ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

THE RELATIONSHIP BETWEEN BENEFIT PACKAGE AND EMPLOYEES' PERFORMANCE IN BANK OF ABYSSINA

BY: Selamawit G/mariam

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BY:

SELAMAWIT G/MARIAM

ADVISOR:

TEREFE FEYERA (PHD)

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION

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Approved by: -

_____   _____   _____

Dean, Graduate studies   **Signature**   **Date**

_____   _____   _____

Advisor   **Signature**   **Date**

_____   _____   _____

Internal Examiner   **Signature**   **Date**

_____   _____   _____

External Examiner   **Signature**   **Date**

DECLARATION

I, the under signed, declare that this thesis is my original work, prepared under the guidance of Terefe Feyera (PhD). All sources of materials used for this thesis have been duly acknowledged. I further confirm that this thesis has not been submitted either in part or in full to any higher learning institution for the purpose of earning any degree.

Selamawit G/Mariam

Signature _____

Date _____

ENDORSMENT

This thesis has been submitted to St. Mary University, school of graduate studies for examination with my approval as a University advisor.

Terefe Feyera , (PhD)   _____

St. Mary's University, Addis Ababa   **Signature**

                                                        July 2018

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List of abbreviations

BOA--Bank of Abyssinia

HR ---Human Resource

SPSS --Statistical Package for Social Sciences

ROA--Return on Asset

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ABSTRACT

The purpose of the study was to determine the relationship between benefit package and employees' performance in bank of Abyssinia. The study was guided by the following research questions:(I) What is the level of employees' performance in the Bank? (II)Do employment bonus benefits enhance employee performance in Bank of Abyssinia? (III)Does recognition enhance employee performance? (IV) Does retirement benefit affect employee performance? The major limitation of this research is that this study only used employees at head office and Addis Ababa branches. Another limitation is that it excludes many variables of benefit due to shortage of time. Funds were also another limitation. A descriptive research design and regression analysis was adopted. The populations for the study were senior employees of Bank of Abyssinia. The study population comprised a total of 500 employees from various functions. Stratified random sampling technique was used to draw a sample size of 150 respondents. A structure Likert Scale format questionnaire has been used for data collection developed by the researcher. A set of descriptive statistics including charts and tables were used to present the results of the study. Correlations among the variables were calculated using Statistical Package for Social Scientists (SPSS) version 20.The survey found out that there is significant and positively relationship between bonus benefit and employee performance. Similarly, recognizing employees significant and positively affect employee performance. In contrast to the above findings, retirement is significantly and negatively affects employee performance. In conclusion the study demonstrated that provision of bonus, and recognition to employees enhances job performance. The study also concluded that providing of retirement to employees dispirit employees' performance. From the study it can be recommended that; Bank of Abyssinia should raise providing bonus benefits to all employees at satisfactory level, as they positively influence employee productivity and raise overall performance in the bank. The bank should also increase providing recognition to its employees since it helps them create a sense of loyalty and encourage their performance. The bank should pull old-aged workers who are paid high retirement out of employment as the aged workforce result in low job performance.

Keywords*: Benefit, Bonus, Recognition, Retirement, Performance*

CHAPTER ONE

INTRODUCTION

1.1   Background to the Study

Employees are valuable resource of any organization. Employee's productivity and performance has been main concern of organizations. Rewarding employees for productivity is the focus of business organization. The ability to attract and retain competent workforce, as well as keep those highly motivated has however become a great challenge. It is widely recognized in the human resource literature that providing benefit initiates workers in both private and public organizations leads to a higher quality of human resources and optimum performance. Moreover, in this competitive environment organizations are highly realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees and achieve high organizational performance through them.

In the real world, it is very important to reward high performance levels because it initiates and controls the performance. Indeed, reward strategies should include non-financial and financial rewards. It helps any organization to attract, maintain and inspire skillful competent and capable employees to make the organization prosperous. Although some benefits are provided in financial forms, such as bonus and retirement, there are a lot of non-financial benefits such as recognition which firms can provide to its employees.

This is largely due to the fact that the well-rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being hone and taken care of by their company. Thus, it is a constant and continuous challenge for companies to really work on understanding what factors contribute to improve performance levels of their employees. Aside from working on satisfying their customers, it is crucial that companies also work on identifying the reward practices or motivators that boost the performance of their workforce.

From different literatures reviewed for the purpose of this study there are variations what type of reward can help to perform their jobbing. These differences happen due to factors like: type of industry/sector, demographic variables, level of development of the country. Therefore, the paper tries to find out possible relationships that exist between reward and employee performance.

Rewarding employees for high performance is the focus of business organization. The ability to attract and retain competent workforce, as well as keep those highly motivated has however become a great challenge. Employers now require their employees to do more with less, while employees on their part, are asking for more incentives. This requires that organizations should device a system that was strike a balance, if they want to continue to have increased organizational performance by increasing employee performance (Losey 2005).Cowherd & Levine (1992) pointed out that benefit package systems have a critical role in determining the organization's ability to attract high potential employees and to retain high performing employees to achieve greater levels of quality and performance and in designing a reward system, the organization should specify group or organizational goals to be achieved and specific behaviors or performance that attracts benefit package.

The banking sector in Ethiopia has rapidly grown for the last ten years. Presently, in Ethiopia, there are 17 banks which are in operation and they are providing their best services to their customers. Out of these 17 banks, Bank of Abyssinia is one of the most profitable private commercial banks. The Bank of Abyssinia established on February 15, 1996 with a paid-up capital of birr 1.8 million play this role in Ethiopia. With the emergence of new private banks, the banking market has become more competitive in Ethiopia. It is because of that trend of new banking that the demand of skillful workforce has increased at considerable rate. The banks offer to its rival banks employees, handsome pay and extra benefits keeping in view the competitive trends. In present scenario, this is the demand of time, for banks for their survival, to keep their skillful employees intact through rewards in developing countries like Ethiopia. From different literatures such as Bartol (2009) and Hafiza (2011) reviewed for the purpose of this study, there are variations what type of benefit package can help to perform their jobbing. These differences happen due to factors like: type of industry/sector, demographic variables, level of development of the country. Therefore, the paper tries to find out possible relationships that exist between employee benefit and employee performance in Bank of Abyssinia.

1.2   Statement of the Problem

Currently, the poor performance of workers has been a matter of concern and debate among government officials, private organization and the general public and how to improve the performance of employees has been the topic of many researchers and there is some debate over benefits on whether they facilitate in employee performance leading to organizational performance and do benefits impact on an organization's ability to attract, retain and motivate employees leading to productivity and improved employees' performance (Milkovitch and Newman, 2004).

Studies have demonstrated that employee benefit/rewards lead to higher job performance (Rathi&Rastogi, 2008). Hayat, Khalid & Malik (2010) conclude in their study that financial benefits are the factors that put an effect on employee's job performance. Shahzadi, &Farooqi (2014)also found in their study that good payment of benefit has a significant variance in employee performance. Moreover, Philip's (2014) fining concludes that benefit package systems in any organization are a vital tool and play an important role as far as employee performance was concerned. Similarly, Rizwan (2010) investigated that to increase employee self-esteem the benefit is the utmost factor.

On the other hand, Cascio (2010) adds that employee benefits do not enhance productivity but are rather powerful tools of attracting and retaining talent, and for improving the quality of life of employees and their dependents. Other researchers have suggested that monetary incentives are not effective measures to boost productivity (Eelke&Zwick, 2008). In addition to the above study of employees' benefit and performance, Kald and Nilsson (2000); Bourne, Franco, and Wilkes (2003) and Kanji (2005), performance related pay systems were increasingly seen as less acceptable because they mainly limited to one-dimensional monetary information, lacked a match between the company's competences and its dynamic business environment, lacked a strategic focus, had a retrospective orientation and short-term vision, and had a fragile strategic content. Other researchers have suggested that monetary incentives are not effective measures to boost productivity (Eelke&Zwick, 2008).

Performance is "the quantitative and qualitative explanation of what things provided by a person, a group of people or an organization towards the intended target related to the work done"

(Salem Al-Oun, 2012). There are many indicators that make effective employee performance for achieving organizational objectives. In general, Performance indicators can be categorized as quantitative and qualitative (Chalmers, 2008) and (Delorme and Chatelain, 2011):

Quantitative indicators:

- Input indicators – reflect the human, financial and physical resources involved in supporting institutional programs, activities and services;
- Output indicators – reflect the quantity of products or services generated;
- Impact indicators – reflect final and long-term impact of a project or program.

Qualitative indicators:

- Outcome indicators – refer to the direct, short-term effects on beneficiaries; reflect the quality of program, activity or service;
- Process indicators – include the means used to deliver programs, activities or services;
- Impact indicators – describe less tangible progress toward the achievement of the strategic objective.

The student researcher conducted a preliminary investigation about employees' performance in the form of generating quantity (example profitability) and quality(for instance customer satisfaction service) of services, means used to deliver services, and tangible progress toward the achievement of the strategic objective in BoA. The result shows that there are problems of not providing good quality and quantity service, less tangible progress toward the achievement of the Bank strategic objective and the process used by staffs to deliver services make a delay of providing customer service. Accordingly, when such problems occur in bank, they are usually linked to the extent of benefit package that enhance employees' performance. Therefore, this study demands to address the extent to which employees are satisfied with benefit package of the Bank and its implication to their perceived performance. To the researcher knowledge, there is no study regarding to impacts of benefit package on employee performance in the case of Bank of |Abyssinia. This was the gap to focus and initiate the researcher to study on this topic.

1.3   Research Questions

The study conducts for that purpose to answer the following research questions:

- What is the level of employees' performance in the Bank?
- Do employment bonus benefits enhance employee performance in Bank of Abyssinia?
- Does recognition enhance employee performance?
- Does retirement benefit affect employee performance?

1.4   Research Hypothesis

These hypotheses are predictions about the outcome of the results. Therefore, in order to achieve the objective of the study, the following hypotheses are developed regarding the relationship between benefit package and employees' performance in bank of Abyssinia.

H1: Bonus has significant impact on employee performance in bank of Abyssinia;

H2: Recognition significantly affects employee performance in bank of Abyssinia;

H3: Employee retirement benefit significantly affects employee performance in bank of Abyssinia

1.5   Objectives of the study

1.5.1 General objective of the study

The main purpose of this study is to find the relationship between benefit package and employees' performance in bank of Abyssinia.

Specific Objective of the Study

Specific objectives include:
- To study the benefit practice and its implication on employees' performance.
- To identify the effect of bonus on employees' performance
- To describe whether recognition enhance employee performance.
- To determine the effect of retirement benefit on employees' performance.

1.6   Significance of the Study

The findings of this study are benefit to the Management of BoA, as it reveals how benefits affect employees' performance. Understanding the relation of benefit package on employees' performance in the context of the bank helps in improving its efficiency and effectiveness.

This work is expected to make some meaningful impact when applied to job situations in Bank of Abyssinia. The research was equally discussing the means through which benefit can be used

as practical measures to improve productivity employee and organization. It serves as a practical operating guide for those who wish to introduce productivity improvement techniques through performance systems in their organizations.

This study used of immense assistance to all managers, shareholders, supervisors among others, as it enables them determine whether their benefits scheme meet the likewise policy makers and anybody who wants to achieve positive results through people finds the work very useful since it leads to greater understanding of the value of benefits in relation to the performance of employees. All the same, students and others who wish to carry out a similar study in other corporations finds the work beneficial because it intends to expose a lot of useful ideas about benefit package and employee performance.

1.7   Scope of the Study

The research work analyzed the activities of bank of Abyssinia in relation to benefit and performance of employees. The study was concentrate on the effects of benefits on the productivity of workers of Bank of Abyssinia between 2012 and 2016. Only senior staffs of at departments and Addis Ababa branches were used in the study since they have enough knowledge to answer the impact of benefit on employee performance in Bank of Abyssinia in the previous years. Senior staffs are department directors, department managers, branch managers, branch principal customer office, branch cash administrators, senior credit officers, senior auditors and the like.

1.8   Limitation of the Study

Within the valid scope of the research, following are the limitations of this research: The study is restricted to Bank of Abyssinia as results in other government and private sector may vary. Similarly, there are also geographical constraints as the study again is limited to Addis Ababa branches and departments, thus it could be accepted that the result may vary with respect to geographical locations. The study assessed only bonus, recognition, and retirement concerning the employee benefit; it did not consider home allowance,health Protection Benefits, employment security benefits and the like as vital components of benefit that may affect employee performance.

1.9 Organization of the Study

In addition to the preliminary page, this research paper consists of five chapters. The first chapter with its sub topics was introductory parts incorporated the background, statement of the problem, research objectives, research questions, significant of conducting the study, and scope and delimitation of the study. The second chapter describes the detail review of related literatures. The third chapter forwards the methodologies used to conduct this study. Data presentation and analysis presented in Chapter four and Findings, conclusions and recommendations presented in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter focused on definitions of relevant terms, types of benefit, determinants of job performance, theories of benefit and performance, empirical literature reviews, research gap, conceptual framework, and relationship between employees' benefit and performance.

2.1   Theoretical Literature

Theories are essential tools for scientific inquiry, analysis, and reliable understanding of how social and natural systems operate. Theories are also useful set of theoretically related concepts for explaining the occurrence of any phenomenon. So, they are useful tools in research in that they facilitate the understanding of the relations that exist between variables. Leaders should try to increase the belief that good performance result in valued rewards. Ways of doing so include: measure job performance accurately; describe clearly the rewards that was result from successful performance; describe how the employee's rewards were based on past performance; provide examples of other employees whose good performance has resulted in higher rewards. In essence, leaders should link directly the specific performance they desire to the benefit desired by employees. It is important for employees to see clearly the reward process at work. Concrete acts must accompany statements of intent (Lunenburg, 2011). Reward mechanisms can be a powerful incentive in linking performance to benefit. Compensation systems that reward people directly based on how well they perform their jobs are known as pay-for-performance plans (Berger, 2009).

Torrington (2009) emphasized that advocates of the expectancy theory believe that employees change their behavior by working harder to prioritizing their actions if they know that by doing so they rewarded with something of value to them. Hence incentives are a great way to reward effort and behaviors which the organizations wish to encourage. If the benefit is paid in return for behavior that contribution to the organizations goals, it was in the long run enhance organizational effectiveness and productivity and hence generates a positive outcome for both employer and employee. Pitts (1995) underlined that the principle reward for performing work is pay, many employees however offer also reward packages. These packages typically include:

bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more.

2.1.1 Concept Employee Benefits

According to the Business Dictionary employee benefits are a form of "indirect and non-cash compensation paid to an employee. "Black's Law Dictionary similarly characterizes them as "indirect, non-cash assistance given to an employee".

Employee benefits are elements of remuneration given in addition to various forms of cash pay. They also include items that are not strictly remuneration, such as annual holidays, retirement benefit, and bonus (Armstrong, 2006). Moreover, employee benefits are virtually any form of compensation other than direct wages paid to employees. It constitutes a major part of almost any individual's financial and economic security (Rosenbloom, 2001). Accordingly, benefits are items such as pension, sickness payments, recognition, bonus, company cars etc. which are additional to earnings; sometimes known as fringe benefits (Cole, 2002). This study focusses on bonus, recognition and retirement benefit.

Benefit can be extrinsic or intrinsic, extrinsic benefits are tangible rewards and these rewards are external to the job or task performed by the employee. External benefits can be in terms of

bonuses, retirement, recognition,etc.Berger (2015) argued that employees prefer to have

monetary incentives in return to their successful accomplishments. Sajuyigbe, Olaoye, and Adeyemi (2013) stated that rewards are basic conceptual elements in improving employee performances. Well performed employees should be incentivized with monetary compensation, which is an easier and the best way to encourage employees so as to effective and efficient (Pink. 2011). According to Lemieux, MacLeod, and Parent (2009), performance pay based on a good performance measure can increase qualitative productivity. Muralidharan and Sundararaman, (2009) claimed that the incentive payment is directly related to the employees' output, which accelerates their performances.

Reinforcement theory states that a response followed by a benefit is more likely to recur in the future (Thorndike's Law of Effect). The implication for benefit management is that high employee performance followed by a monetary reward make future high performance more

likely. By the same token, high performance not followed by a reward makes it less likely in the future. The theory emphasizes the importance of a person actually experiencing the reward.

According to Zolthitsch (1970), after the 19th century, the rate at which the new benefits were granted increased. Benefits and services represent a tangible gain to employees in form of monetary or non-monetary rewards. Over the years, diverse fringe benefits have been introduced without the management realizing their cost of the organization's finance. Jackson and Mathis (2004) mentioned that employee benefits such as health insurance, vacation pay or retirement pension are the important indirect financial rewards. The benefits given by the employer are not only a mechanism to improve the employees' performance, but it also helps to attract applicants in the recruitment process. Advocates of expectancy theory argue that individual employees were alter their behavior (eg by working harder or prioritizing their actions differently) if they believe that in doing so they was be rewarded with something they value. According to Torrington, Hall, TaylorandAtkinson(2009), employees perform better in the presence of incentive schemes.

2.1.2 Concept of Employee Performance

Employee performance can be defined as an employee ability to accomplish tasks assigned to him or her in an organizational context (Arvery& Murphy, 1998). To perform is to take a complex series of actions that integrate skills and knowledge to produce a valuable result. In addition, job performance can be defined in terms of whether employees' behaviors contribute to organizational goals (Daniel, 2002). Performance can be seen as an individual, group, or organizational task performance. Organizations have a vital need to understand how to improve employee's performance, and therefore they try to find an explanation as to why employees fail to perform (Muchinsky, 1993). Moreover, Motowildo, Borman, &Schmitt (1997), say that performance is behavior with an evaluative aspect. This definition is consistent with the dominant methods used to measure job performance, namely performance ratings from supervisors and peers (Newman and Milkovitch, 2004). One further element of performance is that the behaviors must be relevant to the goals of the organization (Campbell, McCloy, Opple& Sage 1993). Armstrong and Murlis (2004) described total reward as comprehensive employee reward which includes all types of rewards i.e., indirect as well as direct, and intrinsic as well as extrinsic. According to these scholars the financial rewards include both compensations and

financial benefits where as non-financial rewards include recognition, autonomy, opportunity to use and develop skills, career opportunities, work life balances.

Agency theory suggests that group and organization incentives can also contribute to greater overall levels of performance monitoring by, in effect, making each employee a principal who monitors other employees (Levine & Tyson, 1990). So, if your pay and my pay depend on what we do as a team, we were be more likely to monitor each other's performance and give feedback to one another when performance needs improvement: Similarly, according to equity theory, if a person feels that his or her inputs (e.g., work effort) are greater than another member of the work group, but they receive the same reward, one way to restore equity would be to encourage (or pressure) the other person to put forth more effort.

2.1.3 Theoretical Relationship between Employee Benefit and Performance

The theory state that, those employees' behaviors that lead to positive outcome was repeated. And behavior that leads to negative outcomes were not be repeated. Managers should therefore positively reinforcement to yield the best results, and the reward should immediately follow performance so that so that the employees can effectively associate the reward with performance, Skiner (1979)

If people feel that they are in-equitably rewarded, they may be dissatisfied, they may reduce the quality and quantity of output or they may even leave the organization. If people perceive the reward as equitable, they probably continue at the same level of output. However, if the rewards are perceived to be greater they may work harder. Where there is perceived inequity, the employees reduce their input, increase their outcome by stealing from the organization or by leaving the organization or refusing to cooperate with other workers perceived to be over rewarded (Odunlade, 2012). The major problem here is that people may over estimate their contributions and the rewards. Expectancy theory argues compensation system influences employee performance, research on the relationship between rewards and employee job performance has found significant positive association and indicates that employees become driven by their expected outcome of various forms of rewards for their performance (Gerhart and Rynes, 2007).

The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on job performance and organizational commitments. Intrinsic rewards like recognition lead employees more towards high job performance (Danish &Usman, 2010). In order to achieve internal consistency, the total reward strategies are horizontally integrated with performance activity and vertically integrated with business strategies (Armstrong, 2006). The benefits of a total reward system are described by Armstrong (2006) as: Greater impact when different types of rewards are combined, they have a deep and long-lasting effect on the commitment and performance of employees. Enhancing the employment relationship, total reward appeals more to employees due to the fact that it makes the maximum use of relational as well as transactional benefits. Enhancing cost-effectiveness because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages. Flexibility to meet individual needs due to the variety of rewards, the total reward is able to answer the individual needs of the employees and hence bind them more strongly to the organization and individual performance. Winning the war for talent because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract highly performer employees by differentiating their recruitment process and hence becoming "a great place to work".

According to Idemobi (2010), the Expectancy Theory is a process theory developed which basically concentrates on the outcomes. According to Vroom, employee expectations can affect an individual's inspiration. Therefore, the amount of effort employees exerts on a specific task depends on their expectations of the outcome. Vroom contends that employees ask three basic questions before committing maximum effort to a task: Can I accomplish the task? If I do accomplish it, what's my compensation? Is the compensation worth the effort?Ejiofor (1987) argued that when the compensation is attractive it can keep worker performance at optimum. Expectancy theory implies that linking an increasing amount of benefit to performance increase performance.

In contrary to the above ideas, Crystal in In Search of Excess (1991) and Kohn in Punished by Rewards (1993) contend that pay-for-performance contracts are often ineffective and may have deleterious effects.

According to Nelson & Spitzer (2002) although cash rewards are welcomed by employees, managers should never use this as a tool to motivate their employees to improve their performance levels. Should this happen, there is a change that the essence of the reward would be forgotten. In a study conducted by (Bewen, 2000),the researcher warns that managers should be aware of 'non-rewards'. Such rewards should be utilized sparingly, and should not be used all the time. They are also described to be passive, and they do not necessarily lead to positive behaviors in the long term.

In summary, if you reward an organism for certain behavior, that organism was more likely to repeat that behavior. Translated into organizational terms, if you reward an employee for exhibiting behaviors of producing results, that employee was more likely to repeat those same actions. The faction argues that human behavior is much too complex to be controlled and manipulated through reward programs. Their argument emphasizes the real need to fully understand the role of benefit as a tool for achieving employee performance.

2.2   Reviewing Similar Study

2.2.1 Employee Benefit

Amah, Nwuche, and Chukwuigwe (2013) mentioned in their benefit research that bonuses recognition and others, offered by employers, including retirement plans, maternity leave or child care provision could give a big impact towards the performance and commitment of the employees. For this study purpose employee bonus, retirement, and recognition are considered. They also add that offering fringe benefits may promote greater work effort from the employees. According to Amah; Nwuche; Chukwuigwe (2013) Employee benefits are provided for a number of reasons which include to reward and promote employee loyalty and performance to the organization. Compensation systems that reward people directly based on how well they perform their jobs are known as pay-for-performance plans (Berger, 2009).

Gomez-Mejia (2012) states that most employees believe that they should be rewarded to recognize their performance, they defined pay-for-performance or incentive system as a system

that rewards employees on the assumptions that individual employees and work teams differ in how much they contribute to the firm and that the firms' over-all performance depends to a large extent on the individuals and groups within the firm.(Gomez-Mejia, 2012)

The impact of benefits on employee performance depends on the existing compensation and performance management package in the organization. Employees respond to increase in pay and benefits with a positive and productive attitude. Several studies have indicated that employee benefits are related to organizational performance (Odunlade, 2012). Low pay is good reason as to why an employee may be lacking in performance (Cook and Crossman, 2004). Employees prefer other companies which may provide them with higher posts and increased benefit packages (Rampur, 2009).

According to Poister (2003), providing benefit to employees is one of the employee performance indicator that reward success (employee incentive systems) and taking corrective actions to avoid replicating failure. Roberts (2005) descriptively affirmed that a proper understanding of the effect of reward process on employee performance helps to enhance organizational performance

Khan, Farooq and Ullah (2010) conducted among the commercial banks employees in Pakistan showed that payment of benefit played a critical role in employee performance. Propper and Wilson (2003 also argued that Financial reward is given to the individual, group or whole organization while under implicit scheme the organization gets the financial reward as a result of the others to the Performance measurement (for example, by getting more contracts, providing different benefits). Studies by Payam, Ali, Seyed&Mahmood (2013) justify that the management of benefit process should be helpful to the firm to realize its goals by keeping the people's needs, and by developing their performance.

Pitts (1995) also specified that benefit received encourage performing a task or service. Benefit provision is one of the few ways to set a mutually acceptance common value to the individual work contribution. Pay also can be a powerful in low performance, if employees are not satisfied with the reward package, it was hard for the company to retain good performer individuals. On the other hand, Cascio (2010) adds that employee benefits such as retirement do not enhance productivity but are rather powerful tools of attracting and retaining talent, and for improving the quality of life of employees and their dependents. Other researchers have suggested that

monetary incentives are not effective measures to boost productivity (Eelke&Zwick, 2008).Auer and Fortuny (2000), state that while retirement policies constitute a "push" factor for non-employment of old-aged workers, pension systems and policies are a "pull" factor. It is well observed, especially in advanced European welfare countries that more generous pension benefits tend to pull old-aged workers out of employment even before normal retirement age but the availability of retirement funds to older workers contributes to the "pull factor" of retirement.

2.2.2 Employee Performance

In general, performance is a degree of achievability to predetermined business objectives. Performance is a result as well as quantitative and qualitative measurement of efforts to achieve the aim (Chan & Baum (2007; Chan, and Quah 2012). Another definition of the performance is that performance is "the quantitative and qualitative explanation of what things provided by a person, a group of people or an organization towards the intended target related to the work done" (Salem and Al-Oun, 2012). Performance is directly affected by the economic climate, the situation in the markets, changes that occur from incentive system given to people (Mwanje, 2010).

According to Ahmad and Shahzad (2011), apparent employee performance embodies the whole belief of the employee about their conduct and contributions to the accomplishment of the organization and further stated that compensation practices, performance evaluation and promotional practices as a determinant of employee performance. Similarly, Anitha, (2013) define employee performance as an indicator of financial or other outcome of the employee that has a direct connection with the performance of the organization as well as its achievement, further revealed that working atmosphere, leadership, team and co-worker relationship, training and career development, reward program, guidelines and procedures and workstation wellbeing as well as employee engagement are major factors that determine employee performance.

Based on a result from Pearson Correlation Analysis, it showed that there was a positive relationship between rewards and employees' performance and also showed a highly positive significance in the relationship between rewards (Ali, Aktar and Sachu, 2012). Yang, Miao, Zhu, Sun, Liu and Wu (2008) suggested that, in Chinese forces it is considered that pay and performance influence each other. Pay has direct influence on performance level of employee. NL (2012) described that pay is one of those performance variables which hindered reduces the

dissatisfaction level of employees. If an employee is compensated according to his need, he easily manages overload work if any emergency occurs. High employee performance followed by high monetary reward make future high performance more likely (Odunlade, 2012).

Stup (2003) also explained that to have a standard performance, employers have to get the employees task to be done on track as to achieve the organization goal or target. By having the work or job done on track, employers could be able to monitor their employees and help them to improve their performance. Furthermore, a benefit system should be implemented based on the performance of the employees. This is to stimulate the employees in order to perform more on their task. There are several factors that being described by Stup (2003) towards the success of the employees' performance.

Shafiq&Naseem (2011) state that poorly designed reward system and poor compensation in organization mitigate and disrupt the employee performance. Pension, and bonus play an essential role to encourage the employee performance.

Ali and Ahmed (2009) conducted a study in Unilever companies and argue that there was a positive and strong association between rewards and employee's performance. Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. An organization must carefully set the rewards system to evaluate the employee's performance at all levels and them rewarding them whether visible pay for performance of invisible satisfaction (Aktar, Sachu, Ali, 2012). The concept of performance management has given a rewards system which contains; needs and goals alignment between organization and employees, rewarding employee both extrinsically and intrinsically. High employee performance followed by high monetary reward make future high performance more likely (Odunlade, 2012).

However, a study conducted by Alagaraja1 and Shuck (2015) aimed to discover prevailing viewpoints of organizational configuration and employee engagement in order to understand reasons associated with enhancing individual performance argue that employee performance can be enhanced through training and development. Furthermore, Thomas and Feldman (2010) adopted measures of employee performance as core task performance, which includes in-role performance, safety performance, and creativity, followed by citizenship performance, categorized into both targets-specific and general organizational citizenship behaviors and lastly,

counterproductive performance that consists of general counterproductive work behaviors, workplace aggression, substance use, tardiness, and absenteeism.

Therefore, employee performance brings about innovation performance and firm performance as a whole, in such a way that successful effort of fulfilled, inspired, and devoted HR produce innovative ideas for new products or services and increase quality performance, operative performances, and client satisfaction directly (Sadikoglu&Cemal, 2010).

2.2.3 Bonus Programs

Bonus programs are usually rewards provided to individuals for their accomplishment in a particular task (Mullin 2010). Management intensifies the bonus of the employee to elastic employee performance (Ahmed and Shabbir2017).

Bonuses benefit have significant impact on employees' performance (Yamoah,2013) According to Yin and Yang (2012), small businesses interested in long-term benefits should probably consider another type of reward. Bonuses are generally short-term persuaders of performance. By rewarding an employee's performance for the previous year, they encourage a short-term perspective rather than future-oriented accomplishments. In addition, these programs need to be carefully structured to ensure they are rewarding accomplishments above and beyond an individual or group's basic functions.

According to Williamson, Burnett, Bartol (2009) extrinsic reward is based on physical benefits that organization gives to its employee in the form of bonus play an essential role to encourage the employee performance.

SoonYew et al., (2008) findings suggested that both mandatory and fringe benefits were having significant and positive relationship with employee commitment and organizational performance. Fringe benefits such as bonus had higher relationship as compared to mandatory benefits. This finding proposed that when employees received more fringe benefits, their commitment to the organization tend to be higher. High employee performance followed by high monetary benefit such as bonus make future high performance more likely (Odunlade, 2012). Sohrab Ahmad and Khurram Shezad (2008) did a study on impact HRM practices on perceived performance of university teachers of Pakistan. It was hypothesized that compensation, promotion and performance evaluation practices are significantly and positively related to perceived

performance of university teachers of Pakistan. Compensation and promotion practices were found to be significantly correlated with perceived performance.

2.2.4 Retirement Benefit

This is the amount paid regularly to a person, typically following retirement from service. There are many different types of retirement benefits, including defined benefit plans, defined contribution plans, as well as several others (Neil, and charness, 2000). Shafiq&Naseem (2011) also state that poorly designed reward system and poor compensation such as pension in organization mitigate disrupt the employee performance.

The study of Arnolds Turner and Barling (2007) find that for frontline workers the utmost and beneficial rewards are retirement benefits. Retirement plans in addition to serving as a tax-advantaged means of accumulating retirement income, can enhance performance of employees. Pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. This study indicates that pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns.

Amah et al., (2013) mentioned in their benefit research that retirement plans could give a big impact towards the performance and commitment of the employees. Accordingly, Positive feelings created by good benefits may help to change workers to be more hard working. This was eventually result in increased the employees' performance. In a study conducted by Arnolds and Venter (2007), frontline employees ranked paid holidays, retirement plans, cash incentives, wage increases and job security as the highest individual performance.

2.2.5 Recognition

Rukhamani (2010), define recognition as the ability to identify and acknowledge an employee, usually by a senior manager or supervisor, for a positive thing done in the course of their work. It is important that management identifies and recognizes their employees for their exemplary performance. Wang (2014) argues that recognition is an intrinsic initiator of benefit that is essential in driving employees to feel valued. Hafiza (2011), in a study conducted in the Singapore found the existence of a direct relationship between employee recognition and employee performance; r (0.644); p≤ 0.05. The study was conducted on 400 employees, and it indicated that in cases where managers gave employees recognition for work well done in timely manner, there was a significant increase in performance. Employees were asked to indicate the

reasons as to why there was an increase in their performance due to recognition by their managers. Majority of the respondents (72%) indicated that they felt valued by their managers, and felt their work mattered. Hafiza (2011) concluded that managers in the hospitality sector should constantly affirm and recognize their employees as a way of enhancing their performance.

Professional employees are also incentivized by used of recognition-based awards, these are non-financial incentives such as employee-of-the-year award, job well done card, star award card which are meant to give performance feedback (David & A. Decenzo. & Stephen, 2007). Rizwan and Ali, (2010) are of the view that when effective recognition is implemented within an organization, a favorable working environment is produced to excel in their performance. It is for that reason, Danish, (2010) affirm that when recognition is properly implemented, a good working atmosphere is provided to achieve high performance. Alam, Shaheed, Sahabuddin, M. &Akter, (2013) contend that non- monetary rewards which are represented by recognition, learning opportunities, challenging work and career advancement, have been found to be an effective tool in consequently increase their performance.

According to Fred (2011), although money receives the most attention as a reinforce and incentive motivator, and is even equated with reward systems by practicing managers, there is increasing evidence that contingently administered recognition can be a powerful reinforce to increase employee performance. Danis and Usman (2010) found that recognition is significantly and positively correlated with performance of the employees.

According to Khan et al. (2010) benefit program has a positive and direct relationship with employee's performance. They also find that recognition benefits elevate employee performance level and drive it to a positive direction. Moreover, intrinsicreward, recognition, has high degree of positive relationship on employee performance (AhmedandShabbir, 2017). Appreciation of employees by the organization among other recognitions influences employees' performance (Kamalian, Yaghoubi, &Moloudi, 2010). This is because when employee is rewarded or recognized for the given activity done, employee feel like they are part of the organization and actually contribute to the organizational achievements.

By personalizing rewards, an organization communicates the extent to which it values and cares for its employees. A sincere word of thanks from the right person at the right time can mean more to an employee by providing recognition of their value than a pay raise (Rathi&Rastogi,

2008). Employees need to be shown that their achievements have been recognized and appreciated. Recognition of employee performance may take two forms: team and individual. The best recognition singles individuals or groups out for extraordinary performance. Study of Group (2011) was conducted in online staff in business sector that are more satisfy with non-financial rewards rather than financial rewards. He concluded that non-financial rewards effects on performance and also effects to increase the productivity and profitable growth of organization.

Some of the ways in which organizations can offer recognition to their employees include acknowledging the employee performance publicly, providing employees with a day off, and providing them with good office working space. Tremblay (2010)who studied the motivational needs of employees and performance found that recognition from managers to employees was a significant driver of performance in the hospitality industry in South Africa. Recognition therefore is a significant persuader to performance since it not only enhances employee's impetus to good performance, but also enhances employee management relationship Tremblay (2010). However, rewards linked to performance need not be monetary. Reward does not mean only financial benefits that some organization offers to its employees rather Praise words and attention from manger also works as reward and turns out to be more advantageous over financial benefits in certain situations (Dewhurst, Guthridge and Mohr 2010). Study of Group (2011) was conducted in online staff in business sector that are more satisfy with non-financial rewards rather than financial rewards. He concluded that non-financial rewards effects on performance and also effects to increase the productivity and profitable growth of organization.

Employees are likely to be initiated to improve their performance with nonmonetary rewards such as employee recognition. Recognition is the acknowledgement, appreciation, or approval of the positive accomplishments or behaviors of an individual or team (Caligiuri, Lepak and Bonache 2010; University of Iowa, 2009). According to Gostick and Elton (2007), recognition refers to praise or a personal note acknowledging achievements including small gestures that are important to employees. One valuable outcome and reason for recognizing employees is that studies show that people who feel appreciated are more positive about themselves and their ability to contribute, i.e., employee recognition can boost productivity Based on a survey of 200,000 employees, Gostick and Elton (2007) conclude that if employee recognition is

conducted properly, it can increase profitability and customer service levels, and heighten employee engagement and satisfaction. Managers need to create goals and action plans that recognize the behaviors and accomplishments that warrant rewards within the organization (Caligiuri et al., 2010).

2.3   Research Gap

There is however, still some debate over benefits on whether they facilitate in employee productivity leading to organizational performance and do benefits impact on an organization's ability to attract, retain and persuade employees leading to productivity and improved organizations" performance (Milkovitch and Newman, 2004). Limited studies have been conducted in many countries on impacts of benefit on employee performance [For example, Khan et al. (2010) in Pakistan, Baron (2008) in USA,Losey (2005) in USA, and Muchinsky (1993) in UK.

Most of these studies were performed in developed world, and different countries. They were also carried out with different variables, and research methods which may not applicable in Ethiopia. These studies motivate researcher to analyze these facts in one geographical or regulatory context for large banking sector. To get an in-depth understanding of these topics, alternative research methods in addition to archival or survey data was requested and used for specific circumstances and countries.

Generally, reviewing of the employee benefit and performance literature shows limited research on impact of employees benefits on their performance. The review suggests the following gaps in the literature:

- Limited prior research has examined concerning the impacts of employees benefit and performance in one geography;
- The limited literature to date largely focused on banks in developed economies. As a result, understanding of the global configuration of the impacts of employees benefit on employees' performance appears incomplete.
- Thus, this study aims to examine impacts of employees benefit on employees' performance become necessary to add important contribution to global conclusion.

2.4   Conceptual Frame Work

The following conceptual model formulated carefully. This model illustrates the relationship between benefit systems on employee performance. The Retirement, recognition and bonus benefits are independent variables, while employee performance is dependent variable. The figure also suggests an interrelationship between the two groups of variables as identified and explained. High employee performance followedby high monetary benefit such as bonus makes future high performance more likely. Retirement strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis.When recognition is properly implemented, a good working atmosphere is provided to achieve high performance as indicated below (Decenzo and Robbins, 1999)
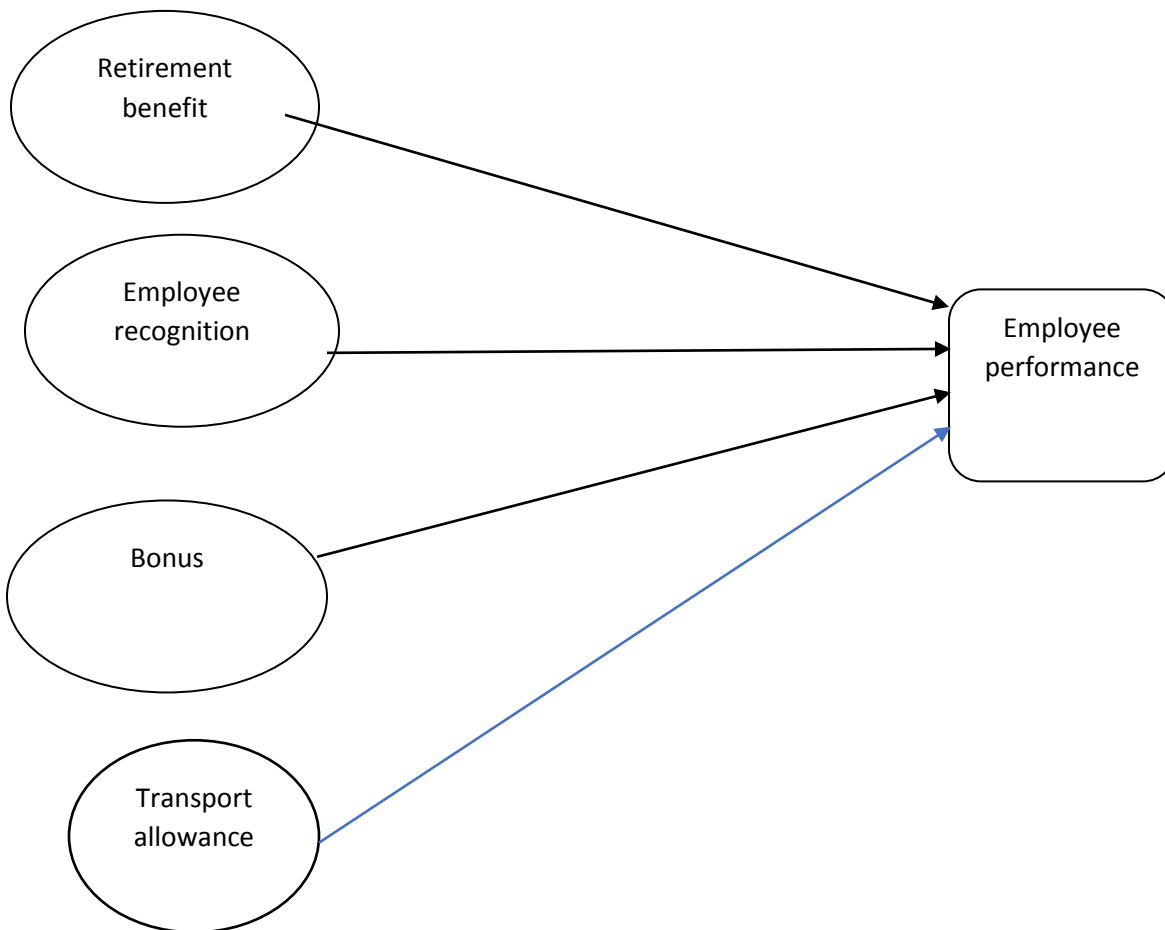

Figure 2.1 Conceptual Frame Work

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The important part of the research activity is to acquire successful research design which shows the logical link between the data collected, the analysis and conclusions to be drawn. It involved a blueprint for the collection, measurement and analysis of data. In this chapter the research design, sampling type, research instrument, the dependent and independent variables applied throughout the research, data analysis method, and finally questions to be send to respondents are included.

3.1   Research Design

The study expected to investigate the impact of benefit on employees' performance in BoA. The researches undertake quantitative explanatory type of study. The data gathered from the bank employees through questionnaires analyzed by applying descriptive statistics. Secondary data were obtained from operational manual of HR, bank policy, bank policy of benefit package, annual financial report, and procedure concerning HR management.

3.2   Population of the Study and Sampling Techniques

This study was carried out at head office and Addis Ababa branches of the bank of Abyssinia, where the total population is 500 (BoA number of Staff report, 2017). In order to capture a balanced report, the research concentrated on the higher level, middle level and lower level staff comprising senior officers, managers, and directors. Accordingly, the populations of this study are senior employees of Head office departments and Addis Ababa branches.

Mugenda and Mugenda (2008) define sampling as the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected. In regard to this definition and for purposes of this study, a sample was selected from a population of five hundred (500) senior staffs from Bank. The researcher used stratified random sampling method of data collection since it is an unbiased sampling method of grouping heterogeneous populations into homogenous subsets then making a selection within the individual subset to ensure representativeness.

Table 3. 1: Stratified Random Sampling

Category	Population	Percentage	Sample size
Senior officers	300	30%	90
Managers	178	30%	53
Directors	22	30%	7
Total	**500**		**150**

Source: Author (2008)

From the above target population of 500, a sample size of 30% was taken from the population. According to Mugenda and Mugenda (2008), a representative sample is one that is at least 10% of the population of interest but for better and more representative results, a higher percentage is better. In addition, this sampling technique should be used when the population of interest is not homogeneous. In this particular case the population of interest is composed of various teams as depicted in the table above. These groups are mutually exclusive and were expected to give answers that were unique to the topic of study.

3.3 Data Collection Instrument

 These are ways to be used to gather information from various sources. Data for the study are primary and secondary. The primary data was collected by means of questionnaires to be distributed to senior staffs of Finance and treasury, internal audit department, International banking department, facility department, law department, credit department, IT, and operation departments and from Addis Ababa branches. The questionnaires are about the bonus, recognition, and employee retirement benefits, and include closed questions in order to provide the possibility to express opinions freely as well as useful framework for answers. The administration of the questionnaire takes place by "drop and pick" method that allows respondents sufficient time to complete the questionnaire. The questionnaires are in the form of Likeret-Scale type that shows respondents' agreement or disagreement by constructing into five-point scale where the lowest scale represents 'strongly disagree', and the highest scale represent 'strongly agree' response choices (Likert, 1932). The questionnaires were adopted and modified from the prior author and literature review (Aktaret al, 2012, Arm & Gatlin, 1997, and Birtch et al, 2009). The questionnaires distributed to the respondents were organized in to two parts; the

first part comprises the demographic question regarding the respondents, and the second part contains items relating to the variables.

The secondary sources of data are the human resource policy documents available in the bank which were reviewed and referred and other material such as reports and manuals of Bank of Abysinia S.C. The researcher considered three dimensions of benefits as independent variable and employees' performance as dependent variable. The three dimensions of benefit are, Bonus benefit, recognition benefit, and retirement benefits.

3.4   Variables measurement

This section shows the variables used as dependent and independent (explanatory) variables in this study. The measurements used for these variables are described as follow:

3.4.1 Dependent variable

Employee Performance: Employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, profit, quality of output, timeliness of output, presence at work, cooperativeness. According to Hannula and Lönnqvist (2007) Customer relations, product and service quality (e.g. defect rates, quality awards) and operational performance were considered to be the most important value drivers of performance. Organizations that build superior service culture enjoy a sustainable competitive advantage, attracting most loyal customers and employees most talented and most motivated." (Kaufman, 2014). His study identifies that Many banks all over the world are systematically measuring how well they treat customers, identifying the factors shaping satisfaction, and changing operations and marketing as a result. Wise banks measure customer satisfaction regularly because it is one key to customer performance.

Ahmad and Shahzad (2011) argued that seeming performance of an employee expresses the entire conviction of an employee in regards to the actions and input to the attainment of the organizations goals and mission. They further mentioned that practices of compensation, evaluation of performance and practices concerning promotion of and employee are the benchmark for performance of a worker. So also, Anitha (2013) stated that performance of an employee is a gauge or pointer of monetary or other result of the employee that has undeviating relationship with organization performance and accomplishment as well. Anitha, (2013) additionally disclose that atmosphere at which employee perform task and other schedules,

relationship with bosses, co-employee relationship and that of team, compensation procedure, and engagement of an employee are determining factors for performance.

Profitability is one of the measurements of performance. Pinprayong and Siengthai (2012) suggest that return on asset (ROA) is a suitable measure of overall company performance, since it reveals how profitable organizations assets are in generating revenues. A basic measure of bank profitability that corrects for the size of the bank is the return on assets which divides the net income of the bank by the amount of its assets. ROA is a useful measure of how well a bank manager is doing on the job because it indicates how well a bank's assets are being used to generate profits (Ghazizadeh, Besheli and Talebi 2010).

3.4.2 Independent variables

Bonus benefit: Bonuses scheme provide cash payments to employees that are related to the performance of themselves, their organization or their team, or a combination of two or more of these. Bonuses are often referred to as 'variable pay' or 'pay at risk' since, the size of bonuses can fluctuate due to the expected results, bonuses can raise or fall at any point in time. A bonus can be received by any one in a company, a certain group or individual (Armstrong and Murlis, 2007). They also argue that when profit of the company increases the amount of bonus benefit increase accordingly. Pay for the performance is the reward practice that links one's pay increase to one's performance and could be used to direct performance of employee. Group (2011) was conducted in online staff in business sector that are more satisfy with non-financial rewards rather than financial rewards. He concluded that non-financial rewards effects on performance and also effects to increase the productivity and profitable growth of organization.

Recognition: A simple 'thanks' can go a long way in making a worker feel valued. Related to validation, an employee was more productive when he can see where he fits in the big picture. He doesn't want to just be a cog in the machine. He needs to have a handle on the whole operation, which may be a plus because he may show he can do more than his job. He needs to know the supervisor listen to his suggestions and ideas (2000 Lake,). Employee recognition as a form of reward can be both tangible and intangible. Tangible recognition comes in many forms, such as "employee of the month", perfect attendance, or other social recognition such as acknowledgement, certificate, and genuine appreciation awards. Recognition can also be intangible and psychological in nature. Feedback from managers and supervisors that acknowledges extra effort and performance of individuals provides recognition, even though

monetary rewards are not given (Khan et al. (2010). Timeliness of projects completed on or ahead of in service is one of the measurements of recognition. For example, Manager Satisfaction with Personal productivity and make him to provide recognition.

Retirement benefits: This is the amount paid regularly to a person, typically following retirement from service. There are many different types of retirement benefits, including defined benefit plans, defined contribution plans, as well as several others (Neil, 2000). Individuals need to produce a plan that was work for one person or family. The best approach for individuals is a detailed income needs forecast and conservative drawdown period plan that can be adjusted with changing circumstances. Planners also need to be able to explain the plan in order to justify monthly savings goals and lump sum targets for younger clients (Bajtelsmit.V, 2013).

3.5   Validity and Reliability of Research Instrument

According to Shanghverzy (2003), reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. Reliability is also concerned with the question of whether the results of a study are repeatable. The term is commonly used in relation to the question of whether the measures that are devised for concepts in business are consistent. One factor that might affect the reliability of the study is the respondents' lack of knowledge. It is further suggested that if a respondent at the moment is tired or stressed or have attitudes toward the questionnaire/interview it can impact negatively on the reliability of the study (Eriksson &Wiedersheim-Paul, 2001). Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure. It is the degree to which results obtained from the analysis of data actually represent the phenomenon under study. To enhance the instrument's validity, the researcher sought expert opinion by consulting the study's supervisor in respect to content validity. After the final confirmation, a pilot test was conducted by distributing the questionnaire among 21 respondents from different departments, which ensured that the questionnaire is appropriate and the aspects to be investigated is generally understandable.

Content validation is guided by the question. Content domain of this measure representative of the universe of the content regarding the impact of benefit being assessed. Content validation here represents a judgmental process whereby we attempt to determine if our

measures contain behaviors that are isomorphic with the relevant domain of behaviors required to assess the impact of benefit on employee performance. In this section, the study justify that adequately assessed impact of benefit perceived and displayed by the focal cadets by reviewing the theories, models, methods and strategies employed (Mwanje, 2010).

The face validity of a test which samples its criterion can easily reduce its user into negligence about the test's more important predictive credentials. Actually, content validity is a reasonable basis on which to accredit a test only if it meets minimal standards of representative sampling from the criterion's domain (Odunlade, 2012). It must be understood, however, that the "face validity" of a test has nothing to do with the objective relation between the test and what it measures. It merely reflects a psychological attitude toward the test by persons who contemplate it (Berger, 2009).

The impacts of benefit on employees' performance data were gathered only from senior staffs of the bank. This criterion may have created some bias in the data and, consequently, in results and conclusions. Content validity has to do with how well an instrument is able to capture and encompass all the conceptual aspects of a construct. The researcher must ensure that the items selected for his instrument are an adequate sample from some theoretical content domain. In other words, to assess anxiety, all elements of this construct (physiological, behavioral, and affective) must be included in a measure (Bryant, 2007).

Criterion validity has to do with how well an instrument predicts or is associated with an observed indicator of a given concept or criterion (Bryant, 2007). If the measure is genuinely measuring a particular construct, like memory, then, its classification and predictive ability should be well established. An instrument must have an empirical association with some conceptually related criterion.

To measure the consistency of the questionnaire particularly the Likert-scale type, the reliability analysis is essential. To carry out the reliability analysis, Cronbach's Alpha (α) is the most common measure of scale reliability and a value greater than 0.700 is very acceptable (Field, 2009; Cohen and Sayag, 2010) and according to Cronbach's (1951), a reliability value (α) greater than 0.600 is also acceptable. Based on Table 3.2, the reliability analysis value for Cronbach's Alpha (α) of this study shows 0.874 for all variables. Therefore, the responses generated from all variables in this study were very acceptable (reliable) for data analysis.

Table 3.2: Reliability Statistics

Description	Cronbach's Alpha	N of Items
	0.874	21
Bonus	0.827	6
Retirement	0.970	4
Recognition	0.830	6
Performance	0.956	5

3.6   Methods of Data Analysis

The questionnaires data were checked for completeness and accuracy and presented in advance. The questionnaire was coded according to each variable to ensure that the error margin is minimized and assure accuracy during analysis data analysis was carried out through quantitative method of data analysis. Quantitative technique uses descriptive statistics which includes the mean, frequency, percentages and standard deviations. Theclear review of the relationship between the variables data shall be analyzed using statistical package for social science (SPSS) version 20 to provided tails regarding the questions. The analyzed data shall be presented graphically using tables and figures as appropriate. Multiple regressions model analysis used to establish the relationship between the study variable. The following model is formulated for this research in order to test the research hypothesis setearlier. Most of the independent variables included in the model are extensively used in priorresearcher (Ahmed and Shabbir, 2017).

Establish the relationship between the study variable. The multiple regression equation is:

$$Y = \alpha + \beta_1 BA + \beta_2 RR + \beta_3 ER + \varepsilon$$

Where:

Y = performance;

α = Constant Term

β_1 to β_3 = coefficients of independent factors

BA = Bonus allowance for employee

RR= Employee recognition

ER= Employee retirement benefits

ε = error term

3.7   Ethical considerations

The researcher observed strict ethical responsibilities in conducting this research. Research ethics relating to rights of human subjects in field work, notably the right to informed consent; right to privacy and confidentiality; and right not to be deceived or harmed as a result of participation in the research should be emphasized (Bryman, 2007)

Since the paper includes different data from primary and secondary data the researcher, the data was treated with the strictest confidentiality of any individual and organization from which data collected. Finally, this research practiced the principle of anonymity i.e. the participants was remained anonymous throughout the study - even to the researcher. And also, the data was complied with considering the regulations of the University and meets the accepted standards with respect to originality and quality.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATIONS

As indicated in the previous chapter, the main attempt of this study is to investigate impacts of employee benefit on employee performance. Therefore, this chapter presents the analysis and discussions for research findings obtained from the questionnaires. It reports the investigation results obtained from department directors, managers, and senior officers covered in the questionnaire. The discussion begins with the questionnaires' response rate followed by the descriptive statistics of the respondents related questions; like the gender, year of service, and level of education. Wherever applicable, tables, charts and figures are provided to illustrate and support the findings. In the analysis of the data the research questions raised, regression analysis, correlation, frequency and percentage tables based on the likert type of scale responses of respondents were constructed. The analysis was done based on the research questions.

Data were analyzed using Statistical Package for Social Sciences (SPSS Version 20.0) program through a descriptive statistic to provide details concerning question and impacts of benefit on employee performance. Data from questionnaires was summarized, edited, coded, tabulated and analyzed.

Quantitative analysis was used as data analysis technique. Primarily the data was collected through the questionnaires and analyzed by using descriptive statistics for responses to be obtained by using likert scale method, open-ended and closed questions and then tabulated, coded and analyzed to present the research findings. Analysis of the data was based on the bonus benefit, retirement benefit, and recognition and their impact on performance.

The study targeted a sample size of 150 respondents from which 147 filled in and returned the questionnaires making a response rate of 98%. This response rate was satisfactory to make conclusions for the study. Weisberg, Krosnick& Bowen (1996) recommended a response rate of 70%.

4.1   Characteristics of the Respondents

The section sought to establish the demographic information of the respondentsincludinggender, level of education, and service at work and department of the respondents.

| S. N	Variables	Type	Count	%
1	Gender	Male	99	67
		Female	48	33
		Total	**147**	**100**
2	Service year	Less than 2	13	9
		2-5	15	10
		6-10	66	45
		More than 10 years	53	36
		Total	**147**	**100**
3	Education qualification	Bachelor's Degree	117	80
		Master's Degree	30	20
		Total	**147**	**100**

4.1.1 Response Rate

The questionnaires were distributed to the Department directors, managers, and senior officers of Bank of Abyssinia. 150 questionnaires were delivered to the above-mentioned employees. From distribution of 150 questionnaires, 147 questionnaires were collected (7 responses from directors, 52 managers and 88 senior officers) giving the response rate of 94%. This shows good response rate for all respondents.

As shown in Table 4.1, the major characteristics of the questionnaire respondents are presented in terms of gender. In term of gender, the study respondents can be classified into 67 % as male and 33% as female which suggests that high status jobs in public sectors are male-dominated and this is an indication that both genders were involved in this study.

4.1.2 Socio-economic status of respondents

The following chart shows that the number of respondents in terms of their position. 7 of the total respondents were directors and 52 were managers, while 88 were from senior officers

.

Chart 4.1 Number of Respondents for the available level of position
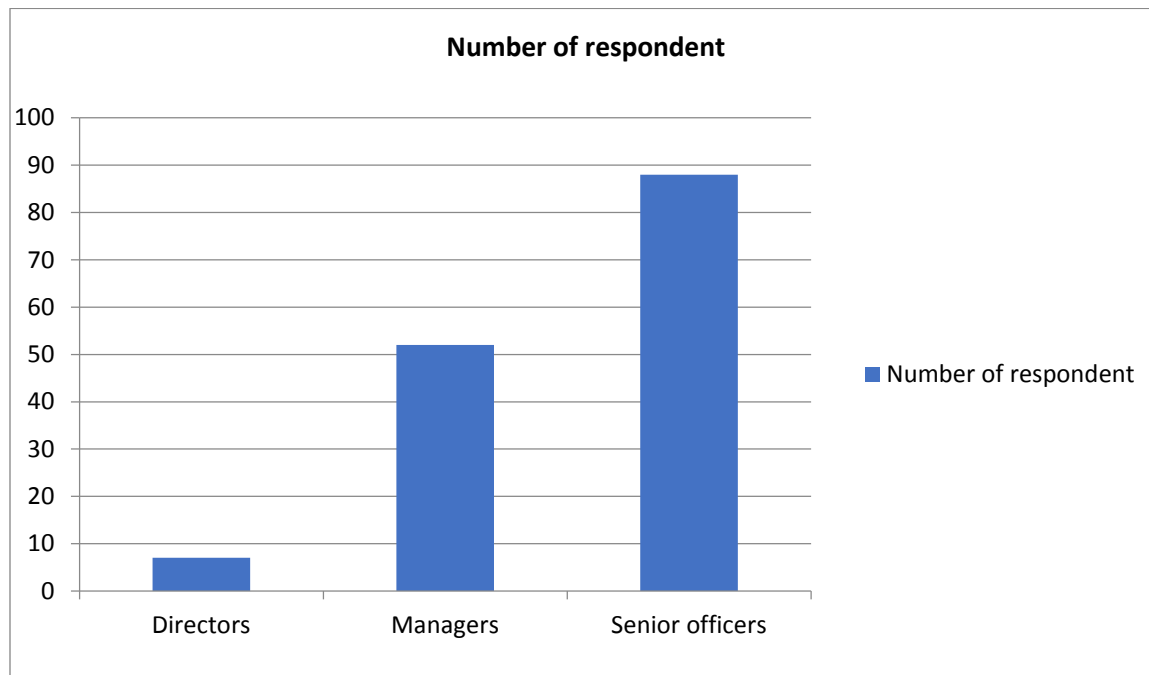
As shown below in Table 4.1, the study requested the respondents to indicate their highest level of academic education. From the findings it was established that 80% of the respondent indicated their highest level as degree, and 20% of the respondent indicated their highest level as post graduate. This is an indication that most of the respondents focused in this study had university degrees as their highest level of education. These shows the majorities of the respondents were educated and can contribute more for the effectiveness of their intended work. It is also believed to provide more trustworthy information for this study.

The level of educational background, 2 directors, 40 managers and 75 senior officers have bachelor's degree (2, 29%), (40, 77%) and (75, 85%) respectively. Whereas, the remaining 5 directors, 12 managers and 13 senior officers have master's degree (5, 71%), (12, 23%) and (13, 15%) respectively. In addition, from both categories there were no respondents who had other level of educations. These shows the majorities of the respondents have bachelor degree which enables them to provide more reliable information for this study and enable the respondents to have idea of employee benefit and performance.

The study requested respondents to indicate the number of years they had served for. From the survey study established that 36% of the respondents had worked for a period of more than 10

years, 45% of the respondent indicated that they had worked for a period raging between 6 to 10 years.

As shown in the figure above, the distribution of years of experience that the respondents had with working from 2-5 year of experience in BoA are 15 in number which cover 10% of the respondents. Those respondents who are working under 2 years in BoA are 13% of the respondents.

4.2   Analysis Collected Data

Descriptive analysis was used in order to measure central tendency of the investigated variables by examining the mean of the data. The higher the mean score indicates that most respondents gave positive feedback. Standard deviation was used to measure variability or dispersion. The higher the standard deviation indicates that more scores are spread out. Table 4.2 below illustrates the perception of respondents toward employee performance.

The following responses explained how employees' performance feedback applied by supervisor towards employees' performance.

4.2.1 Employee Performance

Table 4.2 Employees' Performance

No	Statement		disagree	Somewhat agree	agree	Total	Mean
	Employee performance						
1	The effectiveness in which work is performed in the organization has an influence on my performance.	**%**	15.6	17	67.3	100	3.6
		Count	23	25	99	147	
2	The degree of job enrichment embraced by organization has an influence on my job.	%	17.6	18.4	63.9	100	3.6
		Count	26	27	91	147	
3	The nature of my job in itself influences my level of performance at my job.	%	15.7	18.4	65.9	147	3.6
		Count	23	27	69	100	
4	My organization have a consistent, timely and fair method for evaluating individual performance.	%	16.4	20.4	63.2	100	3.6
		Count	24	30	93	147	
5	I feel Management allows me to perform my job effectively.	%	15.6	17	67.3	100	4.0
		Count	23	25	99	147	

As shown from the table 4.2, Out of total respondents 99 respondents representing 67.30% of the employees agreed that the effectiveness in which work is performed in the organization has an influence on my performance. 15.6% of the employees disagree whereas the remaining respondents somewhat disagree. This implies that effectiveness of work result in employee work performance.

Concerning to the statement of the degree of job enrichment embraced by organization has an influence on employee job, 63.9% agree and on the statement. The remaining 17.6%, and 18.4%

disagree, and somewhat agree on the statement respectively. This show that employee high job performance is due to adequate provision of benefit.

The above table 4.2 of item 3 point out that the nature of employees' job in itself influences the level of performance at the job as shown by mean of 3.6. The result indicates that the nature of job in itself influences the level of performance (65.9% agreed) while small number of responders did not think that (15.7 % disagreed) and 18.40% of them somewhat agree. The respondents' responses indicate that the nature of employees' job affect job performance.

In case of the statement indicate that organization has a consistent, timely and fair method for evaluating individual performance (table 4.2 item number 4), most respondents (63.2%) agreed as indicated by 3.6 mean that organization have a consistent, timely and fair method for evaluating individual performance. The remaining respondents 16.40% disagreed and 20.40% somewhat agreed with this statement. This indicate that bank employee performance evaluation method is good.

In the last part of table 4.2 questionnaire, respondents' opinions were asked whether the employees feel Management allows them to perform their job effectively. According to the results of the survey, the employee feel management allows them to perform their job effectively as shown by mean of 4.0. Much larger percentage of respondents (67.3 % agreed) stated employee feel Management allows them to perform their job effectively. 15.6% of respondents have disagreed. The remaining somewhat agree on the statement. This imply that the management initiate employees to effective job performance.

Bonus Benefit and Employee Performance

Regarding to the effect of bonus benefit on employee performance, the respondents' responses are stated in the following paragraphs.

As can be seen from the Table 4.3 of item 1, almost all of the respondents agreed that the bonus plan of the organization encourages performing better. Accordingly, 58.5% of the respondents agree with the case while 27.2% disagreed. The remaining respondents somewhat agreeon the case. From these responses it can be conclude that bonus enhance employee performance.

Evidence from the study showed that the bank's bonus payment is performance based. 66% of the respondents agreed that the bank's bonus payment is performance based. 17.7% disagree and strongly disagree with the issue. The remaining respondents somewhat agree on the case. This implies that bonus is not paid if employees do not perform well.

Concerning to the statement 'If I perform well, I am certain that amount of bonus increase', over half (65.9% agree) of respondents reported that If employees perform well, they are certain that the amount of bonus increase. Lower number of respondents (15.6%) disagree on the statement and the remaining respondents agree somewhat. These responses show that as bonus increase employee performance also increase.

The data collected as per the following table of item 4 showed that organizational provides satisfactory performance bonuses to boost employee performance. High percentage of the respondents i.e. 72.1% choose agree. The rest 14.9% and 12.9% of the respondents choose disagree and agree somewhat respectively. This signified that being their organization provides satisfactory performance bonuses to boost their performance.

Table 4.3 Effects of Bonus on employee performance

No	Statement		disagree	Somewhat agree	agree	Total	mean
	Bonus						
1	The bonus plan of my organization encourages to perform better	%	27.2	14.3	58.5	100	3.3
		Count	40	21	86	147	
2	The bank's bonus payment is performance based	%	17.7	16.3	66	100	3.6
		Count	26	24	97	147	
3	If I perform well, I am certain that amount of bonus increase	%	15.6	18.4	65.9	100	3.6
		Count	23	27	97	147	
4	Your organizational provides satisfactory performance bonuses to boost your performance	%	14.9	12.9	72.1	100	3.8
		Count	22	19	106	147	
5	Your Organization recognizes your extra effort with bonuses	%	21.1	14.3	64.6	100	3.6
		Count	31	21	95	147	
6	Performance bonus incentive scheme of my bank is successful in improving employee performance	%	19.7	15	65.3	100	3.6
		Count	29	22	96	147	

The respondents were asked if Organization recognizes employee extra effort with bonuses. Respondents agreed that the bank recognizes employees' extra effort with bonuses as pointed out by mean of 3.6. 64.6% agree with this issue. In comparison only 21.1% disagreed with this statement, while 14.30% agree somewhat. Finally, Statistical evidence reveals that 65.3 per cent of the respondents respectively agreed that performance bonus incentive scheme of bank is successful in improving employee performance. A few numbers of the respondents i.e. 19.7% and 15% choose disagree and somewhat agree respectively. All these imply that bonus play a significant role in increasing employee performance.

4.2.3 Retirement Benefit and Employee Performance

As indicated in the table 4.4, the majority of the respondents think that the company offered gratuity fund to employees when they are retired or leaving the job. 64.8% of the respondents agreed that the company offered gratuity fund to employees when they are retired or leaving the job. The remaining 21.7% and 13.5% of the respondents choose disagree and somewhat agreein turn. This implies satisfactory retirement benefit is provided.

Most respondents (61.2%) agreed with the matter that the organization pensions do not encourage workers' behavior in high job performance. On the other hand, 22.5% of the respondents disagree and 16.3% of the respondents somewhat agree on the statement. Based on the data collected from respondents, Table 4.4 of item 3 indicated that organization exercise retirement benefit to initiate employees' performance. 65.80% of the respondents agreed that organization exercise retirement benefit does not initiate employees' performance. Alternatively, 17.70% and 16.6% disagreed and somewhat agreed respectively on the statement.The result of the respondent's shows that retirement benefit does not encourage employees' performance.

Table 4.4 Retirement benefit and performance

No	Statement		Level of agreement				
			disagree	Somewhat agree	agree	Total	Mean
	Retirement						
1	The company offered gratuity fund to employees when they are retired or leaving the job.	%	21.7	13.5	64.8	100	3.5
		Count	32	20	85	147	
2	My organization pensions do not encourage workers' behavior in high job performance.	%	22.5	16.3	61.2	100	3.5
		Count	33	24	90	147	
3	My organization exercise retirement benefit does not initiate employees' performance.	%	17.7	16.5	65.8	100	3.5
		Count	26	24	97	147	
4	Retirement earned benefit in reward for years of service do not help in productive employee performance.	%	20.4	14.3	65.3	100	3.5
		Count	30	21	96	147	

Table 4.4 shows how participants responded to statement relating to retirement earned benefit in reward for years of service does not help in productive employee performance. The results signified

that respondents (65.3%) were agreed that retirement earned benefit in reward for years of service help in productive employee performance. In contrast, 20.40% of the respondents dis agreed on the subject matter, while 14.30% of them agree somewhat with the matter.

4.2.4 Recognition Benefit on Employee Performance

Strive was made to know if employees receive constructive feedback from their supervisor. The survey result in Table 4.5 depicted that 65.30% of the respondent agreed that employees receive constructive feedback from their supervisor. In opposite 21.8% of the respondents disagree agree but the remaining respondents somewhat agree on the matter. This shows that the recognition system is exercised by the bank to initiate to performance of employees.

The respondents were asked to give their opinion whether the recognition system of their bank initiates them to work well. The survey result which is presented below in Table 4.5 shows 72.80% of the respondents agreed that the recognition system of their bank initiates them to work well. While14.2% and 12.9% of the respondents disagreed and somewhat agree in turn. This imply that the employees expect recognition for their services because nobody likes to be unappreciated for the efforts he or she made. This is in line with Danis and Usman (2010) found that recognition is significantly and positively correlated with performance of the employees.

As referred from Table 4.5, about 62% of the respondents agreed that when employee do a good Job, they receive a recognition for that. While small number (21.7% disagree and 16.3% somewhat agree) of respondents agreed on the issue. From this we can understand that a recognition of an effort made or a good job done is likely to produce even better job apart from making a happier and more satisfied worker and can always influence workers approach to work and their performance.

Table 4.5 Employee recognition and performance

No	Statement		Level of Agreement				Mean
			disagree	Somewhat agree	agree	Total	
	Recognition						
1	I receive constructive feedback from my supervisor	%	21.8	12.9	65.3	100	3.5
		Count	30	19	96	147	
2	The recognition system of my bank initiates me to work well in my area	%	14.2	12.9	72.8	100	3.9
		Count	21	19	107	147	
3	My job supervisor recognizes me for my work.	%	9.5	10.9	79.6	100	4.0
		Count	14	16	117	147	
4	When I do a good Job, I receive a recognition for that	%	21.7	16.3	62	100	3.4
		Count	32	24	91	147	
5	I feel appreciated for the job I perform by Management	%	10.9	10.9	78.1	100	4.0
		Count	16	16	115	147	
6	The organization uses the recognition system to highlight the achievements of teammates.	%	21.7	17	61.3	100	3.5
		Count	32	25	90	147	

The results in table 4.5 of item 5 show that 78.3% of the respondents agreed that they feel appreciated for the job they perform by Management. On the other hand, 10.9% of respondents have disagreed, while there are 10.9% of respondents somewhat agreed on the statement. Lastly, most (61.3%) of the respondents agreed that the organization uses the recognition system to highlight the achievements of teammates. however, 21.7% disagreed on this issue and 17% of the respondents agreed somewhat**.** This implies that employee recognition could enhance employee performance to a high extent.

Generally, the questionnaire looked at employee performance, and all questions had a mean response greater than 3.00 implying that participants agreed that bonus, retirement and recognition affect employees' performance. The standard deviations of all the questions were greater than 1.00. It indicates that the respondents' perception was far from one another.

The questionnaire which examines the bonus allowance for employee, all questions had a mean response greater than 3.00. This implies that participants agreed on the bonus benefit for employee performance. The standard deviations of all questions were greater than 1.00 indicating that the

respondents' perceptions were far from one another.

The questionnaire examined employee retirement benefit, and all of the questions had a mean response greater than 3.00 implying that participants agreed on the employee retirement benefit. The standard deviations of all questions were greater than 1.00 which suggests that the respondents' perceptions were far from one another.

The questionnaire explored the employee recognition, and all the questions had a mean response greater than 3.00. This implies that participants agreed on the employee recognition. The standard deviations of all the questions were greater than 1.00. This is indicative of the fact that the respondents' perception was far from one another.

4.3   CORRELATION ANALYSIS

4.3.1 Assessment of Multicollinearity

Multicollinearity is a statistical problem which occurs when the independent variables are much correlated with each other (Hair, et al., 1998). It means strong correlation among predicators and the existence of r value greater than 0.80, tolerance value below 0.10, and Variance Inflation Factor (VIF) greater than 10 in the correlation matrix (Field, 2009). Tolerance in this case is defined as a statistical tool which is used to indicate variability of the specified independent variables from other independent variables in the model (Pallant, 2007). As indicated in Table 4.6, the tolerance levels for all variables are greater than 0.10 and the Variance Inflation Factor (VIF) value for all variables are less than 10. Table 4.7 presented the correlation between dependent and independent variables; the correlation matrix of all variables among the predictor was also less than 0.80. Therefore, correlation value, tolerance level, and VIF value indicate that there is no multicollinearity problem in this study.

Table 4.6 Collinearity Statistics

	Collinearity Statistics	
Model	Tolerance	VIF
Bonus	0.445	2.246
Retirement	0.394	2.538
Recognition	0.240	4.168

Source: SPSSoutputfromsurveydata,2018

Table 4.7 Pearson Correlation Matrix

	Performance	Bonus	Retirement	Recognition
Performance	1.000			
Bonus	.793[**]	1.000		
Retirement	.322[**]	.499[**]	1.000	
Recognition	.658[**]	.737[**]	.772[**]	1.000

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

Source: SPSSoutputfromsurveydata,2018

Table 4.7 above depicts the correlation between the independent variables and also with the Dependent variables. The result shows the acceptable reliability of the research variables in which, the correlation among predictors were not high indicates there are no Multicollinearity problems among variables. As of the relationships between the dependent variables (employee performance) and independent variables (Bonus, Retirement, and recognition some findings are significant.

Furthermore, there were strong correlations between the dependent variable employee performance and independent variables Bonus (r = 0.793), Retirement (r= 0.322) and Recognition (r 0.658) with (P<0.01) level of significant, shows a strong support for first, second and third hypothesis respectively. The correlation analysis was utilized to reject or accept research hypothesis in previous audit research (Cohen and Sayag, 2010) in addition to the regression analysis.

4.4 Results for test of classical linear regression model (CLRM) assumptions

Diagnostic test is made to make sure whether the classical linear regression model assumption is violated. In this study, an attempt is made to test heteroscedastic, autocorrelation, normality and multi- collinearity the result of which are presented and discussed as follows.

4.4.1 Test for no heteroscedasticity (homoscedasticity) {var (ut) = σ2 <∞}

One of the important assumptions of the classical linear regression model is heteroscedasticity. As noted by Brooks (2008) heteroscedasticity assumption states that the disturbances (u) appearing in the population regression function are homoscedasticity; that is, they all have the

same variance. The variance of each disturbance term u, conditional on the chosen values of the explanatory variables, is some constant number equal to σ2. This is the assumption of heteroscedasticity, or equal (homo) spread (scedasticity), that is, equal variance (Gujarati, 2004). If the error term u does not have constant variance, it is said that there is a heteroscedasticity problem.

Heteroscedasticity makes your parameter estimates no longer BLUE they are still unbiased, but no longer have a minimum variance. Unfortunately, SPSS does not have a built-in procedure to test for heteroscedasticity. The test can be done by writing some codes. Despite not having built-in procedure to test for heteroscedasticity, we can plot standardized residuals (ZRESID) against the standardized predicted values (ZPRED). If there is no heteroscedasticity, the plot should look random. If u sees a pattern, such as a funnel shape or a curve, this indicates heteroscedasticity. A curve shape, in particular, could indicate some non-linearity in the relation that you failed to take into account.

Chart 4.2: Test for heteroscedasticity
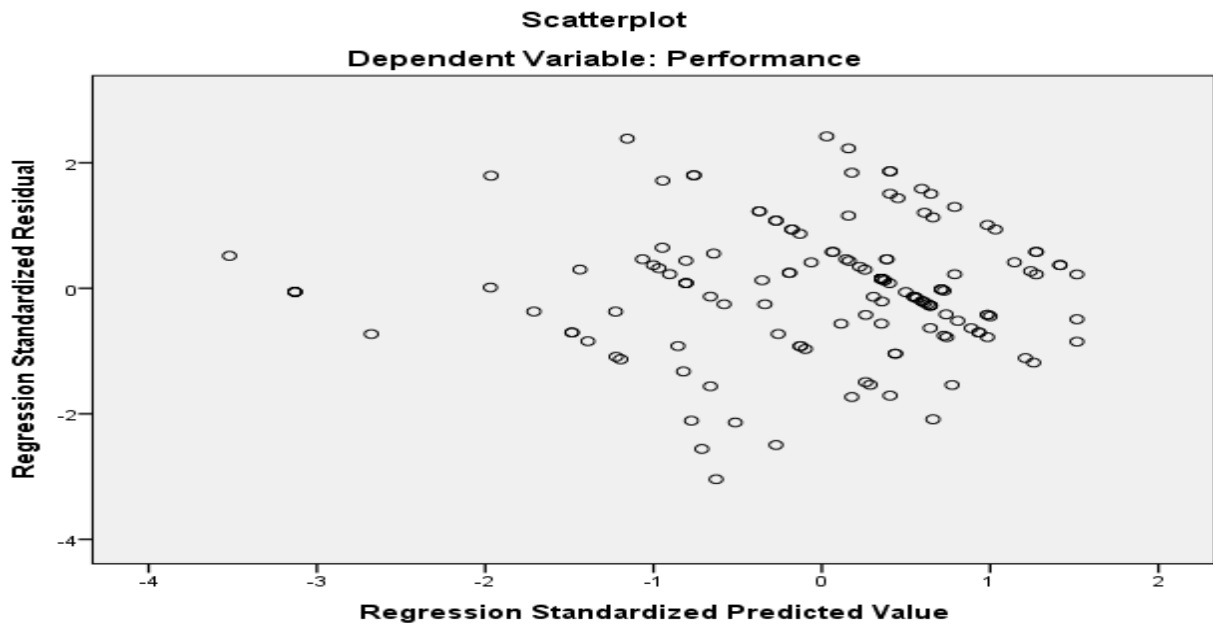
As we can see in the plot, the residuals have a random pattern, which signifies that there is no sign of heteroscedasticity.

4.4.2 Assessment of Normality

Before running regression analysis, it should be noted that there are four classic assumptions in undertaking the regression analysis and one of them is normality of data. The most fundamental assumption in data analysis is normality, which considers the benchmark for statistical methods. In order to test the normality of data, Skewness and Kurtosis test of normality distribution was used and conducted with SPSS 20.

Therefore, normality test becomes relevant. The normality assumption is about the mean of the residuals is zero. Therefore, researcher used graphical methods of testing the normality of data.

Chart 4.3 Test of normality

Histogram
Dependent Variable: Performance

Mean = 1.82E-16
Std. Dev. = 0.990
N = 147
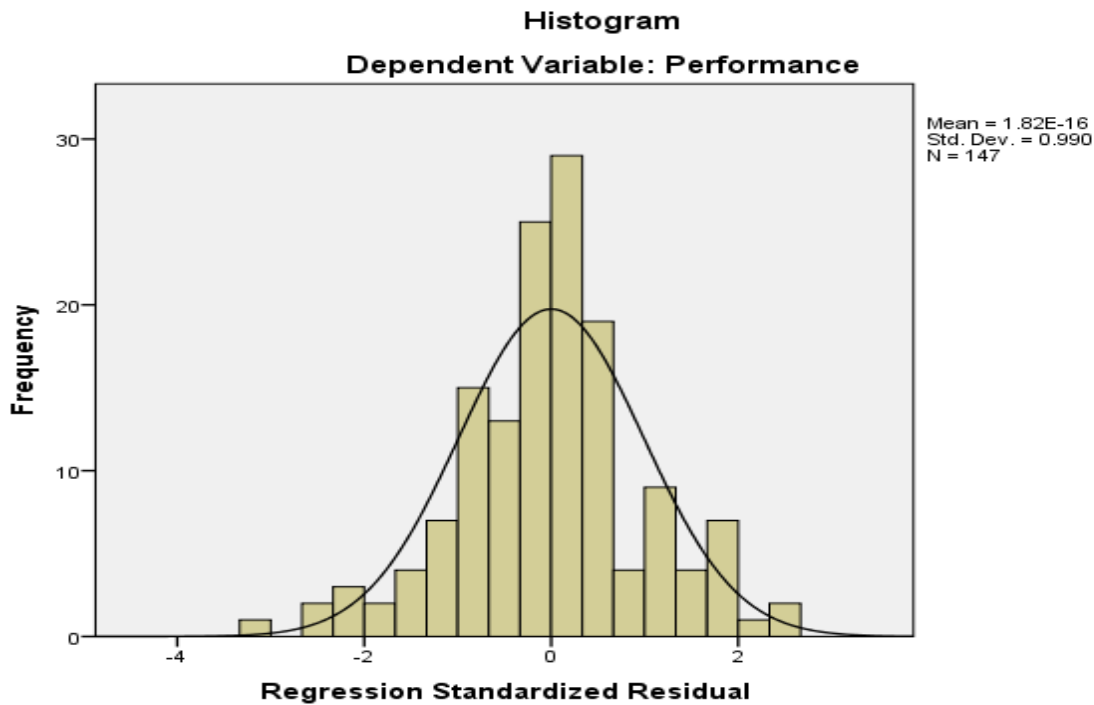
From Chart 4.3 above, it can be noted that the distribution is at most normal curve, indicating that the data confirms to the normality assumption.

If the residuals are normally distributed around its mean of zero the histogram is a bell shaped. The shape of the histogram as shown above revealed that the residuals are normally distributed around its mean of zero.

4.4.3 **Assessment of Autocorrelation**

Data were assessed to ensure that autocorrelation is not a threat for the use of CLRM for analysis. This assumption can be tested with the Durbin-Watson (DW) test which test for first order autocorrelation (Field, 2009). It assumes that the relationship between an error and the previous error. In this type of test, the null hypothesis cannot be rejected when DW result is near 2 (Hair, et al., 1998) because it shows that there is little or no evidence of autocorrelation. Then, Table 4.8, report the results of autocorrelation. From the table, Durbin-Watson (DW) statistics value of this study is 1.824 and close to 2 (between Du=1.27 and 4-Du=2.73). Therefore, there is no evidence of autocorrelation among error terms in this study.

AS indicated in the table 4.8 below, the key information from the table below is the R^2 value of 0.691. This indicates that 69.1% of the variation in employee performance can be explained by the model containing Bonus, recognition, and retirement. This is quite high so predictions from the regression equation are fairly reliable. It also means that 30.9% of the variation is still unexplained so adding other independent variables could improve the fit of the model. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.831.

Table 4.8: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.831[a]	.691	.684	2.797	1.824

a. Predictors: (Constant), Recognition, Bonus, Retirement

b. Dependent Variable: Performance

4.5 The Regression Results and Hypothesis Testing

A regression analysis was conducted to determine how bonus allowance, retirement benefit and recognition relate to the employee performance. SPSS was used to code, enter and compute the measurements of the multiple regressions for the study.

Finally, the hypothesis tests were undertaken based on the proposed hypothesis and the regression output results.

4.5.1 Regression Results for Employee Performance

In the course of model estimation, it is common practice to evaluate the appropriateness of a single descriptive model for the problem under study with the help of the coefficient determination, R^2. In empirical studies, the most important benefit of R^2 is that it serves as a fast and easily interpretable measure for the goodness of fit of the estimated model (Reisinger, 1997). However, R^2 is not an absolute indicator of goodness of fit. It is just a relative measure of explained variance relative to total variance in the dependent variable (Reisinger, 1997; Thompson, 2002). Thus, the best value for R-square depends on what the researcher measured. This study depends on participant's perceptions which were collected through questionnaire. Therefore, r-squared value more than 25% can be respectable and good to fit (Reisinger, 1997; Thompson, 2002).

Table 4.8 present the appropriate indicators of the variables used to show the employee performance. It means the overall contribution of bonus allowance benefit, employee retirement, and recognition to employee performance accounted for 69.1% (0.691) of the variation in the

performance, the rest 30.9% may be explained by other variables which are not included in this study.

Table 4.9: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2497.240	3	832.413	106.375	.000[b]
Residual	1119.018	143	7.825		
Total	3616.259	146			

a. Dependent Variable: Performance

b. Predictors: (Constant), Recognition, Bonus, Retirement

Based on Table 4.9, the ANOVA test shows the significance of the model by the value of F-statistics (P=.000) and F=106.375 which indicates there were a strong relationship between the predictors and the outcomes of the regression variables.

Table 4.10: Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1 (Constant)	.356	1.097		.324	.746		
Bonus	.599	.067	.620	8.895	.000	.445	2.246
Retirement	-.401	.084	-.355	-4.786	.000	.394	2.538
Recognition	.469	.094	.475	5.003	.000	.240	4.168

Dependent Variable: Performance

The regression equation is: $Y = 0.356 + 0.599BA + 0.469RR - 0.401ER$ Whereby Y = The dependent variable (Employee Performance), BA= Bonus Benefits, RR= Recognition

Benefits, and ER= Retirement Benefits.

The beta sign (β) includes a sign of positive (+) and negative (-) which shows the effect of independent variables over the dependent variable (Field, 2009). Table 4.13 beta sign of the independent variables shows both positive (+) and negative (-). Thus, independent variables (bonus allowance benefit, and employee recognition) had a positive effect on the predicting dependent variable (employee performance) that the results of any increase in independent variables lead to increase in dependent variable. Whereas, employee retirement had a negative effect on the predicting dependent variable (employee performance) that results of any decrease in independent variables lead to increase in dependent variable.

According to Brooks (2008) and Hair, et al., (1998), the independent variable with the level of significance (sig.) value less than 5% can make a significant contribution to the predicted value of the dependent variable whereas a variable with the level of significance (sig.) value greater than 5% cannot make a significant contribution to the predicted value of the dependent variable. From Table 4.10, the statistical significance of the independent variables over the dependent variable at 5% level of significance, all independent variables (bonus allowance benefit, employee retirement, and recognition) significantly contributed for the dependent variable (employee performance).

4.5.2 Hypotheses Test

This study has intended to test three hypotheses of factors affecting employee performance (bonus allowance benefit, employee retirement, and recognition). This section reports the discussion of testing the research hypotheses using multiple regression analysis, and empirically examines whether there is a relationship between the explanatory variables and the employee performance.

The regression analysis whose results are presented in table 4.10 above provides a more comprehensive and accurate examination of the research hypothesis. The hypothesis testing is used to see if there is a significant influence of independent variables on dependent variable

(Field, 2009). Therefore, in this study, the hypotheses testing used to test a significant influence of bonus allowance, employee retirement and recognition on employee performance which was measured to enhance department performance and organizational performance. As shown in Table 4.10, the p-values for all independent variables (bonus allowance, employee retirement and recognition were statistically significant at ($p<0.01$) which shows a strong support for hypothesis 1, 2, and 3.

The following hypotheses test were conducted based on the regression results of the employee performance obtained from the regression output.

4.5.3 Bonus Benefit

The first section presents the views of participants regarding the bonus allowance benefit as a factor which may impact on employee performance.

➢ **H1: Bonus has significant impact on employee performance in Bank of Abyssinia;**

As the regression result shows in table 4.10, there is a positive relationship between the bonus allowance benefit and the employee performance at a statistical significance level equal to 0.000 (1%), where the magnitude of the effect of this variable on the employee performance is 0.599 and the value of (t) 8.895 is higher than the value (2), indicating bonus allowance benefit is the factor for the employee performance. The coefficient of 0.599 also indicates that for every increase in bonus allowance benefit, there would be an increase of 59.9% in the employee performance if all factors are held constant. Therefore, the researcher does not reject the hypothesis of the study that the bonus has a significant impact on employee performance in Bank of Abyssinia. It shows that that bonus practices are positively and significantly associated with employee performance of Bank of Abyssinia. The result of this study is consistent with earlier studies. Continuous increment of bonus benefit from year to year confirms this issue as per Bank of Abyssinia annual financial statement report of 2014 to 2017.This Finding is supported by the studies done by Shezad et al. (2008) and Baloch et al. (2010).The extent to which High employee performance followed by high monetary benefit such as bonus wil make future high performance more likely (Odunlade, 2012). Moreover, the result of this study is in line with Kamalian. A, Yaghoubi.N,&Moloudi.J. (2010) study that shows all businesses use bonuses to encourage high level performances of employees.

4.5.4 Recognition

The second section presents the views of participants regarding recognition as a factor that may impact on employee performance.

H2: Recognition significantly affects employee performance in Bank of Abyssinia;

As hypothesized by the investigator of this study based on the previous empirical evidences, recognition significantly affects employee performance at a statistical significance level equal to 0.000, where the magnitude of the effect of this variable on the employee performance is 0.469 and the value of (t) 5.003 is higher than the value (2), indicating a best determinant factor for the employee performance. The coefficient of 0.469 also indicates that for every increase in recognition, there would be an increase of 46.9% in the employee performance if all factors are held constant. Therefore, the researcher does not reject the hypothesis of the study that recognition significantly affects employee performance. The result reveals that recognition plays significantly and positive influence employee performance. As per secondary data obtained from Human resource development the recognition provided to top staff performers is an indication of increase in recognition is result in increase in performance of employees. The result of this study is consistent with Serena Aktar.S, Kamruzzaman.M. andAli.E (2015) studies that indicate, Non-financial rewards are non-monetary/non-cash and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc. can be utilized positively to enhance performance behaviors of employees. Based on a survey of 200,000 employees, Gostickand Elton (2007) conclude that if employee recognition is conducted properly, it can increase profitability and customer service levels, and heighten employee performance.

4.5.4 Employee Retirement Benefit

The last hypothesis which is proposed to support the employee performance is affected by the employee retirement benefit of Bank of Abyssinia.

.**H3: Employee retirement benefit significantly affects employee performance of Bank of Abyssinia;**

As it is displayed in Table 4.10, there is a negative relationship between employee retirement benefit and employee performance at a statistical significance level equal to 0.000, where the magnitude of the effect of this variable on the employee performance is -0.401and the value of (t) -4.786 is lower than the value (2), indicating that it is a determinant variable in the study. The coefficient of -0.401 indicates that for every increase in employee retirement benefit, there would be a decrease of 40.1% in the employee performance if all factors are held constant. As a result, the researcher does not reject the hypothesis of the study that employee retirement significantly affects employee performance. The result of this study is consistence with Cascio (2010) argument that employee benefits such as retirement do not enhance employee performance but are rather powerful tools of attracting and retaining talent, and for improving the quality of life of employees.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter discusses the findings of the study as detailed in chapter 4, concludes and gives recommendations as deemed fit on the effect of employee benefit on employee performance in Bank of Abyssinia.

5.1   Summary of Major Findings

Performance going by the findings of this study can be easily inferred that workers benefit package   matters a lot and are a concern of both the employer and employee. The basis of the research findings were respondent responses. From the research findings and analysis, it was found out that all the p-values for all the variables were found to be less than 0.05, an indication that benefits package were statistically significant to influence employee performance.

5.1.1 Employees' Bonus Benefits

The research told that, the majority of average respondents (65.40%) felt that the bonus paid is attractive and result in effective employee performance. The remaining sufficient numbers of respondents   were dissatisfied with the bonus benefit they receive from their bank. Hence, less provision of bonus makes individuals to have lessened responsibilities over their work and record low job performances.

5.1.2 Employees' Recognition Benefits

The findings of the study revealed that, there is significant and positive relationship between recognition and employee performance as majority (72.4%) of the employees admitted the fact that recognition directly affect their job performance whereas, not small number felts recognition benefit provided by the bank was not satisfactory. As a result of dissatisfaction, when employee is not recognized for the given activity done, employee feel like they are not part of the organization and not actually contribute to the organizational achievements.

5.1.3 Employee Retirement Benefits

The findings of the study revealed that, there is significant and negative relationship between retirement and employee performance. The average majority(64.3%) of the respondents agreed that the raise in retirement benefit result in low employee performance. Moreover, regression

analysis confirm that the retirement benefit affords to aged workforce contributes ineffectiveness in the organization because of low productivity of the employees.

5.2 Conclusions

The general objective of the study was to assess the relationship of benefit package on employees' according to the regression output, bonus benefit, and the recognition have positive impact on employee performance whereas, the retirement has negative impact on performance of employee. As shown above in model, the regression coefficient of bonus 0.599 with a t-statistics of 8.895 including significance value of 0.000. Thus, from the results it can be conclude that the existence of positive relationship between bonus benefit and employee performance in Bank of Abyssinia.

Similar to most of the researchers mentioned in the literature, in this study, the panel random effect estimation result revealed that there exist a significant and positive relationship between recognition and employee performance in Bank of Abyssinia with a regression coefficient of 0.469, t-statistics of 5.003 p-value of 0.000. Hence, the variables have statistically significant positive relationship. Accordingly, it is concluded that recognition reward to employees' tasks fulfillment stimulates them towards working with more energy and dedication to the organization.

In contrast to the bonus and recognition benefit, the regression results of the study show that there is a statistically significant negative relationship between employee retirement benefits and employee performance in Bank of Abyssinia with a regression coefficient of -0.401, t-statistics of -4.786 and p-value of 0.000. The study revealed that retirement benefit of the workforce is inextricably linked to the performance of the workforce, thus concluding that retirement benefits have a negative effect on employee's performance. The correlation analysis also indicates that there is strong relationship between dependent variable sand independent variables.

5.3 Recommendations

After watching the research findings and achieved results with regard to the main objective of this study and identifying the major impacts of employee benefit on employee performance in Bank of Abyssinia, the student researcher provides the following recommendations.

It is right that majority of the people were satisfied in providing bonus benefit in enhancing employee performance, but still there is sufficient number of people who were not satisfied with provision of bonus benefit. The researcher recommended that Banks must increase the bonus

benefit in determining the levels of employee performance and should acknowledge and exploit bonus benefit in their human resource management practices particularly in the strategic human resource management so as to ensure that the employees are well driven to perform their tasks. The study recommends the Bank of Abyssinia should take broad steps in providing bonus benefits to all employees at satisfactory level, as it positively influence employee performance and raise overall performance of the Bank.

The respondents seemed quite aware of the recognition benefits available and what they were entitled to. There were a large number of respondents responded that recognition benefits received are pleasing, although not small number felts recognition benefits provided was not satisfactory. In the light of the findings the researcher would recommend that management to take initiatives in giving special attention to this factor to energize the performance of an employee and bank as well. Additionally, the study recommends that Bank of Abyssinia should inflate providing recognition benefits to its employees since it helps them create a sense of loyalty and encourage their performance. Moreover, the management should appreciate the ideas of dissatisfied employees' recognition system and should involve them in developing idea why they are not satisfied with the bank's recognition system and improve accordingly.

To attain its objectives and initiate employees towards better performance, the bank needs to make periodic needs and satisfaction level surveys using cost effective and informative mechanisms so that employees would be able to express their genuine feelings regarding to recognition, and bonus benefits.

5.4   Limitation of the Study and Implications for Future Research

There were some limitations which I have to bear while doing my research. Firstly, time was too short to do my research in a large scale. Secondly, financial constraints came to across. Definitely I have not enough finance to do this research because for this research a large amount of money should be invested. As a result of this I could not include all employees of the Bank. Thirdly, this survey was based on self-reporting, just like it may be based on subjective perception. Lastly, it might be possible that participants did not give us accurate data although I assured them for confidentiality of data. Another limitation is that it excludes many variables of benefits due to shortage of time. Variables used in this research can only be explained by 69.1%, while

30.9% is explained by other factors not examined in this study. So that the variables used are not 100% able to explain its influence on employee performance.

This study covers small part of selected theories of performance and benefit and it is possible to deepen the study in order to get a detailed framework and discover more benefit packages for employee performance. More investigation into the relationship between employee benefit and employee performance should be researched further.

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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

Title of the Research paper: The relationship between benefit package and employees' performance in bank of Abyssinia.

Dear Respondents,

A LETTER OF INTRODUCTION

I am conducting a research project under the title "The relationship between benefit package and employees' performance in bank of Abyssinia. The data shall be used for academic purpose only and it treated with confidentiality it deserves. The respondents are highly encouraged and persuaded to respond to the statements in this questionnaire in the most truthful and objected way possible. Your participation in facilitating this study highly appreciated. Kindly tick in the space provided with the correct answer or supply the required information where, required, please specify and elaborate.

I guarantee that all information supplied was treated with the strictest confidence and used, only for the academic purpose for which it is intended. Thank you for your cooperation and valuable contribution towards the success of this research work.
Yours faithfully,

Student researcher's Address:

Selamawit G/mariam

Mobile: 0913375468

E-mail: selinagmariam@gmail.com

Addis Ababa

Ethiopia

I. Purpose of this research

The purpose of this survey is to collect data regarding the relationship between benefit package and employees' performance in bank of Abyssinia. Your participation help the researcher to better understand how and to what extent of benefit relation with employees' performance in Bank of Abyssinia

II. Extent of anonymity and confidentiality

No personally identifiable information is being collected from and all information you provide was combined with other respondents' data, analyzed and reported in aggregate. Responses was kept confidentially at all times, and used for academic purpose only.

III. The personal profiles:

General Instruction: Please indicate your choice by putting "√" mark in the box or supply the required information where, required, please specify and elaborate.

1.   Please indicate your gender   ☐M   ☐F

2.   What is your level of position title in your organization? ---------------------------------

3.   What is your highest level of completed academic education?

☐ Diploma   ☐Bachelor's degree   ☐Masters' degree

☐ PHD   ☐ Other specify it--------------------

4.   How long have you worked in the organization?

☐Less than 2 years   ☐2 - 5 years

☐   6-10 years   ☐More than 10 years

IV General Question:

5.   Do you really have an interest and commitment for your work?
☐Yes   ☐ No

6.   Do you think that benefit affect performance of employees in Bank of Abyssinia?
☐Yes   ☐ No

7.   Do management is really interested in providing benefits to employees to enhance their performance?

☐Yes   ☐ No

8.   Do you agree that your employer has a good sense of what will benefit you to give your best?

☐ I agree   ☐ I do not agree

9.   Do you believe that the company provides you job security?

☐Yes   ☐ No

10.   Is your work appreciated by your supervisor and/ or manager?

☐Yes   ☐ No

11.   If the organization did not provide retirement benefits would you well perform the job?

☐Yes   ☐ No

	Please provide your level of agreement or disagreement with the following statements (please mark "√" for each line in the labeled columns) strongly agree=5, agree=4, agree somewhat 3, disagree=2 and strongly disagree=1					
No	Factors	1	2	3	4	5
I	**Bonus benefit**					
1	The bonus plan of my organization encourages to perform better					
2	The bank's bonus payment is performance based					
3	If I perform well, I am certain that amount of bonus increase					
4	Your organizational provides satisfactory performance bonuses to boost your performance					
5	Your Organization recognizes your extra effort with bonuses					
6	Performance bonus incentive scheme of my bank is successful in improving employee performance.					
II	**Employee retirement benefits**					

1	The company offered gratuity fund to employees when they are retired or leaving the job.					
2	My organization pensions do not encourage workers' behavior in high job performance.					
3	My organization exercise retirement benefit does not initiate employees' performance.					
4	Retirement earned benefit in reward for years of service do not help in productive employee performance.					
III	**Recognition**					
1	I receive constructive feedback from my supervisor					
2	The recognition system of my bank initiates me to work well in my area					
3	My job supervisor recognizes me for my work.					
4	When I do a good Job, I receive a recognition for that					
5	I feel appreciated for the job I perform by Management					
6	The organization uses the recognition system to highlight the achievements of teammates.					
IV	**Employee performance**					
1	The effectiveness in which work is performed in the organization has an influence on my performance.					
2	Customer attraction and profitability are the indicators of my good performance.					
3	The nature of my job in itself influences my level of performance at					

	my job.					
4	My organization has a consistent, timely and fair method for evaluating individual performance.					
5	I feel Management allows me to perform my job effectively.					

➢   Please suggest if you have any ideas in evaluation of impacts of benefit on employees' performance in your organization that is not raised in the above questions.

_____
_____
_____
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Thank you for your prompt response and cooperation!

Appendix B Regression

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Recognition, Bonus, Retirement[b]		.Enter

a. Dependent Variable: Performance

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.831[a]	.691	.684	2.797	1.824

a. Predictors: (Constant), Recognition, Bonus, Retirement

b. Dependent Variable: Performance

Coefficient Correlations[a]

Model			Recognition	Bonus	Retirement
1	Correlations	Recognition	1.000	-.638	-.689
		Bonus	-.638	1.000	.161
		Retirement	-.689	.161	1.000
	Covariances	Recognition	.009	-.004	-.005
		Bonus	-.004	.005	.001
		Retirement	-.005	.001	.007

a. Dependent Variable: Performance

CollinearityDiagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	Bonus	Retirement	Recognition
1	1	3.917	1.000	.00	.00	.00	.00
	2	.048	9.069	.35	.03	.40	.00
	3	.027	12.109	.61	.46	.11	.01
	4	.008	21.747	.04	.51	.48	.98

4.1   Dependent Variable: Performance

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.55	24.38	18.11	4.136	147
Residual	-8.512	6.772	.000	2.768	147
Std. Predicted Value	-3.520	1.516	.000	1.000	147
Std. Residual	-3.043	2.421	.000	.990	147

a. Dependent Variable: Performance

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2497.240	3	832.413	106.375	.000[b]
Residual	1119.018	143	7.825		
Total	3616.259	146			

a. Dependent Variable: Performance

b. Predictors: (Constant), Recognition, Bonus, Retirement

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Performance

Histogram
Dependent Variable: Performance

Mean = 1.82E-16
Std. Dev. = 0.990
N = 147

Scatterplot
Dependent Variable: Performance