employees get dissatisfied and do not perform to the standards. The dissatisfaction resulting from the unavailability of financial and non-financial reward usually leads to high employee turnover and demotivation (Saira, Y., Madiha, L., Sumaira, A., & Anam, S. 2014).

The importance of reward in the day-to-day performance of employees' duties cannot be over emphasized, especially when it comes to being rewarded for a job done. It is a well-known fact that human performance of any sort is improved by increasing motivation (Muhammad, I.Q., Khalid, Z., and Dr. Iqtidar, A.S. 2010). There is a direct relationship between reward and motivation yet the debate is which reward practice, financial or non-financial impact employee motivation most. Different researches are undertaken on this matter in different context.

Based on a research finding by (Saira, Y., Madiha, L., Sumaira, A., & Anam, S. 2014), money is ranked top as an influential factor in creating employee motivation because it satisfies the basic necessities along with attainment of power and fulfills belongingness needs. Though it contributes a lot in motivating the employees, but at the same time the non-financial rewards are equally important in enhancing the employee motivation. The impact of non-financial rewards is influential in improving the employee confidence. Employees expect recognition and encouragement for their services because nobody likes to be unappreciated for the efforts he or she made. Another research concluded based on its finding non-monetary rewards were given number one ranking by the lower level employees especially (Martha, H.K. 2013).

Identifying which financial and non-financial variables to emphasize on is also equally important issue on this area. The importance of different financial and non-financial motivational variables are different among employee. Some employees may prefer or are motivated most by recognition or fair performance approval than other non-financial motivational factor. Or some prefer good retirement package than indirect financial benefit. This is an indication to management that monetary rewards one by one combined with non-monetary rewards would deliver better motivational results than monetary compensation alone which might be the case in many firms. According to the study findings on related matter organization should adopt reward strategy appropriate to all level of employees. Motivational factor that works for executive level employee may not work for supervisory level employee or lower level employee.

In order to maximize motivation of employee, designing sound and fitting reward scheme which is aligned with employee need and incorporate employee input is critical. However, despite the importance only limited studies are available in the case company. More studies are still required to understand the significance of reward scheme on employee effort and commitment

level. Therefore, to address the current gap in research, this study is designed to examine the current reward practice of the case company and commonly focusing on which reward scheme have more impact on employee motivation.

1.2. Brief History of Dashen Bank

As a service giving organization, the most important thing about a bank is the people who compose the bank's staff. Without an adequate number of the right sort of people with appropriate training, qualifications and experience, a bank cannot achieve its goal (Meseret, Y. 2007). No matter how good the facility is or how advanced the technology infrastructure or how good the policy and system is any of them cannot replace the staff. The commercial banking industry in Ethiopia is showing rapid growth and the public attitude is changing toward using banking service.

Dashen bank is a privately owned company established in 1995 in accordance with the “Licensing and Supervision of Banking Business” Proclamation No. 84/1994, now superseded by Proclamation No. 592/2008 “A Proclamation to Provide for Banking Business” to undertake commercial Banking activity. The bank obtained its license from National Bank of Ethiopia (NBE) on 20 September 1995 and started normal business activity on 1 January 1996 with the following vision and mission statement:

Vision Statement:

“In as much as Mount Dashen excels all other mountains in Ethiopia, Dashen Bank continues to prove unparalleled in banking services”

Mission Statement:

“Provide efficient and customer focused domestic and international banking services by overcoming the continuous challenges for excellence through the application of appropriate technology”

The bank has started its operation with 11 area banks (Branches) in 1996. According to 2013/14 report no. of area banks are raised to 133 throughout the nation. Around 79 area banks located in

Addis Ababa and the remaining are located in the major cities and towns of the nation. Dashen bank put together a team of workforce of 4,284 according to 2013/14 annual report. The staff is classified as supervisory, clerical and non-clerical for the of performance appraisal purpose. Product and service Dashen bank deliver to the customer are; deposit account, loan and advance, international banking service, payment card service, and mobile banking. Also the bank is a forerunner in deploying CORE (Centralized Online Real-time Environment) banking technology, Payment Card Service which incorporate ATM (Automatic Teller Machine) banking, E-commerce and mobile banking. Dashen proved to be the most profitable private bank in Ethiopia; profit recorded before tax in 2014 is birr 957.6 million. (Dashen Bank. 2014).

1.3. Statement of the Problem

The importance of motivated employees cannot be emphasized enough in an organizational context. Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation. The central purpose of reward is to motivate and retain the current employee and attract qualified employee (Derek, T., Laura, H., and Stephen, T. 2008).

Motivating and rewarding employee is one of the most important and one of the most challenging activities that managers perform. Successful managers understand that what motivates them personally may have little or no effect on others. Just because *one* motivated by being part of a cohesive work team, don't assume everyone is. Or just because an employee motivated by challenging work doesn't mean that everyone is. Effective managers who want their employees to put forth maximum effort recognize that they need to know how and why employees are motivated and to tailor their motivational practices to satisfy the needs and wants of those employees (Stephen, P.R., Mary, C. 2012).

It is widely observed that organizations design and adopt financial and non- financial rewards as a means to motivate and retain employee. Yet they fail to measure how exactly it serves its purpose. They lack to estimate which type of reward scheme is effectively activate/ direct their employee behavior toward the attainment of their objectives. If this remain unidentified it is difficult to motivate and retain employee. This leads to resignation of good performer; increase absenteeism; employee dedication to accomplishment of goals become less; quality of work and

productivity declined; and companies unable to gain competitive advantage over other firms through motivated workforce. In time, these problems highly impacted organizational effectiveness and excellence.

The researcher had a chance to observe the problems stated below while undertaking a preliminary survey concerning reward system of the case company:

There is no employee involvement on reward design; employees are not invited to discuss what they feel about reward scheme or what their attitude is toward the same. Reward scheme is not tailored with employee need. As they mentioned, the company is not emphasizing to motivate and retain employee through the implementation of reward scheme that meets employee need.

The preliminary survey also showed that both financial and non-financial rewards are implemented by the company. Yet, the significance and relevance of various reward schemes on employee motivation level is not well identified. These observations and results from the preliminary survey, derived the researcher to conduct a research in a wider range and more detailed manner, to determine the impact that financial and non-financial rewards have on employee motivation at Dashen Bank.

1.4. Research Questions

This study was designed to seek answers to the following basic research questions:

- What is the current reward system designed and adopted by the company?
- How are the rewards in use impacting employee motivation?
- Which reward scheme (financial or non-financial) has more impact on employee motivation?
- What alteration should be made in the company's reward system?

1.5. Objectives of the Research Paper

The primary objective of this research is to examine which reward programs financial or non-financial have more effect on employee motivation at Dashen Bank. The specific objectives includes:

1. To examine the reward scheme designed and adopted by the company;
2. To determine how the reward system in use is affecting employee motivation;
3. To determine which reward scheme (financial or non-financial), has more effect on employee motivation; and
4. To find out what alterations should be made in the current reward system of the company.

1.6. Significance of the Study

This study attempts to examine which reward scheme financial or non-financial impact employee motivation and to assess the reward scheme currently practiced by the case company. Therefore; the outcome would have the following importance:

1. The study would contribute to the banking industry in general, and specifically to the case study company to realize how employee motivation is related to reward schemes;
2. The study will certainly contribute to current literature in the field of employee motivation and reward nexus which may provide relevant information for researchers who are interested in conducting research in related area;
3. The study may also enable the researcher undertaking this study to obtain in-depth understanding in related issue through the reference of massive amount of literature in this field of study.

1.7. Scope of the Study

This study is delimited to employees of Dashen Bank. Even though it's very important to cover all the area banks across the country, yet due to the wide geographical dispersion of area banks as well as time and money constraints outlined branches were not included; the study included only area banks based in Addis Ababa. Undertaking Industry wide study would be very important on this matter as for its significance for organization performance and excellence. The study only focused on the group of respondents from clerical, up to managerial level. Hence the data collection instrument support the inclusiveness. Lower level employee like security guard or messenger were not included. Other data collection tools like focus group discussion would also give more insight into this matter but due to time and resource limitation only questionnaire and

interview used as data collection tools on the study. The analysis technique employed in this study restricted the inclusiveness of detail items in the questionnaire and limit the respondents to elaborate their answers.

1.8. Organization of the Research Report

This paper comprises five chapters. The first chapter that is the introduction consist of the background of the study, statements of the problem, basic research questions, objectives of the study, significance of the study and scope of the study. Chapter two deals with the review of related literature. Several theories related to motivation and reward are presented. Under the empirical framework section different studies on related matter are reviewed. Chapter three is about research design and methodology. It focuses on research design, sampling techniques, data collection tools and procedures, and specify the data analysis techniques employed while undertaking the study, Chapter four consists of data analysis and interpretation. The last chapter that is, chapter five presents the summary of findings, conclusions, recommendations and limitation of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

In this chapter different theories and concepts related to motivation and reward are reviewed. In the theoretical framework section various theories associated with motivation are presented. Also researches undertaken by different researchers on related matters are treated in the empirical framework segment. This chapter also covers some issues related to reward management.

2.1. The concept of motivation

Motivated workforce is an important predictor of an organization's competitiveness, which is why managers and corporate leaders persistently concerned about their employee motivation. When employees become demotivated or not excited about their jobs they may put their time but not their energy and passion into their work. Thus, for an organization to be effective, it must tackle the motivational challenges involved in arousing individuals' needs to be productive members of the organization (Lotta, L. 2012).

According to Don, H., John, W., and Slocum. (2011) motivation is either internal or external force that influence the person to behave or act in a specific, goal-oriented manner. This force affect productivity of employee so managers must be certain that they channel employee motivation effectively toward organizational goal achievement.

Steven, L., McShane. And Mary Ann Von, G.(2008) define motivation as " Motivation refers to the forces within a person that affect the direction, intensity, and persistence of voluntary behavior." There are three elements in this definition; *Direction-* refers to where people put their effort. Employee set goal and put their effort toward its achievement. One might set a goal as to finish a project in a specific hour so he/she direct their effort to the achievement of the goal. *Intensity-* the amount of effort employee is willing to exert toward the achievement to the stated goal. The extent to which an employee is willing to push his/her self to the completion of the goal. *Persistence-* how long the employee keep its effort. Whether the employee sustain his/her effort until they attain their goal or not. Motivation is considered as one factor that influences employee behavior and performance along with ability, role perception and situational factor.

Another related definition of motivation stated by Robbins, Stephen, P.R., Mary, C.(2012),

“...Motivation is the process by which a person’s efforts are energized, directed, and sustained toward attaining a goal. This definition has three key elements: energy, direction, and persistence. The *energy* element is a measure of intensity, drive, and vigor. A motivated person puts forth effort and works hard. However, the quality of the effort must be considered as well as its intensity. High levels of effort don’t necessarily lead to favorable job performance unless the effort is channeled in a *direction* that benefits the organization. Effort that’s directed toward, and consistent with, organizational goals is the kind of effort we want from employees. Finally, motivation includes a *persistence* dimension. We want employees to persist in putting forth effort to achieve those goals.”

Now a day’s motivating employee has become very challenging. Globalization, information technology and corporate restructuring and other organizational changes are thought to be one factor responsible for the increasing challenge. These changes dramatically affect employment relationship and undermine the level of trust and commitment necessary to make employee to put much effort beyond the minimum standards. The other factor is the flattening of organizational structure in order to reduce cost and because today’s professional workforce reject the old command- and- control approach to performance management. Due to this, supervisors now have too many employee so, they can't possibly concerned about who perform well or not and why (Steven, L., McShane. And Mary Ann Von, G.2008)

The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. The perceptions that employees have with regards to their reward climate influences their attitude towards their work effort. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. The effectiveness of skilled employees is likely to be limited if they are not motivated to perform. One of the means that organizations can use to enhance employee motivation and performance is to provide performance- related compensation (Serena, A., Muhammad, K. S., and Md. Emran, A. 2012).

There are two types of motivation intrinsic motivation and extrinsic motivation. Intrinsic motivation derives from the individual itself and one feels that he or she does not necessarily need external stimuli to obtain this motivation (e.g money). Extrinsic motivation which results from the external factors of the individual such as getting money. Individuals who are possessing extrinsic motivation will be motivated by the stimuli coming outside the individual and their motivation will be the sum of efforts made to motivate them in an organizational context in forms of rewards, promotion, pay increases and punishment The intrinsic motivation is more powerful in the long run and deeper in meaning as it is integrated in the individual and not controlled by external forces whereas the extrinsic motivation might have powerful and visible effects fast but these are not lasting long as the stimuli is coming outside the individual. (Lotta, L, 2012).

How to keep employee motivated is the hardest issue manager's face this days. A number of theories are developed, and those theories explained how motivation is created and how managers can be benefited from the literatures. These motivation theories are supported each other and complimentary (Stephen, P.R. 2002).

Motivation begins from Individuals need and their underlying drives. *Need* is defined as deficiency that energize or trigger behavior into satisfying the needs. The tougher the needs the motivation become more strong. Unsatisfied needs pressure an individual to search for a way to satisfy those needs. *Drive* is tendency of an individual to pursue goal or maintain internal stability and it is more of intrinsic or innate. Need is produced by drives yet can be strengthened through reinforcement and social forces (Steven, L., McShane. And Mary Ann Von, G.2008).

The banking industry is in need of employees that are both satisfied and motivated, without them, customer satisfaction level would also be affected. Interpersonal relationships established between bank personnel and the customers are a big driving force behind ensuring that a customer is satisfied or dissatisfied. Add that the relationship established between the employees and the customers may lead to an increase in values perception with regards to the bank's products and services. When a high perception of value is achieved, then it is also highly likely that the customer will be satisfied, thereby bringing in more business for the bank.

Motivation theories divided in two to categories early theories of motivation like Maslow's Hierarchy of need theory, McGregor's theory X and Theory Y, David McClelland three need theory, and Herzbergs two factor theory. Contemporary theories which represent current explanation of employee motivation are, goal-setting theory, reinforcement theory, job design theory, equity theory, expectancy theory, and high-involvement work practices. Some of the theories from both category will be presented as their relevance to the paper in theoretical framework section. In the empirical framework section studies or researches undertaken on related matter by domestic and abroad researcher shall be overlooked. The final section will be covered reward management issues.

2.2. Theoretical Framework.

2.2.1. Hierarchy of Needs Theory

This theory is the most widely recognized motivational theory developed by psychologist Abraham H. Maslow in 1940s. Maslow stated that individual have exceptionally strong needs, that can be arranged in hierarchy.

This model states that a person has five types of needs: *Physiological Needs:* are those needs for food, air, water, and shelter. They are called the lowest order needs according to Maslow need hierarchy. Individuals focus on fulfilling these needs before jumping to the higher order needs or the higher order needs become primary motivators (Don, H., John, W., Slocum. 2011). *Security Need:* are the need for safety, stability, and the absence of pain, threat or illness. Unsatisfied security need cause an individual to be preoccupied with satisfying them. Individual at these need level concerned or value their jobs to keep their lowest order need safe or secured (Don, H., and John, W., Slocum. 2011). *Affiliation Need:* are the desire for friendship, love, and a feeling of belonging. When Physiological and security needs have been satisfied, affiliation needs emerge. Individual that pass the above two need level (Don, H., John, W., Slocum. 2011). This need level is primary source of motivation. Individual value their job and use it as an opportunity to satisfy their need of friendship, love and feeling of belongingness. Supervisor whose employee are motivated to fulfill these needs are likely to act supportively and organize activities that is out of regular daily routines.

Esteem Needs: the desires for feelings of achievement, self-worth, and recognition or respect are. Individuals with esteem needs want others to accept them for what they are and to perceive them as competent and able. Leaders who focus on esteem needs try to motivate employees with public rewards and recognition for achievements. *Self-Actualization Needs*: involve individuals realizing their full potential and becoming all that they can become. Individuals who strive for self-actualization seek to increase their problem-solving abilities (Don, H., John, W., Slocum. 2011). An individual moves up the needs hierarchy from one level to the next. In addition, Maslow separated the five needs into higher and lower levels. Physiological and safety needs were considered *lower-order needs*; social, esteem, and self-actualization needs were considered *higher-order needs*. Lower-order needs are predominantly satisfied externally while higher-order needs are satisfied internally (Stephen, P.R., Mary, C. 2012). *Physiological, security, and affiliation (social) needs are also known as* deficiency needs. According to Maslow an individual's appearance as a healthy person both physically and psychologically attain only through the satisfaction those needs. In contrast, *esteem and self-actualization needs are known as* growth needs (Don, H., John, W., Slocum. 2011).

2.2.2. Expectancy Theory

The most comprehensive and widely accepted explanation of employee motivation to date. Expectancy theory is developed by Victor Vroom (Stephen P. Robbins, 2002). This model is not only explaining how employees are motivated but also it explains how those drives and needs translated into specific effort and behavior (Steven, L., McShane., Mary Ann Von, G. 2008). The foundation of this model is the assumption that human beings are rational. The model states that individuals are motivated to work when they believe that they can achieve their goal through their job (Don, H., John, W., Slocum. 2011). An individual tends to act/ behave in a certain way based on the expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Stephen, P.R. 2002). As Steven, L., McShane., Mary Ann Von, G. (2008) the key variable of interest in these model is *effort*- individual's actual exertion of energy. Individual's effort depends on three factors effort-to-performance (E-to-P) expectancy, performance-to-outcome (P-to-O) expectancy, and outcome valences (V). Those factors are the three pillars of expectancy model. According to these model individuals motivation are influenced by those three factors if any of them is lost motivation declines.

E-to-P Expectancy- is the individual's perception that exerting a given amount of effort will lead to a certain level of performance (Stephen, P.R. 2002). For instance, studying hard will lead the student to perform well in his/her exam or employees direct his/her effort toward developing friendly relationship.

P-to-O Expectancy- is the degree to which the individuals believe that performing in a particular level or behaving in certain way will lead to the attainment of the desired goal or reward (Stephen, P.R. 2002). The student believe in role of studying hard or employee believe in behaving to create a good friendly environment to the attaining their goals. If individual does not see a relationship between their effort and outcome they will not be motivated at all. Don, H., John, W., Slocum. (2011) describes the P-to-O expectancy is not for every possible outcome but only for outcomes that interest or attract us at that time.

Outcome Valence (V)- Outcome Valence (V)- the amount of the reward the individual receives and how he/she feels about it or what it means to the individual. Valence refers to the satisfaction or dissatisfaction individual expected from the outcome. How satisfied or dissatisfied the student will feel by his/her grade or employee will feel by full filing his/her affiliation need.

Outcome have positive valence when they are consistent with our values and fulfill our need (when a student acquire a grade he/she valued or an employee fulfill his/her need of love and friendship) or may have negative valence when they oppose our value and hinder our need fulfilment.

Stephen, P.R. (2002) generalization expectancy theory is the key to understanding an individual's goal and the linkage between effort and performance, between performance and rewards, and finally, between rewards and individual goal satisfaction. It emphasizes payoffs, or rewards. As a result, we have to believe that the rewards an organization is offering align with what the individual wants. Expectancy theory recognizes that there is no universal principle for explaining what motivates individuals and, thus, stresses that managers must understand why employees view certain outcomes as attractive or unattractive.

2.2.3. Goal Setting Theory

As Don, H., John, W., Slocum. (2011) describes goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. It potentially improves employee performance in two ways: (1) by stretching the intensity and persistence of effort and (2) by giving employees clearer role perceptions so that their effort is channeled toward behaviors that will improve work performance.

Conditions that must be fulfilled for goal setting are: Specific and challenging goals-both serves as motivating force. Employee tend to put more effort when they work toward specific goals than general goals. It can be measured, specific time period for accomplishment of task, and clear performance expectation. So as employee can direct their effort more efficiently and reliably. Challenging goals also used to fulfill a person's self-actualization and achievement need. As well challenging goals increase employee commitment. If employee thinks the goal is can be achieved or simpler the commitment (motivation) will be less (Don, H., John, W., Slocum. 2011).

Goals must also be relevant to individual's job and should not be beyond his/her control. Some employees show superior performance when they set their own goal. And sometimes employee also performed best when supervisors assigned goals. Participation is probably preferable to assigning goals which may avoid resistance of accepting difficult challenges. Feedback is also another condition for effective goal setting, people perform better when they are provided with how well they are progressing toward their goals.

2.2.4. Reinforcement Theory

In spite of other theories reinforcement theory ignores goals, expectation or need it only focused on what happens to a person when he/she act in a particular way. It states behavior is a function of its consequence. Any consequence that immediately follow a particular behavior and that increase the probability that the behavior will be repeated are called reinforcers. People will most likely continue in desired behaviors if they are rewarded for doing so. These rewards are most effective if they immediately provided after desired behavior; and behavior that isn't rewarded, or is punished, is less likely to be repeated (Stephen, P.R., Mary, C. 2012.). According to

Stephen, P.R. (2002,) various researches has shown that reinforcement is undoubtedly an important influence on individual's work behavior.

2.2.5. Equity Theory

Equity theory is one of contemporary theory along with expectancy, goal-setting and reinforcement theory; equity theory is developed by J. Stacy Adams. The term equity is related to the concept of fairness and equitable treatment compared with others who behave in similar way. Evidence shows that employees compare themselves to others and that inequities influence the extent of effort they put into their work (Stephen, P.R., and Mary, C. 2012).

This theory proposes that employee first compare what they get from a job (outcomes) in relation to what they put into it (inputs), then they compare their inputs-outcome ratio with the inputs-outcomes ratio of relevant others. If an employee perceives his/her ratio is fair/equitable compared to relevant others, then there is no problem. If the ratio is unfair/inequitable, he/she views herself as under rewarded or over rewarded this may result lower or higher productivity, improved or reduced quality of work, increased absenteeism, or voluntary resignation (Stephen, P.R., and Mary, C. 2012).

As Don, H., John, W., Slocum. (2011) described the theory is based on the belief that individuals are persistently motivated to maintain a fair/equitable relationship between themselves and others and to avoid relationships that are unfair/inequitable. It also has two major assumption: - the first is individuals evaluate their interpersonal relationship as their contribution (input) and their expectation of result (outcome). Second assumption is individuals determine fairness by comparing of their situation with those of others in the organization or their situation importance is measured through comparison of themselves with relevant others.

According to Stephen, P.R., and Mary, C. (2012) the referent in which individuals compare themselves against in order to assess equity; it may be other *persons* individuals with similar job in same organization or *system* includes organizational pay policies, procedures, and allocation or it may be *self*; input-outcome ratio that are unique to the individual.

Equity exist whenever the perceived ration of a person's outcome to input equals that of relevant others. Inequity exists when the perceived ratio of outcome to inputs are unequal. Inequity

creates tension so individuals attempt to reduce this tension to tolerable level individuals may either increase or decrease their input to what they feel to be an equitable level. They may change their outcome to reinstate equity. They may shift to a new reference group to reduce the source of the inequity or may start to believe that other person in a comparison group work harder than they do and deserve greater reward so they can find equitable balance.

2.2.6. Designing Motivating Job

Job design refer to the way different task combined to make a complete job. Employee should not perform by chance in organization there should be jobs designed deliberately and thoughtfully by considering the organization technology, the changing environment, employee skill, abilities and preference. When jobs are designed in such manner employees are motivated to work hard. Job enlargement and job enrichment are only some ways to design motivating jobs. Job enlargement is horizontal expansion of job. It is increasing the number of tasks performed by employee. Research show that expanding scope of knowledge used in the job lead to job satisfaction, enhanced customer service and less error. In contrast job enrichment is vertical expansion of the job. It is empowering employee by giving them planning and controlling responsibility. Thus, employee enabled to do their job with increase freedom, independence and responsibility. Job enrichment may improve the quality of work, employee motivation, and satisfaction (Stephen, P.R., and Mary, C. 2012).

Even though many organizations have implemented job enlargement and job enrichment programs and experienced mixed results, neither of these job design approaches provided a conceptual framework for analyzing jobs or for guiding managers in designing motivating jobs. The job characteristics model (JCM) offers such a framework (Stephen P. Robbins, 2002, 508).

Don, H., John, W., Slocum. (2011) described the **job characteristics model** *involves increasing the amounts of skill variety, task identity, task significance, autonomy, and feedback in a job*. The model proposes that the levels of these job characteristics affect three critical psychological states: (1) experienced meaningfulness of the tasks performed, through task identity, task significance, and skill variety the more that job embrace these characteristics the greater the employee's motivation, performance, and satisfaction and the lower his or her absenteeism and likelihood of resigning. (2) Experienced personal responsibility for task outcomes, through task

autonomy and (3) knowledge of the results of task performance through feedback. If all three psychological states are positive, a reinforcing cycle of strong work motivation based on self-generated rewards is activated. A job without meaningfulness, responsibility, and feedback is incomplete and doesn't strongly motivate an employee.

2.3. Reward Management

Reward is clearly central to the employment relationship. The amount and the form of reward is an issue which matters most for employee and also central for human resource management functions; since money spent on salary, benefit and other form of reward typically accounts for well over half of an organization's total cost (Derek, T., Laura, H., Stephen, T. 2008). This days, organizations with varying degree of success, attempts to harness the powerful forces of pay as a motivator to encourage employees to work in ways that lead to the achievement of organizational objectives. There are many more forms of incentive payments, many varieties of recognition awards and the number of employee benefits has greatly expanded. (John, S., 2005)

Managing reward is largely about managing expectations what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. The tighter the labor market becomes, the harder it is to recruit and retain the best-qualified people, and the more pressure there is placed on employers to develop rewards packages that suit employees as much as they suit their own needs (Madhuri, K. 2014).

The key aim of reward management is to design reward packages which serve to motivate, attract, and retain staff. At the same time ensuring the organization commercial and financial viability is not affected by the cost of reward package. The significance employee put on their pay and their tendency of comparing their pay with relevant others makes the task very difficult. Any mistake on reward package has major negative consequences, it demotivate employee in a serious way, resignation of employee good employee, less effort and unhealthy employee relation climate, high level of absenteeism. In time this reduce organization's effectiveness and damage financial performance. (Derek, T., Laura, H., Stephen, T. 2008)

According to Stephen, P.R. (2002,) Reward package design is influenced by several factors; company profitability, size of the company, management philosophy, kind of job whether labor or capital incentive, employee performance, kind of job performed if it need high skill or not, are only some factors. Flexibility of reward design is also a key consideration. The traditional approach design pay based on seniority and job level. The contemporary approach to design reward is based on the skill of employee to lead the organization to objective of achievement. Yet the reward package must create a fair, equitable, motivating reward system that enable the organization to recruit and retain productive work force.

2.3.1 Reward Strategy

Derek, T., Laura, H., Stephen, T. (2008) defined reward strategy is a means of aligning an organization's payment arrangements and wider reward system with its objectives. In other word. Developing a system that leads the organization employee actively contribute to the achievement of its goals. It is deliberately using reward system as integrating mechanism to directing various units and individuals effort to the achievement of organization objectives. Contemporary reward administration frequently embraces a strategic approach where the mix and level of reward are chosen to reinforce the organization overall strategic objectives.

A written reward strategy must consist of for key elements, first one is 'statement of intention' what the organization wants to achieve and what reward strategy have been taken to achieve these core objectives. The second is 'rationale' present and explain objectives in more detailed manner and show how the various elements of organization reward policy support the accomplishment of those objectives. The rationale section must include the benefit that will be accrue and indicate a means that will be used to evaluate the success. The third element is; explanation of a guiding principles that have been used in developing the strategy and that will be used to adapt them in the future. The final element of reward strategy document is implementation plan, set out exactly what the reward strategy brought forward and when, who has responsible for the introduction.

Also a design of consistent reward package required to integrate policy decision such as; comparing jobs within an organization internal equity, setting pay level relative to competitor's

external equity, adjusting pay for individual employee like skill based pay design, and administer and communicate the reward function. (Madhuri, K. 2014)

2.3.2. Total Reward

Basically reward may be defined as a stimulus or encouragement for greater action .The trend towards viewing reward policies and practices as extending well beyond the dominant term of payment has led to widespread interest in the concept of ‘total reward’ which involves managers viewing the way that they reward employees in the round, taking equal account of both the tangible and intangible ingredients that together help to make work and jobs ‘rewarding’ in the widest sense of the word. The change in perspective away from a narrow focus on payment towards a broader focus on ‘total reward’ has come about largely because of developments in the commercial environment (Derek, T., Laura, H., Stephen, T. 2008).

According to John, S., 2005 reward broadly categorized by two; non-financial (intrinsic or intangible) rewards and financial (extrinsic or tangible) rewards. Non-financial rewards are internal and related to the job perception of the employee. Also affected by the job design. Such rewards are difficult to control and manage by the managers and to replicate by competitors. As well intangible part of total reward is harder to achieve and evaluate. Such rewards are more of intrinsically motivating or cannot be provided by manager. Non-financial rewards are divided as reward from the job itself and from job environment

Financial rewards are external to workers and are given by organization. Related to employee prerequisite or benefits. Unproblematic to control since the basic principles are followed and right technical decision are made. This tangible part of total reward are enable the organization to secure competitive advantage in labor market yet easily imitated by competitors. Financial rewards are divided in to direct rewards and indirect rewards.

Below both two distinct form of reward financial and non-financial along with various components package each include are presented in graphical form.

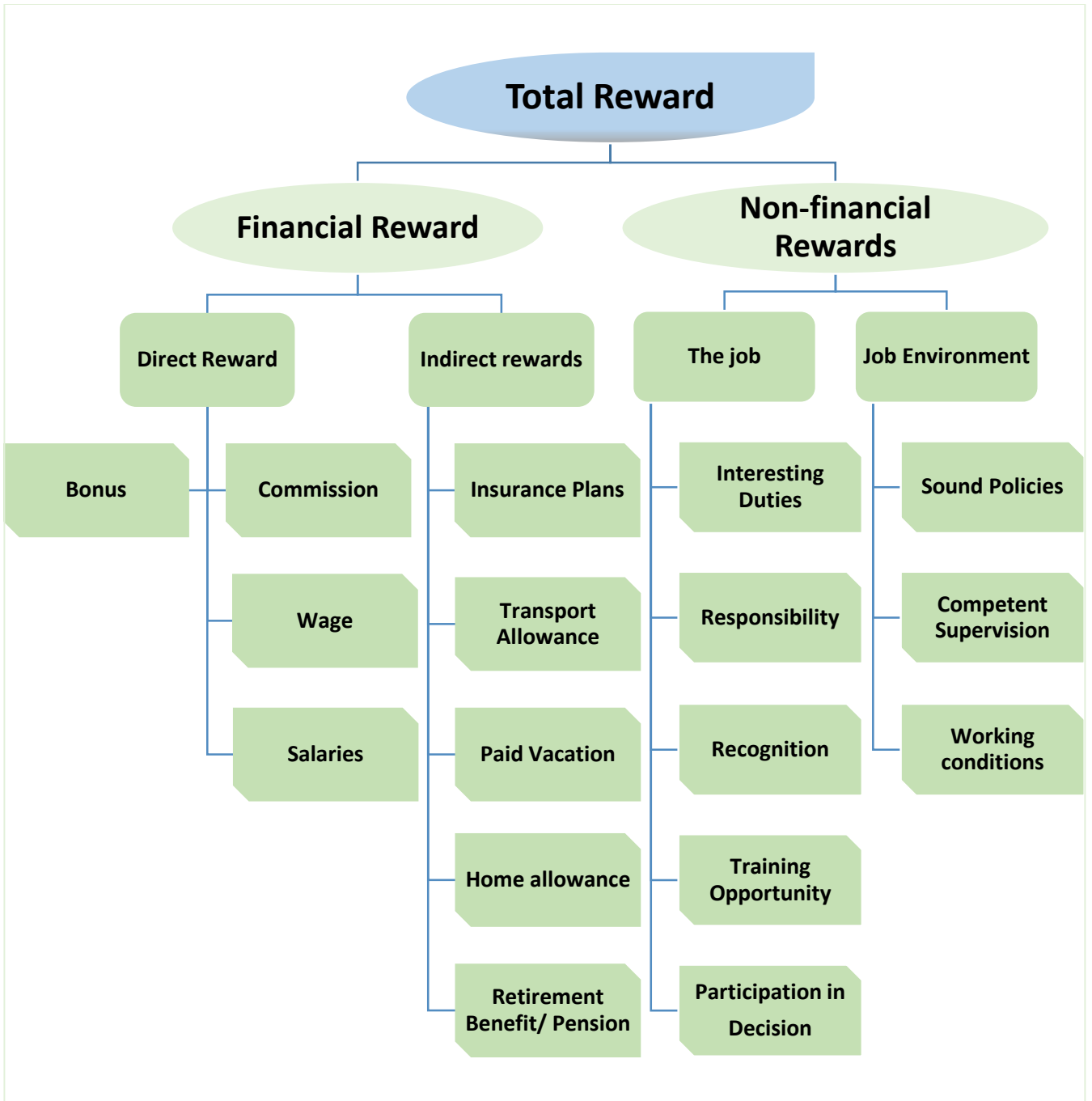


Fig. 1. Components for financial and non-financial reward package

2.3.3. Reward Objectives

Rewards are among the major factors in the economic and social life of any community. In an economic sense, reward represent payment of compensation in return for work done. In a sociological sense, reward characterize stratification of occupational categories. In a psychological sense, reward satisfy needs directly and indirectly in response to changing employee aspirations. It constitutes one of several elements of job satisfaction and it is instrumental for the satisfaction of some needs more than others. In a legal sense, the term wages/salaries has acquired various connotations, depending on the context and has become a subject of special law in many countries. The movement in the mix of reward signifies a shift from viewing employee as a component in the cost will to viewing the employees as a group of people who have come together to achieve some common goals (Madhuri, K. 2014).

Reward objectives can be seen from employer dimension and employee dimension. From employer dimension reward objective is to; attract, to retain, to motivate staff and to initiate change. Employee also have different objective as far as reward concerning some of them are; fairness, Recognition, Purchasing power.

The significance of different objectives varies overtime, environment and among organization. What is attractive in one labor market may not be attractive in another labor market. Or what might look equitable/fair in a particular time may not be considered as same way by workers in another time (Derek, T., Laura, H., Stephen, T. 2008).

2.4. Empirical Framework

Various related studies are conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in Ethiopia on the Impact of financial and non-financial rewards on motivation.

Nebiat, N. (2010) conducted a research on ‘relationship between Reward and Nurse’s motivation in Addis Ababa Hospitals’. The objective of this research was to examine the relationship between rewards and nurse work motivation in hospitals administrated by Addis Ababa Health Bureau. Self-administered questionnaire was used to collect data. The collected data analyzed by

using descriptive statistics. By 88% respondent rate the result revealed that there is positive and significant relationship between reward and the nurse's work motivation. Payment is the most significant variable among financial reward and recognition is the least significant from non-financial reward variable.

Another research conducted by Berhan, A. (2007), this study examines the impact of intrinsic, extrinsic, and equity factors of work on employee's organizational commitment a case study in two selected private colleges in Addis Ababa. Questionnaire was used to collect primary data and different records of the institution reviewed for collection of secondary data. Random sampling method used to select respondent. The collected data analyzed by using SPSS. The finding shows that instructors in private colleges were satisfied with intrinsic factors of work such as opportunity for achievement, challenging work, responsibility. On the other hand, instructors is generally dissatisfied with extrinsic content of work such as salary, fringe benefits, incentives, job security, and post-employment security. Moreover, there is also structural inequity. Consequently, employees were not committed to their organization which implies the availability of high turnover and lower performance.

Madhuri, K. (2014) conducted a research on impacts of financial and non-financial rewards with respect to overall levels of employee motivation in private sector organizations. This study collected primary data through questionnaire and secondary data from different journals and books. Sampling method employed to select sample organization was random sampling techniques. 30 private sector organization were selected and response rate was 53%. According to these research finding there is strong relationship between level of reward and motivation. The finding also reveals employee in private sector gave much importance to financial rewards than non-financial rewards. Yet these may vary according to that status of employee, lower level and middle level employee give much importance to financial rewards and high level staffs like managers emphasis on non-financial rewards. Reward variables that is given a high rank by the respondents are retirement benefit, salary and bonus from financial reward and good interpersonal relationship and freedom of work from non-financial reward.

Saira, Y., Madiha, L., Sumaira, A., & Anam, S. (2014) studied on financial and non-financial rewards that affect motivation of employee in organization. As well the paper discussed how to

retain the motivated workforce in organization. The research conducted in private film company in; Pakistan. Both qualitative and quantitative research methodology has been adopted in the paper. Primary data collected through questionnaire and semi-structured interview. Simple sampling method was use to select sample population. In-depth interview conducted to increase the reliability of the research. The study found that financial reward ranked top as an influential factor in in creating employee motivation. The authors also stress the instrumentality of non-financial reward to improve employee morale. That is how the organization can keep/retain its motivated workforce. Salary, bonus, from direct financial reward and allowance are significant element of financial reward.

On the other hand the study conducted by Martha, H.K. (2013) on effect of financial and non-financial rewards with respect to lower level employee in retail industry. Cluster sampling was used to select sample respondent. The sample represent 47.1% of the total lower level employees from the selected retail shops. A structured questionnaire were employed to collect data. The finding shows that there is no significant relationship between financial reward and employee motivation. But there was a moderate significance relationship between non-financial reward and motivation among lower level employee. Flexible working hour and recognition considered significant non-financial rewards and pay for performance considered important financial reward.

2.5. Conceptual Framework of the Study

The following diagram shows the variables included in the study and the conceptualization of the relationship between the independent and dependent variables.

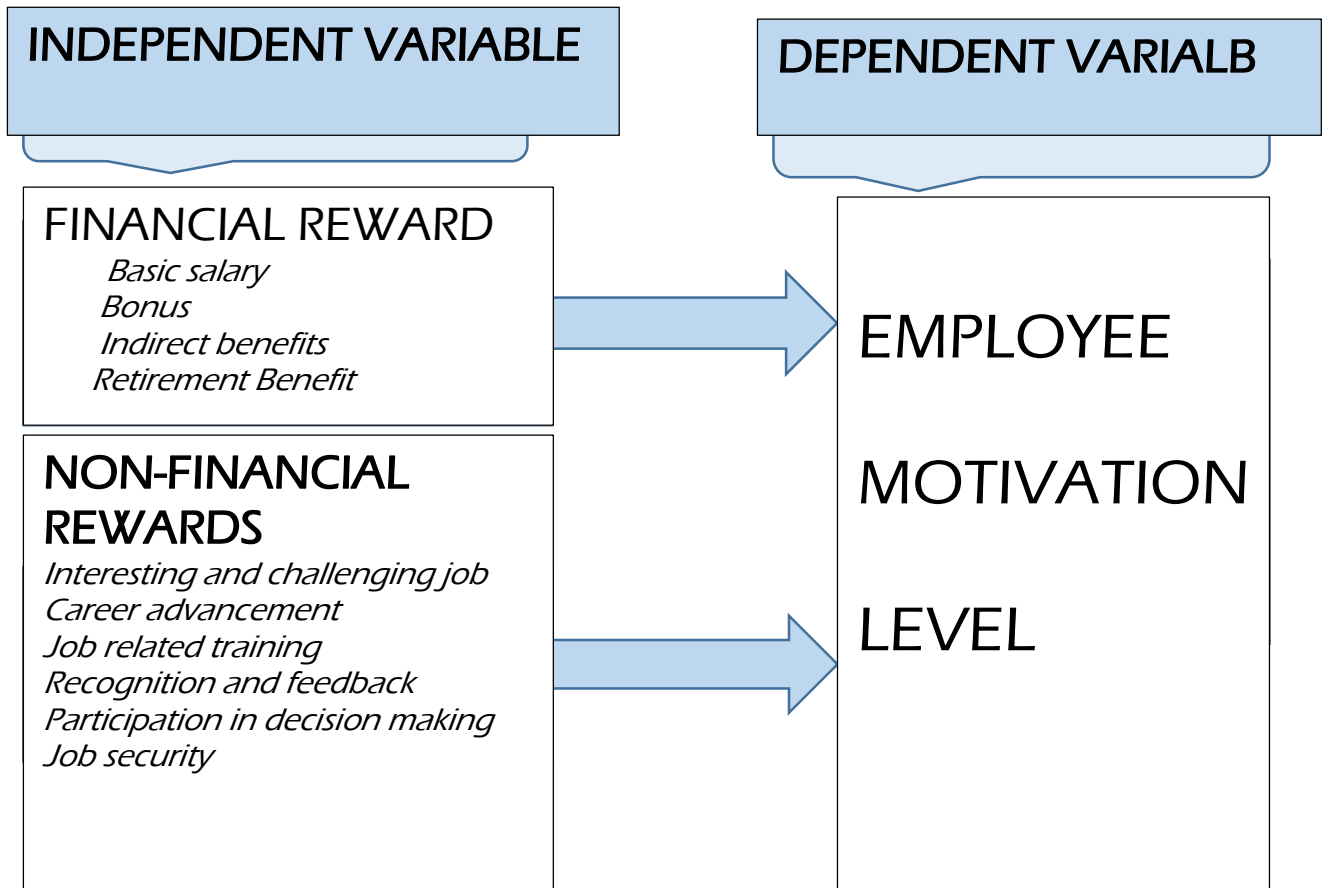


Fig. 2 Conceptual framework of the study

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents the methodological concerns used in conducting this study. It comprises the research design, population and sampling techniques, data source and tools of data collection, data collection procedures, the methods used to undertake the analysis, ethical considerations, and reliability and validity assurance. The details are presented in the section that follow.

3.1. Research Design

Business and management research aims to provide solutions to the practical managerial problems. According to Zukmund (ND) the purpose of research may be interpreting, understanding, criticizing, describing or analyzing information in a knowledge increasing manner. Research is divided into three broad categories as per their purpose; exploratory, descriptive, and explanatory (Mark, S., Philip, L., & Adrian, T. 2009). An *exploratory study* is a valuable means of finding out ‘what is happening; to seek new insights; to ask questions and to assess phenomena in a new light’ (Robson 2002:59 in (Mark, S., Philip, L., & Adrian, T. 2009). It is useful to clarify understanding of specific problem. Exploratory study great advantage is that it is flexible and adaptable to change. The second category is *descriptive study*. The objective of such study is ‘to portray an accurate profile of persons, events or situations’ (Robson 2002:59 in (Mark, Philip, & Adrian, 2009). This may be an extension of, or a forerunner to a piece of exploratory research or, more often, a piece of explanatory research. It is necessary to have a clear picture of the phenomena on which you wish to collect data prior to the collection of the data. Finally the research may be *explanatory research* if it tries to establish relationship that exists between variables. It aims at identifying how one variable affects the other; it seeks to provide an empirical explanation to the causes and effects relationship between one or more variables (Mark, S., Philip, L., & Adrian, T. 2009). This research paper is explanatory in nature since its purpose is to identify how financial and non-financial reward impact motivation.

In order to achieve the objective of this study and answer the research questions, the researcher has adopted mixed research approach. The mixed research method including both quantitative

and qualitative approaches is selected for this thesis as it is considered to be the best option due to suitability to collect data and to present the result with the help of diagrams and statistics. In addition, employing this approach is used to neutralize or cancel the biases of applying any of a single approach and a means to offset the weaknesses inherent in a single method with the strengths of the other method (John, W.C. 2009). Mixed research approach opens door to multiple methods of data collection and helps to generate the findings to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals (John, W.C. 2009).

Qualitative data is collected through Interview in order to identify the reward system adopted by the company. Then structured questionnaire has been used to collect explanatory data and analyze the impact of financial non-financial reward scheme on employee motivation.

And concerning time horizon, this study was typically a cross-sectional study. Data was collected from employee of Dashen Bank in a particular time and not for different periods of time.

3.2. Population and Sampling Techniques.

3.2.1. Target Population.

Target population means the total number of entities in which the researcher is interested in, it could be, the collection of individuals, objects or events about which the researcher wants to make inferences. The target population of this study include employees of Dashen Bank S.C Addis Ababa area bank. The population size is 4,284 based on 2013/14 annual report of the bank.

3.2.2. Sample Size

Total sample population taken was 366 from the population size of 4,284. The sample size is calculated based on the formula developed by Israel (2009), at +/- 5% level of precision.

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

N n-sample population
 $1 + (N * e^2)$ N-total population
 e^2 -the desired level of precision

n= 4,284

1+4,284*(0.05)²

n= 366

3.2.3. Sampling Techniques

Sampling is defined as the selection of some part of an aggregate or totality on the basis of which a judgment of inference about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it (C. R., Kothari. 2004). Sampling is used for variety of reasons some of them are; sample study is usually less expensive than census and produce result in relatively faster speed, sampling remain only option when the population contains substantially many members (C. R., Kothari. 2004).

Non-probability sampling was employed to select area banks. To undertake this research the researcher selected area banks deliberately from a list of 79 area banks based in Addis Ababa, on the bases of their convenience and their length of service. According to (C. R. Kothari. 2004) under this technique, items for the sample are selected deliberately by the researcher; his choice concerning the items remain supreme.

In this study the researcher employed simple random sampling to select respondents. The researcher used this sampling method because employees are available and this sampling techniques gives equal chance for all respondents to be included in the sample. A total of 366 employee were randomly selected from area banks. The researcher randomly selected managerial and clerical staffs working at selected area banks and distributed the questionnaire for those staffs. The survey had been done on every employee from clerical to managerial except lower

level employees like cleaner, security guard and messenger and employee working at outlined branches were excluded.

3.3. Types of Data and Tools/Instruments of Data Collection

In order to collect sufficient data that can answer the research questions, the researcher used both primary and secondary data collection method. Primary data were collected to obtain firsthand information on the specific research questions. And secondary data were collected to support the facts acquired through primary data. As for primary data interview and questionnaire were used.

Interview

The researcher conducted an interview with structured questions with HRM personnel of the company to seek insight on case company's reward practice and to support the data collected through questionnaire.

Questionnaire

Structured Questionnaire was used in order to reach wide range of respondents so that, acquire information to examine and explain the relationships between variables. Different motivational theories that has been presented on the literature review were used to develop the questionnaire. The questions were framed using Likert's scale of measurement ranging from strongly agree to strongly disagree (Strongly agree 5, Agree 4, Neutral 3, Disagree 2 and Strongly Disagree 1). The survey questionnaire had three sections; section one, to capture basic demographic information of respondent. Section two, to capture information on employee opinion on current reward in use and its impact on their motivation. Section three, questions on financial and non-financial reward scheme and motivation to identify which reward schemes impact their motivation most.

Secondary data source

As for secondary data is concerned, different theoretical and empirical literature relevant to the study, company website, and annual newsletter was consulted relevant secondary data for the study to supplement the primary data. The company's website www.dashenbank.com was useful especially for information relating to its background.

3.4. Data Collection Procedures

The semi-structured interview were administered to the respondents through personal contact by the researcher. Note pad was used to gather the information. The structured questionnaire was administered with the help of the company's employees that are found in different area banks across Addis Ababa. The developed questionnaire was distributed to all 366 employees working at purposely sampled area banks.

3.5. Data Analysis Methods.

The term analysis refers to the computation of certain measures along with searching for patterns of relationships that exist among data-groups (C. R., Kothari. 2004). The study has used both qualitative and quantitative data analysis techniques. The data gathered through interview was analyzed in descriptive manner. The data collected using questionnaire was analyzed by descriptive and inferential statistics. Here, the study used the statistical package for social science (SPSS) version 20.0 and presented the information gathered in useful way like frequencies distribution for the descriptive statistics and multiple linear regression model to understand and examine the causal relationship of the variables.

3.6. Ethical Considerations.

Respondents were assured the confidentiality and anonymity of their response and informed purpose and objectives of the study on the cover letter attached with each questionnaire. Which make the respondents feel secured and understand that responding the questionnaire won't cause any harm or threat on their job. Appropriate time was selected to distribute and collect questionnaire as well as to conduct interview. In order to increase respondents' rate and accuracy of responses busy office hours were not used. Participants' willingness were requested before

delivering the questionnaire. All data have been treated in a way that respects and protects the confidentiality and anonymity of participants involved in the study. Materials used to collect data or as a data source have been acknowledged in appropriate manner. Language used in any part of the paper and to disclose finding humble and conveyed in a way that won't insult the participant or the reader of an account.

3.7. Validity Assurance

Validity is determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account (John, W.C. 2009). This study's validity was assured through conducting interview with few of sample population to determine accuracy of finding drawn from questionnaire. Also opinion from the research advisor and experts ensure the content validity, whether the items measure the area of interest or the concept it intends to measure which will advance its validity.

3.8. Reliability Assurance.

Reliability is an indicator of a measure's internal consistency. Consistency is the key to understanding reliability. A measure is reliable when different attempts at measuring something converge on the same result (John, W.C. 2009). Thus, reliability refers to the consistency and dependability of a measuring instrument; using it repeatedly should give us the same or similar results every time. The techniques applied to assess the reliability of data collection instrument in this study is Cronbach Coefficient Alpha, the most commonly used and can test reliability with various item formats. Cronbach's alpha reflects that the extent to which the items in questionnaire are related to each other. Cronbach's coefficient alpha normally range between 0-1 values, which indicate the higher the values the higher degree of internal consistency. Although, different author accept different values of this tests to reach on internal reliability of the instrument, the most commonly accepted value is equal to or greater than 0.70 to reach on reliability of acceptable instrument (NUNALLY, 1978).

Table 1. Reliability test

Reliability Statistics		
Variables	Cronbatch's Alpha	N of Items
Motivation	0.77	10
Financial reward	0.84	6
Non-Financial reward	0.79	6
Overall	0.80	22

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter, results have been presented and discussed to address the research questions and objectives. The following are the main headings: Demographic information of respondents, result of employee attitude on reward in use, Assumptions, results of the regression analysis and discussion of results.

4.1. Demographic Information of Respondents

A total of 366 questionnaires were distributed to the sample respondents. The response rate was 92%. A total of 337 questionnaires were returned out of which only 330 were usable. The study participants have different personal information. This demographic information of the respondents was not used to understand their relationship with the dependent variable which is motivation level of employee. Rather they are just used to understand the composition of the bank staffs as it is. Therefore, the demographic profile of respondents, participated in this study are shown below:

Table 2. Respondents' Demographic profile

Variables	Classification of Variables	Frequency	Percentage
Gender	Male	182	55%
	Female	148	45%
	Total	330	100%
Age	Under 25	33	10%
	26-35	231	70%
	36-45	46	14%
	Above 46	20	6%
	Total	330	100%
Educational Level	Diploma	30	0.9%
	Firs degree	267	81%
	Above first degree	33	10%
	Total	330	100%
Tenure (in years)	Below 5	76	23%
	5-10	171	52%
	11-15	43	13%
	Above 15	40	12%
	Total	330	100%

Status	Non-Managerial	297	90%
	Managerial	33	10%
	Total	330	100%

Source: Own survey result, 2015

As it is shown in table 2, the highest percentage of participants in this study are males who form 55% of the total respondents. In the case of classification of respondents by age, 70% of the respondents fall under the categories of 26 up to 35. This shows that majority of the respondents are well matured. When we come to educational level, 81% of the respondents have bachelor degree. The rest 19% of the employees fall under the categories of diploma and above bachelor degree. Regarding length of services of the study participants, majority of the respondents (52%) served the company for 5-10, years which means most of the respondents work in the company long enough to pass their judgment on the reward practice of the company and how it affect their motivation level. When we look at status of the study participants' majority of them (90%) are non-managerial staff and the rest 10% fall under managerial staff.

4.2. Respondents Opinion on Rewards in Use and its Impact on their Motivation.

The aim of the questions presented in this section was to find out how satisfied the employees are with the current rewards the company employed. In the first question the respondents were asked to rate the significance of the current rewards offered by their employing organization in a scale of 1 to 5 (5 very significant, 4 significant, 3, neutral, 2 insignificant, 1 very insignificant). The reward options displayed are the ones which the case company human resource staff told to be available for the employees. The table below will show the percentage distribution.

Table 3. Respondents' opinion on significance of current reward offered by the company.

Scale The significance of the below listed rewards for you; which are currently offered by your company					
Available Rewards	Frequency (Percentage)				
	5	4	3	2	1
Salary	251 (76%)	79 (24%)	0 (0%)	0 (0%)	0 (0%)
Bonus	122 (37%)	109 (33%)	33 (10%)	43 (13%)	23 (7%)
Insurance Plan	27 (8%)	46 (14%)	102 (32%)	99 (30%)	56 (17%)
Transport Allowance	53 (16%)	125 (38%)	43 (13%)	76 (23%)	33 (10%)
Retirement Benefit	0 (0%)	33 (10%)	106 (32%)	125 (38%)	66 (20%)
Responsibility And Interesting Job	59 (18%)	102 (31%)	76 (23%)	50 (15%)	43 (13%)
Recognition And Feedback	56 (17%)	109 (33%)	99 (30%)	40 (12%)	26 (8%)
Job Related Training	46 (14%)	79 (24%)	53 (16%)	112 (34%)	40(12%)
Job Security	211 (64%)	86 (26%)	33 (10%)	0 (0%)	0 (0%)
Career Advancement Opportunity	99 (30%)	109 (33%)	49 (15%)	40 (12%)	33 (10%)

Source: Own survey result, 2015.

This question was asked in order to understand how significant the listed rewards are in employee's opinion. As it is shown on the above table from financial reward salary and bonus considered very significant by 76% and 37% accordingly and retirement benefit considered insignificant by 38% and 32% of the respondents are neutral for retirement benefit. Regarding non-financial reward job security was the most significant non-financial reward while recognition and feedback and career advancement opportunity considered equally important. The least significance is given to job related training it is considered very significant by 14% and slightly insignificant by 34% of the respondents. According to the interview result the reward practices which are in place in the company are rather various. The company made available both financial and non-financial rewards for its employees like fair salary, annual bonus, retirement pension, indirect financial benefits (insurance plan, education fee), transport allowance responsibility and interesting job, recognition and feedback from supervisors, job related training, and career advancement. Most of these rewards are available for every employee, there are few rewards offered only to high ranking employee of the company, which they are not willing to mention those rewards specifically. However, the company must identify which reward from both financial and non-financial reward scheme considered significant by the employee and focus on those to achieve its reward objectives. According to expectancy theory strength and attractiveness of expected reward for given input will determine one's level of motivation. the rewards has to be the ones which employees appreciate and consider to be of high significance otherwise the rewards do not have positive impact on employee motivation.

Table 4. Respondents' opinion on communication of reward

Statement	Frequency (Percentage)				
	SA	A	N	D	SD
I am well communicated about the rewards offered by the company.	175 (53%)	132 (40%)	23 (7%)	0 (0%)	0 (0%)

Source: Own survey result, 2015.

Regarding the communication of current reward practice, most respondent (53%) mentioned that they are well communicated about all the reward the company offered. Only 7% of the employee seem to feel neutral. During the interview it is mentioned that employees are well communicated about the rewards offered by the company and the survey proved that.

Table 5. Respondent’s opinion on attitude of employee toward their company.

Statement	Frequency (Percentage)				
	SA	A	N	D	SD
The reward offered by the company shows its investment and care for employee.	43 (13%)	23 (7%)	66 (20%)	119 (36%)	79 (24%)

Source: Own survey result, 2015.

The third question was concerned with ‘whether the reward offered by the company signal its care, investment to its employee’ the purpose of this question was to find out how the employees see their employing organization. 36% of the respondents disagree on this statement. They have an attitude that their employer company is not showing enough care and investment for its employee. While 20% of the respondent are neutral and only 13% strongly agree on the statement.

Table 6. Power of the company reward system to motivate employees to work toward the achievement of organizational goal.

Statement	Frequency (Percentage)				
	SA	A	N	D	SD
The reward offered by my company motivate me to work toward the achievement of company's goal.	10 (3%)	33 (10%)	53 (16%)	132 (40%)	99 (30%)

Source: Own survey result, 2015.

In question number four the respondent were asked to ‘assess whether the rewards available are motivating them to work towards organizational goals’. As the above table shown only few of the respondent agree on this question. The majority of the respondents are oppose this idea, they think that the rewards are not encouraging them to put their effort to the accomplishment of organizational goal. While conducting the interview to examine current reward practice of the company, the company personnel admit that there are a number of demotivating factors they have to work on hard like the absence of rewarding excellent performance, not considering employee opinion on reward design strategy, career advancement opportunity, and official recognition programs are only few of the factors. But they hope that the task variety; employees are rotate to different task that requires various skills will make employee to feel every day at work is different and it helps to broaden employee knowledge and keep them interesting on their job. Also the work atmosphere is motivating employees to excel. According to interview result the low hierarchy and lack of bureaucracy is definitely not hindering motivation in their organization. As well the job security offered by the company is also key motivator. The company's reward objective is mainly to accomplish its goal through the provision of rewards that motivate and retain employee. Yet the survey indicated that the rewards offered by the company are not good enough to inspire employee to put their best effort to accomplish organizational goal.

Table 7. Respondent’s opinion whether the rewards practice employed by the company takes employee need in to consideration.

Statement	Frequency (Percentage)				
	SA	A	N	D	SD
The reward practice employed by the company takes employees need into consideration.	23 (7%)	33 (10%)	33 (10%)	142 (43%)	99 (30%)

Source: Own survey result, 2015.

Concerning the basic question in this section, ‘whether the reward employed by the company is tailored according to employee need’. As it can be inferred from the above table, Majority of the respondents believed that the reward is not tailored according to their need. While 7% strongly agreed that the reward is according to their need. From the interview conducted it is understood that the company is not taking employees opinion or participation during reward practice design. Also no survey was conducted before to find out employees feeling toward the implemented reward practice. It is too difficult to motivate and keep employee without understanding what they really want in their reward package.

Table 8. Respondents’ opinion on what the company should rewarde.

Statement	Frequency (Percentage)				
	SA	A	N	D	SD
the company should focus on rewarding good performance more than status or seniority	116 (35%)	92 (28%)	33 (10%)	56 (17%)	33 (10%)

Source: Own survey result, 2015.

The last question in this section asked for respondents was ‘what the company should reward or what should be its objective while rewarding. Even if the interview result expose that company

strongly rewarding status, most of the respondents oppose this practice according to the survey result. As depicted above 35% strongly agreed that the organization should reward good performance more than status or seniority. 28% also agreed good performance should be acknowledged. While 10% strongly disagree, they said that position and seniority should be rewarded more than good performance.

4.3. Regression Analysis on effects of Financial and Non-financial Rewards on Employee Motivation.

The study used a multiple linear regression model and examined the effects and magnitudes of the independent variables on motivation level of employees.

Before analyzing the data gathered by the questionnaires the researcher have checked the necessary assumptions. These assumptions must be fulfilled in order to undertake analysis by multiple regression model.

4.3.1. Assumptions of Multiple Regression Model.

Five tests for classical linear regression model (CLRM) assumptions namely normality, linearity, homoscedasticity, multicollinearity and independence of residual are conducted and discussed as follows.

⇒ *Test for Normality*

Test of normality, its determining whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by graphical (histogram and dot plot) method of tests. The normality assumption assumes a critical role when a study is dealing with a small sample size, data less than 100 observation. (Gujarati, D. 2004). Even though the normality assumption is not a treat since the observation or sample size of the study is large enough, more than 100 observation, the researcher tested it using normal probability plot (NPP). The decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed. (Gujarati, D. 2004)

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Motivation

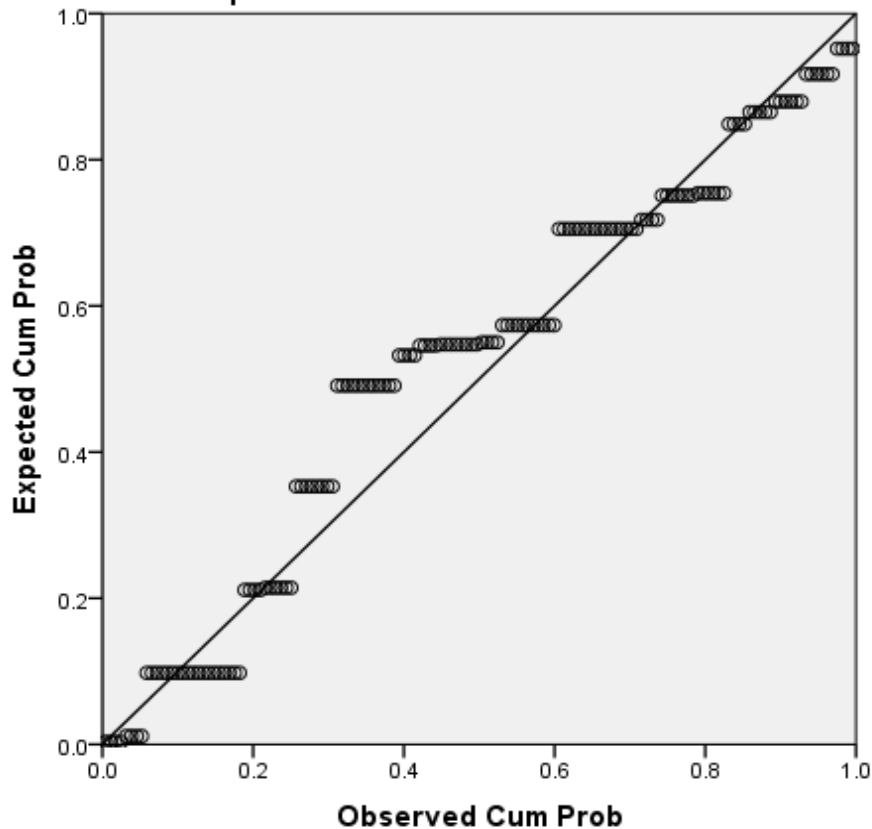


Fig. 3. Graphical test of Normality Assumption

Source; SPSS result of Normality, 2015

From the above figure, we can see that residuals of the model are approximately normally distributed, because the fitted line in the NPP is approximately a straight line

⇒ ***Test for Linearity and Homoscedasticity***

Multiple linear regression model assumes there is a linear relationship between the independent variables and the dependent variables. Homoscedasticity assumption means the range of variance for the dependent variable is uniform for all values of the independent variables. Both assumption can be checked by scatterplot diagram stated below.

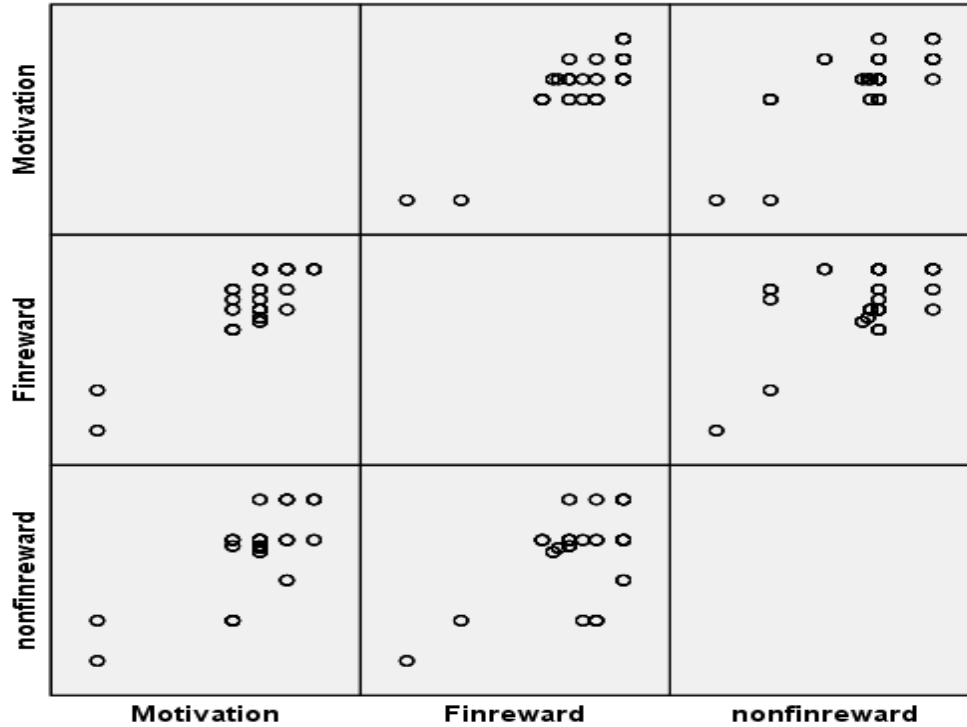


Fig. 4. Scatterplot diagram

Source; SPSS result, 2015

As we can see from the above diagram, both assumption are not serious threat to the study since one can draw one straight line to approximate the observations for all independent variables against the dependent variable, motivation. Scatter plot diagram shows the variance for the dependent variable is uniform and also the variance between the upper and lower cases of the observations are reasonably similar.

Test for Multicollinearity

Another assumption that has to be meet to undertake multiple linear regression model is the assumption of multicollinearity. It's an indication for a linear relationship between the independent variables. (Gujarati, D. 2004)

Variable Inflation Factor (VIF) technique was used. The VIF is a measure of the reciprocal of the complement of the inter-correlation among the predictors: $VIF=1/(1-r^2)$

The decision rule is a variable with VIF value of greater than 10 indicates the possible existence of multicollinearity problem. Tolerance (TOL) defined as $1/VIF$, It also used by many researchers to check on the degree of collinearity. The decision rule for Tolerance is, a variable whose TOL value is less than 0.1 shows the possible existence of multicollinearity problem. (Gujarati, D. 2004)

Table 9. VIF values of predictors

Variables	Collinearity Statistics	
	Tolerance	VIF
Financial Reward	.711	1.406
Non-Financial reward	.711	1.416

Source; SPSS Results, 2015

The above table showed that VIF values for all variables became less than the tolerable value, i.e. 10. And Tolerance value of all variables also became above 0.1 which indicates that this model is free from multicollinearity problem between the dependent variables.

⇒ ***Test of Independent of Residuals***

Multiple linear regression model assumes the residuals are independent of one another. The Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50.

Table 10. Test of Independence of Residuals

Durbin-Watson
2.152

Source; SPSS Results, 2015

From the table above, we can also understand that the assumption of independence of residuals is meet.

Generally, the study discussed five major assumption that must be fulfilled for one to analyze data using multiple linear regression model. So, since all the five assumptions were not violated, the researcher examined the data collected by the questionnaires using multiple regression model as follow.

4.3.2 Result of Regression Analysis.

The model for the study that illustrated impact of total rewards on motivation at Dahren Bank is;

$$Mtv = \alpha + \beta 1Fr + \beta 2NFr + Ui$$

Where; **Mtv** = Motivation

α = the constant, or Y intercept

βi = The coefficient of the independent variables

Fr = Financial Reward

NFr =Non-financial reward

Ui = the error term

The regression analysis was performed based on data collected from employees of Dashen Bank. It demonstrated the relationship between **reward and motivation of employees at Dashen Bank**. Tables below showed the regression output of the dependent variables and explanatory variables.

Table 11. Anova**ANOVA^a**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	44.707	2	22.354	796.245	.000 ^b
Residual	9.180	327	.028		
Total	53.887	329			

a. Dependent Variable: Motivation

b. Predictors: (Constant), NFr, Fr.

The result in the ANOVA table confirmed the significance of the overall model by p- value of 0.000 which is below the alpha level, i.e. 0.05, which means, the independent variables taken together have statistically significant relationship with the dependent variable under study.

Table 12. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.911 ^a	.830	.829	.16755	2.149

a. Predictors: (Constant), nonfinreward, Finreward

b. Dependent Variable: Motivation

Source; SPSS Result, 2015

The other major result under the model summary table showed the R or coefficient of correlation of the model is 0.911 or 91.10% and Adjusted R-Square or coefficient of determination of the model is 0.829 or 82.9%.

The regression analysis was done using motivation of employees as dependent variable and financial reward and non-financial reward as independent variables. The following table depicted the analysis's result as follow;

Table 13 Regression Coefficient Result

Model		Unstandardized Coefficient		Standardized Coefficient	t	Sig
		B	Std. error	Beta		
1	(Constant)	2.504	.050		50.443	.000
	Finreward	.311	.013	.654	24.201	.000
	nonfinreward	.166	.012	.374	13.829	.000

a Dependent variable motivation **Source; SPSS Result, 2015**

The above table shows that, all the independent variable have statistically significant relationship with the dependent variable since their p-value is below the **alpha level which is 0.05**.

Considering the standardized beta coefficient, the strongest predicator of the dependent variable (Motivation) is financial reward with 0.654 value and non-financial reward with 0.374 value.

Both the independent variables have positive relationship with the dependent variable.

So from the above table the researcher drive the model as follows;

Table 14. Regression Result.

$$Mtv = 2.504 + 0.311Fr + 0.166NFr$$

4.4. Interpretation of Regression Analysis

The first thing that must be discussed here should be the overall fitness of the model, this fact has been confirmed by different types of statistical results.

The first way is the ANOVA test that produced a P-value of 0.000 which is below the alpha level, i.e. 0.05. This means both the independent variables have statistically significant relationship with that of the dependent variable, i.e. motivation.

The R (Coefficient of Correlation) which is simply measures the degree of (linear) association between the dependent variable and the independent variables jointly. It only measures degree of association or covariation between the two variables. (Gujarati, 2004) In this case the value of R which is 0.911 means, there is a very strong relationship between the independent variables as a whole and motivation or this can also means that independent variables taken together and motivation vary together 91.10% of the time.

The last one is by checking the adjusted R square (Coefficient of Determination), can be defined as the proportion of the total variation or dispersion in the motivation (dependent variable) that explained by the variation in independent variables in the regression. (Gujarati, 2004) So with adjusted R Square value of 0.829, meaning, 82.9% of the variation in motivation is explained by the linear relationship with all the independent variables. The corollary of this is that only 17.1% of the variation in motivation is unexplained by the relationship or these percentages of change in motivation accounts for other variables not mentioned under this study. Thus when adjusted R square is high it means that the independent variables included in the study play an important part in affecting the dependent variable.

All in All, the regression model developed under the study can be considered as a good fit or predictor of motivation.

The individual effects of the independent variables can be explained by their respective beta coefficients. As per the regression result table 9 motivation and financial reward have the strongest positive relationship. 1 unit increment in financial reward can cause about 31.1% growth in motivation.

The second variable under study was non-financial reward and according to the regression result, it has a positive relationship with motivation and a 1 unit increment on this variable will cause about 16.6% increment on motivation.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

This chapter presents summary of finding, conclusion, and recommendation made based the finding.

5.1. Summary of Finding

The purpose of this study was to identify which reward schemes; financial or non-financial impacting motivation most at Dashen bank. The researcher conducted an interview to identify the reward practice employed by the case company. Then used structured questionnaire to collect explanatory data to identify and analyze which reward scheme impacting motivation most using multiple linear regression model. Before directly analyzing the data gathered by the questionnaires, the researcher make sure the necessary assumptions that are required to undertake multiple linear regression analysis were fulfilled. In addition to this; data was collected through questionnaire to identify to what extent the current reward system employed by company impacted employee motivation and analyzed the data in descriptive manner. Based on the analysis of data and discussion of results, the followings are the summary of major findings of this study.

The interview result shows that the company offer both financial and non- financial rewards. But lacks to identify which reward variables from both financial and non-financial reward package considered significant by employee. Which can only be recognized through the participation of employee during the designing of reward policy. But the company neither attempt to find out what employee value most nor undertake a survey in specific time period about employee feeling and attitude toward the reward package. Regarding reward efficiency, whether the reward triggered employee to act and behave in specific way, the case company officials feel that due to lack of standard measurement tools it is difficult to know if the reward meets its objective or not; they only hope that it encourage employee to work toward company's goal accomplishment.

The data collected to identify employee attitude on current reward in use shows that the reward offered by the company have not impacting employee motivation. For the questions that was asked to find out whether the rewards offered are motivating them to work toward organizational goal

achievement, most of them are disagree on this statement. Also employees are confirmed that the rewards are not designed according to their need and suggest it would also be better if the company consider rewarding good performance. Currently the company focused more on rewarding status. As well from this section of the questionnaire it is discovered that salary and job security are considered most significant financial and non-financial reward variables respectively. While retirement benefit and job related training are given the least significance.

The data collected to identify which reward scheme financial or non-financial impacting employee motivation most, ANOVA, R (coefficient of correlation) and Adjusted R-square (coefficient of determination) were used to test the model's overall fitness, and it turns out the independent variable (financial and non-financial rewards) have a statistically significant relationship with the dependent variable (motivation). The R and Adjusted R-square results showed that the independent variables have highly correlated with the dependent variable and more than 82% variation on dependent variable explained by the linear relationship with all the independent variables

Concerning the individual variables, financial reward have the strongest positive relationship. 1 unit increment in financial reward can cause about 31.1% growth in motivation. The second variable under study was non-financial reward and according to the regression result, it has a positive relationship with motivation and a 1 unit increment on this variable will cause about 16.6% increment on motivation.

5.2. Conclusion

The aim of the first research question was to identify the reward schemes in the case company. According to the interview result, the case company offered both financial and non-financial rewards for its employee. But they don't measure whether the rewards are serving its purpose or not. No survey was made to know employee feeling on current reward practice. And employees input was not considered during reward design. The case company does well on communicating the rewards offered by the company. Employees' motivation are less likely if the communication of reward is insufficient or when employees are not aware of what is given for their effort.

For a company to be successful it must have employees who are willing to put their creativity, abilities and know-how in favor of the company and it is the organization's task to encourage

and nourish these positive employees' input by putting effective reward practices in place. According to the results obtained from the questionnaire, prepared to acquire employees opinion on how the reward in use impacting their motivation. It can be concluded that the rewards offered by the case company are not influencing employees' motivation well. This study found that the rewards offered by the company are not motivating employees to work toward organizational goal accomplishment. The central focus of reward is developing a system that leads the organization employee actively contribute to the achievement of its goals. It is deliberately using reward system as integrating mechanism to direct various units and individuals effort to the achievement of organization objectives.

In spite of the reward scheme employed by the company the survey result shows that employees' attitude towards the company is mainly negative. As most of the respondents answered their company did not show enough effort to make them think that they are an asset to the company.

It is very important to identify what employees value most and design the reward scheme accordingly for a compensation to be effective. However, in this case most employees agreed that the reward practice is not tailored according to employee need. There is a gap between what employee perceive as most significant rewards and the reward practices which managers consider to be the most motivating.

The survey result also indicated that employees are more interested in the acknowledgment or rewarding of good performance than other criteria. According to the interview result the company follow more of the traditional approach. Rewards are designed based on seniority and job level. But in the contemporary approach rewards are designed based on the skill of employee to lead the organization to objective achievement.

When we look at which reward schemes (financial or non-financial) impacting employees motivation most. According to regression analysis result it is possible to conclude that financial reward is impacting employee motivation most. On the basis of the findings salary is influential factor from financial reward in creating employee motivation because it satisfies the basic necessities along with attainment of power and fulfills physiological and security need. As the interview reveals salary at the company is determined based on the existing salary policy, the aim is not to pay everyone the same salary, but based on employee status there will be

differentiation. Jobs are classified according to status and pay range will be determined by the status and responsibility of the job. Other financial rewards like bonuses, transport allowance are considered significant next to salary. While retirement benefit considered as the least motivating factor.

Even though, financial reward contributes a lot in motivating employees. Non-financial rewards are important in enhancing the employee motivation. Its impact is instrumental in improving employee morale. Based on the finding, job, security, career advancement, and recognition and feedback from supervisors are motivating non-financial factors out of the six factor.

5.3. Limitation and Suggestion for Further Research

The direct focus of this investigation was only the banking sector and strictly on Dashen Bank because of the limitation of resources like finance, data and most importantly time, the study is not representative of the banking industries. It would be interesting to conduct industry wide study and extend this study to other industries.

This research was limited to identifying the impact of financial and non-financial reward on employee motivation. So the researcher advice future researchers to perform a study to identify how those rewards impacted employee in various level, motivational factor that works for executive level employee may not work for supervisory level employee or lower level employee. As well further research can be conducted to examine the combined effect of financial and non-financial rewards on employee's motivation with the moderating demographic differences like age and gender. Also the effect of the rewards on the employee's motivation can be further refined by taking only one particular reward scheme.

5.4. Recommendation.

Based on the study, the following suggestions are made to the case company to make suitable alterations in their rewards system and achieve their reward objective.

Since the outcome of this research proved that financial reward is most motivating factors of this specific company employees, the case company suggested to give much emphasis to this reward

scheme. Specifically, for those financial reward variables identified as most significant by the company employees.

Hence, salary is considered as the most significant financial reward factor. So while determining salary the researcher advice the company to review the market price specifically the industry salary level for each job position and responsibility of the job instead of only relaying on their salary policy.

Employee should be participated on reward design. Without their involvement the possibilities of tailoring reward according to employee need is difficult. The organizations should perceive the type of needs in hierarchy preferred by the workers and then design and adopted appropriate rewards system.

Undertaking a survey on employee attitude toward rewards offered by the company in specific time period is also important to measure whether the reward practices in use are efficient and resulting the outcomes which the reward programs try to aim

Since, majority of employees agreed on rewarding good performance it is important to provide rewards based on employee performance. If an employee believes that his/her good performance is acknowledged by company they tend to put their best efforts into practice. This leads to the expectancy that great effort will lead to performance which is noticed and rewarded.

The company should train and encourage managers to give feedbacks to their employees. Also arrangement to offer official feedback frequently must be created.

Career advancement considered most significant non-financial reward, so since the company is large, it is suggested that if they offer vertical career advancement in appropriate manner.

To finalized, In order to maximize motivation of employee; designing sound and fitting reward scheme which is aligned with employee need and incorporate employee input is critical.

Monetary rewards one by one combined with non-monetary rewards would deliver better motivational results than single reward scheme alone. Companies especially the case company should identify which financial and non-financial variables to emphasize on and adopt reward strategy appropriate to all level of employees. Any mistake on reward package has major

negative consequences like, it demotivate employee in a serious way, resignation of good employee, less effort and unhealthy employee relation climate, high level of absenteeism. In time this reduce organization's effectiveness and damage financial performance.

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St. Marry's University School of Graduates

Appendix 1: Interview Questions

1. What is your organization vision and Mission statement?
2. What is the objective of your reward? What do you value when you are rewarding (commitment, tenure, individual or team performance, seniority, status)
3. Why is it important to have motivated workforce?
4. What is the pitfall of having demotivated workforce?
5. Kindly list all financial and non-financial rewards your company currently made available for the employee?
6. Have you considered employee participation during the design of reward practice?
7. Have you conducted a survey with your organization employee about their feeling or attitude toward reward practice and how significant for them? If you do how often?
8. Is the above mentioned rewards practices available for each employee in your organization? (if not it may cause inequity)
9. How do your company determine salary, benefit, pay raise?
10. Are the employee aware about reward packages?
11. Do you think the overall reward offered by your company lead employee to behave a certain way as the company want them? Are the reward serves its purpose? (Measuring reward efficiency if yes how. If there is a standard/common way to measure efficiency. If no why?)
12. Can you say that the reward assignment is fair/equitable?
13. Do you think the rewards encourage/ inspire your employee to support your organization goal?
14. How are the reward in your company affecting your employee motivation level?

15. Which factor do you think motivate employee most and if there is a possible demotivator?
16. Does your company revise/ look back its reward policy? How often?

St. Marry University School of Graduates

Dear Respondents,

I am doing Master's thesis about impact of financial and Non-financial reward on employee motivation. Also about your company reward practice and its employee feeling toward the same. As a part of this thesis; I have developed a questionnaire and I would be very grateful if you could take just few minutes to complete the questionnaire.

Please note that the questionnaire is made to protect your identity and the answers you give cannot be traced in any way. The results of the questionnaire will be used only for this research paper. The name of respondent shall not be appeared in any part of the paper.

Based on the response you give for these questions; I hope we would have better information on financial and non-finical rewards and motivation relationship and also employee attitude toward the company's reward efficiency.

Only your honest and truth response for the questions determine accuracy of the research finding. Thus, we kindly request you to fill this questionnaire with utmost honesty and to forward your true feeling.

I Appreciate Your Cooperation

Selamawit Mulat.

Appendix 1: Questions to be filled by Employee of Dashen Bank

Section One: Demographic Profile Questions.

1. Please specify your gender? Male Female

2. Please specify your age group?
 Under 25 26 up to 35 36 up to 45 above 46

3. Please specify your educational background?
 Certificate Diploma First degree Above First degree

4. Please specify your length of service in this company?
 Below 5 5 up to 10 11 up to 15 above 15

5. Please specify your status in the company? _____

Below are lists of statements pertaining to impact of financial and non-financial reward on employee motivation. Please indicate whether you agree or disagree with each statement by circling on the spaces that specify your choice from the options that range from “strongly agree” to „strongly disagree”. Each choice were identified by numbers ranged from 1 to 5.

Note: 1- Strongly Disagree, 2- Disagree 3- Neutral,

4- Agree 5- Strongly Agree

Section Two: Questions Related to Current Reward in Use.

1. Scale the significance of the below list reward for you; which are currently offered by your company	Very significant	Slightly significant	Neutral	Slightly insignificant	Very insignificant
	5	4	3	2	1

Salaries.	()	()	()	()	()
Bonus.	()	()	()	()	()
Insurance plan.	()	()	()	()	()
Transport allowance.	()	()	()	()	()
Pension/ retirement benefit.	()	()	()	()	()
Responsibility and interesting duties.	()	()	()	()	()
Recognition and feedback from supervisors.	()	()	()	()	()
Job related training.	()	()	()	()	()
Job security	()	()	()	()	()
Career advancement opportunity	()	()	()	()	()

2. I am well communicated about the rewards offered by the company.

1 2 3 4 5

3. The reward offered by the company shows its investment and care for employee.

1 2 3 4 5

4. The reward offered by my company motivate me to work toward achievement of company's goal.

1 2 3 4 5

5. The reward practice employed by the company takes employees need in to consideration.

1 2 3 4 5

6. The company should focus on rewarding good performance than status or seniority.

1 2 3 4 5

Section Three- Questions related to motivation and Reward Schemes.

Questions Related to Motivation.

1. The reward allocation in my company is fair.
1 2 3 4 5
2. My input is equitable with my outcome.
1 2 3 4 5
3. My company acknowledge excellent performance.
1 2 3 4 5
4. Our company value good performance than tenure, seniority, status, loyalty.
1 2 3 4 5
5. The company recognition of good performance impact my level of motivation positively.
1 2 3 4 5
6. My company treat its employee in equitable manner.
1 2 3 4 5
7. The Company has clear and specific goals for each job.
1 2 3 4 5
8. I am free to schedule my job.
1 2 3 4 5
9. My job has visible and recognizable outcome which I am aware of.
1 2 3 4 5
10. My job requires various skills.
1 2 3 4 5

Questions Related to Financial Reward.

11. My company pays satisfactory salary to its employee.
1 2 3 4 5
12. I am satisfied by the bonus the company gives to its employee annually.
1 2 3 4 5
13. I am satisfied by the health insurance the company provided to employee.
1 2 3 4 5

14. I am satisfied by the education fee the company offer to its employee.

1 2 3 4 5

15. The transportation allowance given to employee every month is good enough.

1 2 3 4 5

16. The company has good retirement benefit package.

1 2 3 4 5

Questions Related to Non-financial Rewards.

17. I have challenging and interesting job.

1 2 3 4 5

18. The company offers carrier advancement opportunity.

1 2 3 4 5

19. The company provide job related training opportunity to its employee.

1 2 3 4 5

20. Employee gets feedback and recognition from their supervisors.

1 2 3 4 5

21. Employee participate in decision making that concern them.

1 2 3 4 5

22. The company guaranteed job security to its employee.

1 2 3 4 5

