



St. Mary's University
School of Graduate Studies

**The Effect of Reward Practices on Employees Retention in
Selected Garment Factories in Addis Ababa:
The Case of Bole Lemi Industry Park**

**A Thesis Submitted to St. Mary's University School of Graduate Studies in Partial
Fulfillment of the Requirements for Masters of Business Administration program in
General Management**

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Addis Ababa, Ethiopia

St Mary's University
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DECLARATION

I, Tizita Taye Berhanu declare that the thesis entitled ‘The Effect of Reward Practices on Employees Retention in Selected Garment Factories in Addis Ababa: The case of Bole Lemi Industry Park’ is my original work. Moreover, this study has not been presented for any other program or university and that all sources of material used have been acknowledged accordingly.

Tizita Taye

CERTIFICATION

This is to certify that Tizita Taye Berhanu has carried out her research work on entitled “the Effect of Reward Practices on Employees Retention in Selected Garment Factories in Addis Ababa” for the partial fulfillment of Masters of Arts in General Management at St Mary University School of Graduate. This work is original and it is suitable for submission of Masters of Business Administration (MBA) in General Management.

Advisor: Abraraw Chane (PhD)

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List of abbreviations and acronyms

HR	-	Human resource
HRM	-	Human resource management
SPSS	-	Statistical Package for Social Science
Evertop-		Evertop Sportswear Plc
Ashton-		Ashton Apparel Manufacturing Plc
Jay Jay	-	Jay Jay Garment Plc
ETIDI	-	Ethiopian Textile Industry Development Institute
IPDC	-	Industrial Park Development Corporation
EIC	-	Ethiopian Investment Commission
BLIPIA	-	Bole Lemi Industry Park Investors Association

ABSTRACT

Rewarding employees is critical in this era of competition due to the fact that organizations need to survive, grow and develop. Consequentially, reward has become an issue of strategic importance. The present study was undertaken to investigate the effect of selected reward practices on Employee Retention in the Garment companies of Bole Lemi Industry Park. Questionnaire was an instrument for the primary data collection. It is a quantitative study. Descriptive statistics based frequency tables were used to provide information on the variables. The results were investigated in terms of descriptive statistics followed by inferential statistics on the variables. A total of 347 questionnaires were distributed to the employees in the concerned garment companies and a total of 334 employees completed the questionnaire properly. Hypotheses were formulated to test the relationship of all the independent variables (salary, benefit, promotion, recognition and working condition) and the dependent variable (Employee Retention). The findings obtained indicated that reward practices have a positive influence on employee Retention. Especially the benefit package like Insurance, Medical care, Education Opportunities and Loan policies influence employees retention at most. Furthermore, it provided suggestions to overcome the problems related on the employees' retention. Garment companies must clearly communicate its reward policy and procedure to its employees and they should include both financial and non-financial rewards with appropriate mix by considering employees demand. In addition, timely offer and improvement of its reward practices must be considered.

Key words: *Effect, Reward, Salary, Benefit, Promotion, Recognition, Working condition, Employee Retention, Human Resource Management.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

In the current competitive business environment, the organizations are facing a lot of challenges and among these, getting the right employees and retaining them is one of the most important ones (Khan and et al, 2011). The success and failure of every organization depends on the quality of people found in the organization. Therefore, the retention of employees has become a paramount importance and a critical issue for an organization (Armstrong, 2010).

For the last few decades', researchers are concerned about human resources management for employees' retention to generate overall growth of the organization (Armstrong 2006). Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there, who individually and collectively contribute to the achievement of its objectives. Employees will do their highest by staying when they feel or hope that their hard work are to be rewarded by their managers (Armstrong, 2009)

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation (Armstrong 2006). According to Armstrong (2006) reward system adopts a total reward approach, which emphasizes the importance of considering all aspects of reward as a coherent whole that is integrated with other human resource initiatives designed to achieve the motivation, commitment, engagement and development of employees. It deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance (Armstrong, 2007).

Employees are the engine of the organization vehicles while reward is the fuel (Njanja et al, 2013). A good reward system that focuses on rewarding employees will serve as a driving force for employees to have low turnover rate hence end up accomplishing the organizational goals and objectives.

1.2. Background of Industry and Companies

Even if Ethiopia's economy is primarily based on agriculture, over the last 5 years, the government has been keen on diversifying exports with priorities focused on strategic sectors like textile and garment manufacturing. For that reasons over 65 textile and garments investment projects from international investors have been licensed since 1992.

The Garment industry in Ethiopia is currently at growing level. The export performance has grown an average of 51%, with the UK accounting for 10% of Ethiopia's textile and garment exports, with other countries in Europe taking 50% and the US taking 40% (EIC report, 2017). The growth in the garment industry is directly linked to the Government's set of an industrial development strategy. These steps prioritize designing incentives and policies to attract investment in view of worldwide competition. For that reasons last year, Ethiopia stood second globally by attracting foreign direct investment in the textiles and garment industry next to Vietnam (Ethiopian Herald news, 2018). This strategy has played a big role in the development of economic status.

As of December 12, 2017 report of Ethiopian Textile Industry Development Institute (ETIDI), over the last three months Ethiopia has earned 31.2 million USD from textile and garment export. Institute Communication Directorate Director Mr. Bantihun Gessesse told to The Ethiopian Herald that textile products have entered into Germany, Italy, China, and United States because of duty-free access to the European Union (EU) and U.S. markets through the African Growth and Opportunity Act (AGOA). Regarding foreign investors flow, Mr. Bantihun said the prevalent of peace and stability, availability of abundant cheap labor, plenty of cheap energy from hydro power and flourishing industrial parks all over the country are the pulling factors. In addition, the government is encouraging foreign investors through the provision of various incentives including tax holidays, tax free capital goods importation, custom services provision on the spot, and easily access to financial credit (Ethiopian Herald, 2018).

Even though Ethiopia is a recommended market for investment in garments, there are still a lot of challenges that the country and investors are facing. As per Mr Bantihun speech and IPDC reports of 2017, incompetency of efficiency in factories which is as slow as 40 to 45% in production due to underdeveloped processes and lack of education amongst manpower were one of the challenges (EIC Dec 2017 report).

To minimize those challenges government are establishing industry parks with available supports. At this time there are major 3 industry parks which are built by Ethiopia government. These are Hawassa Industry Park, Bole Lemi Industry Park and Eastern Zone Industry Park. Currently, ten industrial parks are under construction by the government (Fortune News, 2018). As per the news, from those 3 operational parks (Hawassa, Bole Lemi and Eastern Zone) Ethiopia exported 248 million dollars' worth of goods in the last fiscal year (In 2009 E.C). Out of that Bole Lemi has shipped 24 million dollars from those exported garments and leather products.

These Industry parks also contribute a lot to minimize unemployment. According to Mr. Mekonnen Hailu (EIC's public relations head), in addition to the current functional Industrial parks, the number of job opportunities would increase following the recently inaugurated 9 sheds in kembolcha and 15 sheds in Mekelle industrial parks were transferred to investors (Walta Information Center, 2018). As of Ethiopia Investment Commission (EIC) reports, 2 privates and 3 government industrial parks operating in Ethiopia have created around 40,000 job opportunities. From these parks, Bole Lemi is the biggest and it employed 14,000 people. From those 87.4% were female workers (EIC, 2017).

Bole Lemi Industrial Park is Ethiopia's first industrial park developed by IPDC. It has been operating since 2014. It is located in the south-eastern part of Addis Ababa, It has a total area of 156 ha for the production purpose of Apparel, Textile, Leather and Leather produces like shoes. It has a total of 20 Shades with two sizes (i.e. 10 shades with 5,500 M² and 10 shades with 11,000 M²). Until April 30/2018, there were 11 different companies working in the industry zone (IPDC, 2017).

The main objective of the study is to show whether reward practices influence the employees' retention in Garment Companies by using 3 (Three) garment companies of Bole Lemi industry Park by considering it as center of the study.

Those companies are Ashton Apparel Manufacturing Plc, Jay Jay Garment Plc, and Evertop Sportswear Plc.

Table 1, Summary information on companies working in Bole Lemi Industry Zone (Until April 30/2018)

S. N	Name of Company	Location of Shed	No. of Sheds companies owned	Size of Shed in M ²	Total employees	Country of Origin	Product
1	New Wide Garment	Shade 1	1	11,000(1)	1,264	India	T-shirt, Shirt
2	George Shoe Ethiopia	Shed 2& 3	2	5,500(1) &	1,030	China	Women Shoe
3	Arvind Life Style Apparel Manufacturing Plc	Shed 4 & 5	2	11,000(1) & 11,000(1)	806	India	Trouser Jeans
4	Vestis Garment Production Plc.	Shed 6	1	5,500	350	India	Medical(White) Gown
5	Jay Jay Garment Plc	Shed 7,8 & 9	3	11,000(2) & 5,500(1)	4,425	India	Children's clothes
6	LyuShoutao Factory Plc	Shed 10	1	5,500	572	China	Glove (Fabric & Synthetics)
7	Evertop Sportswear Plc	Shed 11	1	11,000	559	South Korean	Sportswear
8	C & H Garments Plc	Shed 12	1	5,500	474	China	Shirt
9	Shints ETP Garment Plc	Shed 13,14,15 16 & 17	5	5,500(2) & 11,000(3)	4,220	South Korean	Sportswear, Rain Jacket
10	KEI Industrial Engineering Consultancy Plc	Shed18	1	5,500	216	South Korean	Different product (Sleeping Bag, Shirt, T-
11	Ashton Apparel Manufacturing Plc	Shed 19 & 20	2	11,000(1) &5,500(1)	1,707	Indian	Short Pants and Kids Short Pants
Total			20		15,623		

Source: IPDC Report, 2018

1.3. Statement of the Problem

The aim of reward management is to reward people fairly, equitably and consistently in accordance with employee's contribution for organization (Armstrong & Murlis, 2004). A well-thought-out and skillfully designed rewards program can give an organization a competitive edge. In particular, it can help to generate the business outcomes that matter most to the strategy; whether those outcomes take the form of employee retention, and that enhance employees' satisfaction and productivity.

A number of studies try to show the Reward practices and its influences on Employees retention. For instance, as per studies by Pillay (2009) cited by Sharon and Hlanganipal (2014) on South Africa's public health sector which has been characterized by high job mobility as many health professionals from the public to the private sector, and also Skilled labor migration from South Africa to Foreign countries by the health sector. Pillay (2009) stipulates that many foreign organizations especially in western countries offer better rewards than in Africa. therefore, many of South Africa's health professionals have been flocking overseas for the need of better reward practices. In an age of stiffening competition and increasing pressure to do more with less, no organization can afford to ignore the strategic value that a well-designed total rewards system can provide. If there is no proper and motivational rewarding system in the company, the employees will flow to other companies and that will cost the company.

As per ETIDI report of the 2017, the turnover rate of the garment factories in Bole Lemi Industry Park were 15% which is until month of November 2017. As per the report, high number of employees left the factories for a variety of reasons, mostly their reasons were reward-related reasons voluntarily than other personal-related issues and this separation of high skilled and potential employees adversely affecting the completeness of the garment. And also employees of 7 garment companies inside Bole Lemi were also demanding better reward practices by striking and stop working for 4 days in the month of April 2018. Because of all these assumptions this paper is sought to identify the effect of reward variables such as: Salary payment, Benefit package, Promotion scheme, Recognition practices, and Working Condition on employees' retention among garment employees.

1.4. Research Questions

The study tried to address the following research questions:

1. What is the current provision of reward practices (Salary, Benefit, Promotion, Recognition and working condition) of the company?
2. What is the relationship and Effect of each reward practices (Salary, Benefit, Promotion, Recognition and Working Condition) on employee retention?
3. From Salary, Benefit, Promotion, Recognition and working condition, which one mostly influence employees to stay in the company?
4. What is the general overview of employees' perspective on the reward practices of the companies?

1.5. Objectives of the study

1.5.1. General Objective

The main objective of this study was to examine the effect of selected reward practices on the retention of employees in selected Garment Companies of Bole Lemi Industry Park.

1.5.2. Specific objectives

- To assess the current provision of each reward practices (Salary, Benefit, Promotion, Recognition and Working Environment) and the general Reward Practices implemented in the organization.
- To identify the relationship and effect of each reward variables (Salary, Benefit, Promotion, Recognition and Working Condition) on the employees' retention.
- To find out the kind of reward practices which mostly affect employees to stay with the company.
- To identify the general perspective of reward practices of companies by the employees.

1.6. Significance of the Study

The research paper will have practical significance to the existing body of knowledge in the Ethiopian garment industry in addition of meeting the objectives of the study which are mentioned above. Beside this, the major significant are:

- Give awareness for other garment sectors to tackle problems associated with rewards and Employees Turnover for the purpose of retaining employees and productivity.
- Create good understanding on the extent of the rewards for the employees' retention and to empirically inform decision makers and other concerned about the existing problem.
- Help the management of the companies to understand in designing effective reward systems that successfully motivate employees and make them committed to the organization by staying in the company;
- Provide useful suggestions and recommendations in regard to the reward practices that their employees expect of the companies;
- Contribute to the existing body of knowledge by addition a literature on the topic
- Serve as a source for other researchers who want to make further investigations in the area and to conduct detailed research on the issues.

1.7. Delimitation of the Study

Due to time and financial constraint, the study was delimited conceptually, methodologically and geographically. Conceptually the scope of the study was on one of the human resource management function which was the reward practice on the employees' retention. Furthermore, from different reward practices, the study focused on the 5 variables of the rewards called Salary, Benefits, Promotion, Recognition and Working Condition. Besides these variables, there might be other factors such as organizational culture, organizational commitment and the like. Even though the effect of the reward is on the productivity of the company, on employees' motivation and performance, etc., the study focused on the effect of reward practices on the employees' retention only. The study also focused on the 'effect' of the rewards, which only focus on the consequences/influence of the rewards for the employees' retention. The study delimited methodologically to raise other issues.

Geographically, the scope of the study was delimited only to Bole Lemi Industry Park which is located Around Goro, Addis Ababa, Ethiopia and it did not intend to see other Industry Parks. This study also was delimited on 3 garment factories called Asheton, Jay Jay and Evertop which are located inside Bole Lemi Industry Park and it did not focus on other garment factories which were found inside the Industry park. In addition to that, production related workers which were working in Sewing, Cutting, Quality, Finishing, and Industrial Engineering departments for more than six months were covered under the study. Supportive departments didn't cover under the study.

1.8. Definition of terms

- **Reward** - refers to both financial and non-financial rewards that are provided to employees in return of their contribution by the company (Armstrong 2009).
- **Salary** -refers to the amount of pay (the fixed salary or wage) that constitutes the rate for the job (Henderson et al, 2006).
- **Benefit** -refers to employee's compensation of Insurance schemes, Medical cares, Loan Policy, and Educational Opportunities (Armstrong 2010).
- **Promotion** - refers to opportunities that organizations offer for advancement (Robbins & Judge, 2013). Asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing.
- **Recognition** – are special awards for employee achievement, is less common and is associated with performance but usually operated separately and where many of the rewards are non-cash. (Stredwick, 2005).
- **Working condition** - includes working hours, Physical condition of the working environment like heating, Lighting and Ventilation, and the safety and security issues of the general working areas of the company (Armstrong and Murlis, 2005)
- **Employee Retention**–An effort by a company to maintain a working environment which supports current staff in remaining with the company (Samuel et al, 2013).

1.9. Organization of the Paper

This paper is divided into five Chapters, which give readers a comprehensive overview of the study. Chapter one includes Background of the study, Statement of the problem, Research Questions, Objectives of the study, Significance of the Study, and delimitation and limitation the study. Chapter Two includes: Review of Related Literature which focus on Theoretical, empirical and conceptual literatures. Chapter Three covers research design and methodology of the study. Chapter Four includes Data Analysis and Interpretation; and the last chapter which is Chapter Five includes Summary, Conclusion and Recommendation of the study. Finally, the References and Annexes are stated.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1.Introduction

Human Resource management is the organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development, safety, wellness, benefit, employee motivation, communication, administration and training. It is a center for the policies, practices, and systems that influence employees' behavior, attitudes, and performance (Gang, 2008). Employees care about policies affecting their compensation, benefits, and the work experience itself because the policies affect the employee's income, well-being, and security. Also, they consider these elements as a sign of status and success. They attach great importance to rewards when they evaluate their relationship and satisfaction with their employers (Steen, Noe, Hollenbeck, Gerhart, & Wright, 2009). Therefore, Human resource is one of the most important resources of gaining competitive advantage over competitors for a firm. And this resource can be retained and optimally utilized through motivating it using different techniques among which reward is one of the significance. Organization must make policies and procedures and formulate such reward system under those policies and procedures which increase the probability of employees stays in the organization by satisfying and increasing their performance (Hafiza, Shan, &Jamshed, 2011).

2.2.Overview of Reward

Armstrong and Murlis (2005) stated that reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. Armstrong and Stephens (2005) also produced a very similar definition, but adding that the ultimate aim is for the organization to be assisted in the realization of its strategic goals. A reward can be anything that attracts an employee's attention and motivate him/her to work more and increase performance which also leads to stay in the company. And a well-rewarded employee feels that he/she is being valued by the company that he/she is working for (Sajuyigbe, Bosede, &Adeyemi, 2013).

Aktar, Sachu, & Ali (2012) also stated the rewards as one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further increase organizational productivity and improvise company performance both financial and non-financially.



Figure 1: Evolution of Rewards Management (Source: <https://www.google.com>)

2.2.1. Reward Management Processes

Reward Management process is an ongoing cycle that is responsible for the planning, organizing, implementing, monitoring, evaluation and revising of the reward system periodically. The reward management is composed of various components that are the building blocks of the process (Armstrong, & Murlis, 2005). It is one of the strapping features that organizations use to attract and retain its most valuable and worthy assets, the employees.

2.2.2. Purpose of Reward management

The major aim of Reward Management is to convey the right message about what is important in terms of behaviors and outcomes; to develop a high-performance and supportive organizational culture; to support the achievement of business goals through high performance; to motivate people and obtain their commitment and engagement; to attract and retain the high quality people the organization needs; to develop a positive employment relationship and psychological contract; to align reward practices with both business goals and employee values; to Operate fairly, and to win the engagement of people (Armstrong ,2009). Reward management supports the achievement of business goals by helping to ensure that the organization has the talented and engaged people it needs. It contributes to the achievement of high performance by ensuring that the reward system recognizes and encourages it (Armstrong, 2010).

2.2.3. Reward policies

According to Armstrong 2009 reward policies provide guidelines for the implementation of reward strategies, design and management of reward processes. They will be influenced strongly by the guiding principles and reward philosophy of the organization. The Reward policies concerned with the level of rewards, the relative importance attached to market rates and equity, attraction and retention of employees, the match between rewards and business performance, total reward policy, the need to communicate reward policies to employees and transparency.

2.2.4. The Multi-Dimensionality of Reward

A conceptual distinction can be made between the three main constituents of reward -**system, type, and criterion** (Chiang & Birtch, 2006).

- **Reward system** represents the method or mechanism (e.g., seniority-based, performance- based). Systems can be either performance or non-performance oriented.
- **Reward type:** can be financial and non-financial; extrinsic and intrinsic.
- **Reward criterion** refers to the basis of allocation (i.e., individual or group) used to determine the reward (Chiang & Birtch, 2006).

2.2.4.1. Reward System

Throughout the management literature, practitioners as well as theorists have underlined the importance of rewards systems. It is therefore obvious that rewards systems are a fundamental function of human resource management as they deal with the assessment of job values, the design and management of payments, performance management, contingent pay, employees' benefits and pensions and the management of rewards procedures (Armstrong and Murlis, 1995).

Another important point that Armstrong and Murlis mention is that rewards systems also include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees as their philosophy must recognize the vital role of the workforce and also respect their needs. Stephen B (2005) also state that The formal reward systems in organizations must be aligned with the strategic goals for the organization. It is important that the human capital in organizations be rewarded competitively for their capabilities. Currently, many organizations are emphasizing reward based on individual, team, and organizational performance.



Figure 2: how a reward system operates (Armstrong, 2010)

2.2.4.2. Types of Reward

Definitions of total rewards typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization Thompson (2002) as cited by Armstrong (2009). Therefore, the Reward type can be: --- Intrinsic and Extrinsic Rewards as well as Financial and Non-Financial Rewards

A. Rewards can be extrinsic or intrinsic

1. Intrinsic Reward

Intrinsic Reward are intangible rewards or psychological rewards or self-initiated rewards. According to (Gilley, Gilley, Quatro, & Dixon, 2009), Intrinsic Rewards are derived from the workplace itself and are valued internally by the employee. These include opportunities for personal growth, quality of work life, job satisfaction, challenges, personal and professional development opportunities, a sense of belonging, freedom to act, visionary leadership. Intrinsic reward is a self-generating outcome such as personal esteem and fulfillment derived from say undertaking 'interesting' or 'useful' work. According to (Thomas, 2009), the following are descriptions of the four intrinsic rewards and how workers view them:

- 1.1.Sense of meaningfulness:** This reward involves the meaningfulness or importance of the purpose you are trying to fulfill. You feel that you have an opportunity to accomplish something of monetary or non-monetary value and something that matters in the larger scheme of things.
- 1.2.Sense of choice:** You feel ownership of your work, believing in the approach you are taking and finally feeling responsible for making it work.
- 1.3.Sense of competence:** You feel a sense of satisfaction, pride, or even artistry in how well you handle these activities.
- 1.4.Sense of progress:** You see convincing signs ahead that things are working out well, giving you the confidence in the choices you have already made now and in the future.

2. Extrinsic reward:

Extrinsic Rewards are tangible rewards and these rewards are external to the job or task performed by the employee. It includes rewards of money, promotions and benefits. Consequently, if an employee experiences a sense of achievement or personal growth from a job, we would label such rewards as intrinsic.

If the employee receives salary increase or a write-up in the company magazine, we would label these rewards as extrinsic according to Decenzo (2007). According to Mansor, Borhannuddin, & Yusuf (2012) extrinsic rewards are defined as those remuneration factors that are external to the job such as pay, work condition, security, benefits, promotion contract of services and work environment.

Extrinsic rewards drive employee's morale and the rewards distribution has always loomed large in corporations with performance appraisals in present eras of globalization. An extrinsic reward in fact fulfills employees' extrinsic factors or hygiene factors, invariably discouraging him from thinking of leaving the company. They are called extrinsic because they are external to the work itself and other people control their size and whether or not these are granted.

B. Rewards can be Financial or Non-Financial

According to Luthans (2000), cited in Aktar, Sachu, & Ali (2012) there are two basic types of rewards, financial and non-financial and both can be utilized positively to enhance performance behaviors of employees and satisfaction by retaining them. As per Pillay (2009) cited by Sharon and Hlanganipal (2014), in a study he conducted it was identified that monetary and non-monetary rewards are important in order to raise employee retention.

i. Financial rewards

According to (Aktar, Sachu, & Ali, 2012), Financial rewards means pay-for performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. It comprises direct payments such as salary, bonus, and other cash payments and indirect payments are provided to employees in the form of benefits.

Armstrong (2010) highlights that the tangible (sometimes called monetary, transactional) components of a compensation program are of two general types. With the direct type of compensation, monetary rewards are provided by the employer and base pay and variable pay are the most common forms. Indirect compensation commonly consists of employee benefits. The most common financial rewards are:

- **Base Pay:** According to Armstrong (2010), many organizations use two base pay categories, hourly and salaries. Hourly pay is the most common means of payment based on time; employees who are paid hourly are said to receive wages, which are payments directly calculated on the amount of time worked. In contrast, people who are paid salaries receive payments that are consistent from period to period despite the number of hours worked. The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. It may be varied according to the grade of the job or the level of skill required (Armstrong, 2010).

Base pay should be value-added and competitive with the market in general, for which it is common to use individual rates, ranges, spot rates and broadband. When setting pay levels, ability to pay is paramount, supported by an examination of market rates, which may also be supported by a job evaluation database (Armstrong, 2010). Henderson (2006) also stated that pay rates must be equitable and competitive. Internal equity refers to the pay relationships among jobs within a single organization. This are translated into practice by the basic techniques, job analysis, job evaluation, and performance appraisal. Equitable and competitive base pay is seen as a key requirement if key talent is to be recruited and turnover reduced (Henderson, 2006).

- **Variable Pay:** In contrast to base pay, variable pay changes relative to the performance level or results achieved, making it a more flexible and responsive method that rewards key measures of success. Many companies have moved to variable pay to reward different contribution, impact on profit, and increased performance based on the premise that what is measured and rewarded is likely to be demonstrated in greater amounts by employees (Armstrong and Murlis, 2005). However, variable pay does not look the same in every organization, and the way it is structured and operates is heavily dependent upon the organization's culture and the relationships between it and other elements of the reward programs (Armstrong and Murlis, 2005).

Thus, variable pay comes in several forms:

- Individual performance-related pay: it increases in base pay or cash bonuses are determined by performance assessment and rating;
- Competence-related pay - this is determined by the level of competence achieved by the individual;
- Contribution-related pay - this relates pay to output and input;
- Skill based pay - the skill level achieved by an individual determines the pay compensation;
- Service-related pay - pay is increased depending on the service in the job.
- Team performance pay which links pay increases to an assessment of performance at team level, and aims to encourage collaborative working.
- Organizational performance pays which links performance to its highest levels, with increased emphasis in better aligning with the business strategy as well as performance metrics. The most popular kinds of such are profit sharing and stock sharing.

➤ **Employee Benefits:** Armstrong (2010) note that employee benefits, especially health care, are considered a basic and important foundational element in attracting or retaining talent as competitors for talent also offer employee benefits. While benefit programmers vary among companies, they typically include traditional benefits such as social security, medical and dental insurance, vacation pay, retirement pensions, life insurance, shopping discounts, childcare vouchers, and staff. The employee benefits include:

- a. Fringe Benefits - this can include a variety of options. Sick leave, paid vacation time, health club memberships, daycare services (Ingham, 2007).
- b. Health Benefits - most organizations provide health and dental care benefits for employees. In addition, disability and life insurance benefits are offered (Ingham, 2007).
- c. Flexible benefit - this benefit schemes allow employees to decide on the make-up of their benefits package within certain limits (Armstrong, 2010)

ii. Non-financial rewards

Non-financial rewards are non-monetary/non-cash/ and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc. Non-financial rewards do not involve any direct payments and often arise from the work itself, for example recognition, achievement, autonomy, scope to use and develop skills, training, career development opportunities and high-quality leadership. Non-financial rewards are those that focus on the needs people have to varying degrees for recognition, promotion, achievement, responsibility, autonomy, influence and personal growth. They incorporate the notion of relational rewards, which are the intangible rewards concerned with the work environment (quality of working life, the work itself, work–life balance), recognition, performance management, and learning and development. (Armstrong 2009)

Non-financial rewards can be classified as follows:

1. Individual extrinsic rewards: non-financial recognition, praise, feedback.
2. Individual intrinsic rewards: fulfilling work, opportunity to grow; work itself associated with job challenge and interest and feelings that the work is worthwhile.
3. Collective extrinsic rewards: work–life balance policies, employee well-being services, concierge services, voluntary benefits, learning and development and talent management programs;
4. Collective intrinsic rewards: work environment enhancement and work system design.

Some of elements of Non-Financial rewards are:

- **Recognition:** is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Njanja, Maina, Kibet, & Njagi, 2013). Stredwick (2005) also added that recognition is one of the most powerful methods of rewarding people. They need to know not only how well they have achieved their objectives or carried out their work but also that their achievements are appreciated.

In order to recognize workers' (both as individuals and teams) successful efforts, it is necessary to offer rewards that have personal meaning for those receiving them (Armstrong and Murlis, 2005), so it is clear that these are given in acknowledgement of the personal actions, efforts, accomplishments, behavior and successes of individuals.

According to Shore & Shore (1995) cited in Khana and Mishra (2013) employees who are able orient experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for and they have high probability to leave the organization.

As per Kely and et al (2014) Recognition programs create a culture to formally and informally reward good behavior. Employees feel a sense of accomplishment and success when their good behaviors are recognized as well as when they are challenged to be better employees, for that reasons, he highly recommends the companies to add in it their formal retention strategy.

- **Promotion:** is an important feature of employee's life style and occupation, affecting other job experience levels and can have an obvious impact on other job aspects like job attachment and responsibilities. Additionally, promotion can influence the instrument of exerting better attempts, if employees put an important value on it. If not, the companies would focus on pay increase to reward high effort and productivity. Indeed, the employees may be worth the promotions since they make an increase in job services (Gohari, Ahmadloo, Boroujeni, & Hosseinipour, 2013).
- **Working Condition:** is defined by criteria such as: Physical effort, working environment, Sensory attention and Physical risks. Research has shown that many employees have a positive attitude towards working in an environment that is both safe and equipped with modern, appropriate tools. Such working conditions, particularly when an area is well-designed, well-organized and pleasant to spend time in, result in significant improvements to workers' attitudes towards their jobs (Armstrong and Murlis, 2005;).

2.2.5. The Effect of Rewards

As per different scholars, the Effects of Reward Practices are as follows

2.2.5.1. Motivation of Employees

Reward systems, whether monetary or other, can positively affect employees by increasing motivation. Workers who are aware that outstanding performance or behavior in the workplace will result in desirable rewards are more likely to strive to meet the goals set forth by employers. This decreases monotony in the workplace and fosters ambition and hard work amongst employees.

2.2.5.2. Reaching and Retaining Good Workers

Employees are not the only ones who experience the positive effects of reward systems in the workplace. Employers who offer desirable rewards to their employees have a better chance of attracting good, motivated workers. They also have better chances at retaining their top employees, those who more than likely reap the rewards. Ambitious employees will be attracted to reward systems, but without rewards, may look for work elsewhere. According to Willis (2001) cited by Sharon and Hlanganipal (2014), compensation (Which is one of the reward practices) is one of the crucial issues as far as attracting and keeping talent in organizations. As per Parker and Wright (2001), the fundamental hypothesis is that Reward influences employee behavior through shaping their attitudes. Therefore, it influences the attraction and retention of the workforce (Parker & Wright, 2001).

2.2.5.3. Improvement in Profit and achieve the goal

When employees work towards their goals in hopes of earning rewards, business become more successful. Profit increases and some businesses also may witness improvements in office relations and behaviors and in customer service. The more successful a business is, the more they can expand and the more rewards they can afford to offer, creating a cycle that promotes hard work, good behavior and increased profit.

2.3.Employee Retention

Employee turnover is a natural part of business in any industry, but excessive turnover decreases the overall efficiency of a company and hurts the bottom line. Losing the best people damages productivity, disrupts current and potential leadership, reduces team morale and also helps competitors (Kaye et al 2014). Therefore, Employee retention is one of the most critical issues facing organizational managers because of the shortage of skilled workers, economic growth, and high employee turnover (Samuel, M and Chipunza, C, 2013).

Employee retention can be defined as a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others. It is a systematic effort by employers to create and foster an environment that encourages current employees to remain with the organization. It takes into account the various measures taken so that an individual stay in an organization for the maximum period of time. Retention of employees has various advantages such as, saving cost for further recruitment, fewer training to be conduct for new candidates, improve productivity, increase employee's performance and thus increase profits and meet their organizational goals and objectives. Organizations need to identify which positions, profiles and skills are most important to them, and where turnover is most detrimental to their organization. They can then focus on reducing turnover for these selected categories. Employees are more likely to remain with the organization only if they believe that the organization shows more interest and concern for them, if they know what is expected of them, if they are given a role that fits their capabilities, and if they receive regular positive feedback and recognition (Samuel, M and Chipunza, C, 2013). Employees feel comfortable remaining longer in positions where they are well informed on relevant issues concerning the organization and their well-being. According to Dockel, Basson, and Coetzee as cited by Mubarak, Wahab, & Khan (2012), compensation, training and development, and promotion are the most important retention factors for skilled employees.

Retention starts at the top. Sourcing, hiring and retaining motivated employees are the responsibility of the company's governing board and Leadership Team. Getting and keeping good staff demands focused, formal and informal policies and procedures that make retention a prime management outcome. Managers need to appreciate staff every day and constantly work to keep them on board. Hiring an employee is only a first step.

Building awareness of the importance of employee retention is essential (Ruchi S, 2012). Employee retention practices are intrinsically linked to recruitment. Employers who employ retention practices create positive organizational reputations and improve their ability to attract workers through incentives and benefits that increase recruitment success.

2.3.1. The Retention Strategy of Reward Practices

As per Kaye et.al (2014) Matching a competitor's job offer in order to retain your top performers is not a retention strategy and it only encourages more employees to seek outside job offers. Therefore, as per Armstrong (2011) Retention strategies aim to ensure that key people stay with the organization and that wasteful and expensive levels of employee turnover are reduced. In a past study, Allen, Shore and Griffeth (2003) reported that employers have to differentiate themselves from others through their compensation strategy in order to attract and retain quality employees.

Therefore, an organization's compensation strategy should be able to attract the right quality of employees, retain suitable employees and also to maintain equity amongst the employees. They will be based on an analysis of why people stay and why they leave. The reasons why people remain with the organization can be established through attitude surveys. An analysis of why people leave through exit interviews may provide some information. It may provide important information for changing HR and retention policies and practices to decrease employee turnover and improve organization performance, but they are unreliable – people rarely give the full reasons why they are going. A better method is to conduct attitude surveys at regular intervals (Armstrong, 2011).

Based on the surveys' results, Retention could be improved by many factors like better recruitment effort, selecting right man for the right job, continuous review of job specifications and job descriptions, compensation practices, leadership and supervision, career planning and development, working condition, team building, centralization, organization communication and commitment, counseling leavers, flexible working hours, employee participation, turnover policies and appreciations (Mobley, 1982). Its plan should address each of the areas in which lack of commitment and dissatisfaction can arise (Armstrong, 2011). Some of the major areas can be:

A. Compensation and benefits: compensation and benefits is something that the organization offers to the employees in response of the work as well as performance and something which is desired by the employees. Rise in pay has a negative impact on turnover. Reward and compensation to well performed workers is given by every organization but very few organizations use it strategically. They said that “Salary and benefits policies are not being used strategically, within the organization to improve morale, reduce turnover, and achieve targets within an establishment”. Pay is considered as a motivator as well as employee retention technique (Armstrong 2011).

As per Kaye and others (2014) advice, customize benefits will take significant time and effort because such a task requires a company to better understand its employees. Different employees want different things, so offering the same benefits package and working conditions to all will inevitably create dissatisfaction, which is a turnover risk. While it may be inconvenient to offer more flexible working hours or a customizable menu of benefits, such practices boost employee satisfaction and loyalty. According to Armstrong (2011), problems arise because of uncompetitive, inequitable or unfair pay systems.

Possible actions include:

- Reviewing pay levels on the basis of market surveys;
- Introducing job evaluation/improving an existing scheme to provide for equitable grading decisions;
- Ensuring that employees understand the link between performance and reward;
- Reviewing performance-related pay schemes to ensure that they operate fairly;
- Adapting payment-by-results systems to ensure that employees are not penalized when they are engaged only on short runs;
- Tailoring benefits to individual requirements and preference;
- Involving employees in developing and operating job evaluation and contingent pay systems

B. Recognition: is important because it gives the employees an impress that they are valued in the organization (Armstrong 2011). Company should take the time to give Positive and constructive feedback and acknowledgment on a well done duties to increase the likelihood of employee satisfaction and retention with them by boosts an employee's morale.

C. Promotion: it provides opportunities for personal growth, increased responsibility, and increased social status. The structure of the company's reward system the means through which employees earn promotion, salary increases, or other rewards is important in determining satisfaction and retention. Reward structures that hinder professional development for employees' contributions to company success lead to lower levels of satisfaction and high turnover. On the other hand, reward structures that provide reasonable and adequate promotion for employees' contributions to be recognized and rewarded are associated with more positive attitudes about the job and increase the probability of the retention (Robbins, 1998).

D. Work environment: An organization needs to develop a supportive learning and challenging work environment. creating a stimulating work environment that makes effective use of people's skills and knowledge, allow them a degree of autonomy on the job, provides an avenue for them to contribute ideas, and allow them to see how their own contribution influence the organization's well-being (Lochhead C. and Stephens A. 2004). Ongori (2007) also generally relates it with the climate where employees can learn and perform. Particularly, support and aspiration at work, stress of work, degree of empowerment and the responsibility that workers acknowledge, alternatives in the job tasks and development, stipulation of challenging and significantly meaningful work and developmental opportunities, are the other concepts that describes the term working environment.

It is clear that the general features of any potential HR program contribute to good retention. Most of these are directly related to creating a satisfactory work environment for employees and thus, in turn, to good retention. These features include: Effective communications, including channels for open, two-way communication, employee participation in decisions that affect them, an understanding of what is happening in the organization and an understanding of the employer's main business concerns.

2.3.2. Factors affecting retention Strategy

According to Armstrong (2009) retention strategies should be based on an understanding of the factors that affect whether or not employees leave or stay. For early-career employees (30 years and under) career advancement is significant.

For mid-career employees (age 31–50) the ability to manage their careers and satisfaction from their work are important. Late-career employees (over 50) will be interested in security. It is also the case that a younger workforce will change jobs and employers more often than an older workforce, and workforces with a lot of part-timers are less stable than those with predominately full-time staff. The other factors that affect retention are: Company image; Recruitment, selection and deployment; Leadership – ‘employees join companies and leave managers’; learning opportunities and Performance recognition and rewards.

Therefore, on employees’ retention strategy it is better to consider the factors of employees age, and other internal environment condition beside those of Reward related factors like Salary condition, Benefit package, promotion and recognition practice and the general physical working condition of the company.

2.4. Empirical Literature

A number of studies have been conducted to improve understanding of Reward practices and the extent to which it influences on Employees retention.

It is great importance that organizations keep their employees satisfied to improve employee retention. DeYoung (2000) reveals in his studies that many organizations are facing challenges in the development of an employee retention strategy, Turnover rates are increasing in various organizations; if employees are unhappy with their organizations they tend to leave the organization (Schuler & Jackson, 2006).

As per his study, it was identified that monetary and non-monetary rewards are important in order to raise employee retention. Monetary rewards reported to significantly increase employee retention included performance bonuses, reasonable salaries, and remuneration for scarce skills. Non-monetary rewards included promotions, child care facilities, extended leave and recreation facilities. It was also reported that nurses view salary as the main source of dissatisfaction which often resulted to high employee turnover (Sharon and Hlanganipal, 2014). South African professional nurses who migrated overseas also cited financial reason as key reasons that influenced their decision to leave South Africa (Oosthuizen, 2005).

In contrast, Cappelli (2001) cited by Sharon and Hlanganipal (2014) argues that due to the recent movement towards benchmarking, organizations are now facing difficulties in setting themselves apart from their competitors by means of remuneration hence the impact of financial rewards on employee retention is reduced. However, regardless of many studies reporting that financial rewards to be a poor motivating factor, remuneration packages still remain as a tactic employed by several organizations to improve employee commitment (Mitchell, Holtom & Lee, 2001).

A study conducted by Horwitz, Heng and Quazi (2003) also reported that compensation practices is still one of the most popular retention strategy. According to Teseema and Soeters (2006) there is a positive correlation between compensation practices and employee retention, hence their explanation that voluntary turnover is high among those employees who value high monetary rewards as part of their compensation package.

A study by Mercer (2003) reports that employees will remain in an organization if they are rewarded and also they may leave if they are poorly rewarded. Employees are likely to stay in organizations where they believe that their capabilities, contributions and efforts are appreciated (Davies, 2001).

From the findings of study of Sharon and Hlanganipal (2014) on nurses from a selected hospital in the Eastern Cape Province of South Africa to investigate the impact of rewards on job satisfaction and employee retention, the organization management should be able to create a total reward structure that includes more than just compensation. Compensation and benefits package of employees should be lucrative so that it attracts the valued employees to remain in the organization.

Reena Ali and M. Shaki Ahmed (2009) & Muhammad Zia Ur Rehman, et al (2010) studies carried out on the effect of job rewards on employees' satisfaction with age as the moderating factor shows that retention of employees is positively and significantly related with extrinsic rewards but less than intrinsic rewards and is also significantly related with age. The study further indicates that employees' satisfaction increases with increase in age differences.

Therefore, old workers reported low level of turnover from extrinsic rewards but the intrinsic rewards almost remain the same for all age groups. Nezam Luddy (2005), in his research using variables pay, work itself, supervision, coworker, and promotion proved that employees are more satisfied with their coworkers, followed by the nature of the work itself and the supervision they received. Respondents however, indicated that they are less satisfied with promotional opportunities and least satisfied with the pay they received. Therefore, from the above studies it can be concluded that the Reward practice of the organization affect employees for the satisfaction.

The study of Sharon and Hlanganippal (2014) also tested the relationship between job satisfaction and employee retention. The results show that high levels of job satisfaction often results in improved employee retention. This shows that employers have to keep their employees satisfied if they want to keep their highly qualified and valued staff. Job satisfaction has proved to be a very crucial factor in employee retention. Similarly, Kabungaidze, Mahlatshana and Ngirande (2013) also reported a statistical significant relationship between job satisfaction turnover intentions based on a study of 150 administrators.

2.5. Conceptual Framework of the study

The conceptual framework of the study specifies the nature of the hypotheses of the study. According to the model, dependent variable is employee retention and the independent variables are extrinsic reward of the five variables. Employees’ retention is affected by extrinsic rewards of Salary, benefits, Promotion, Recognition and working condition. The relations of these variables are supported on the basis of review of literatures.

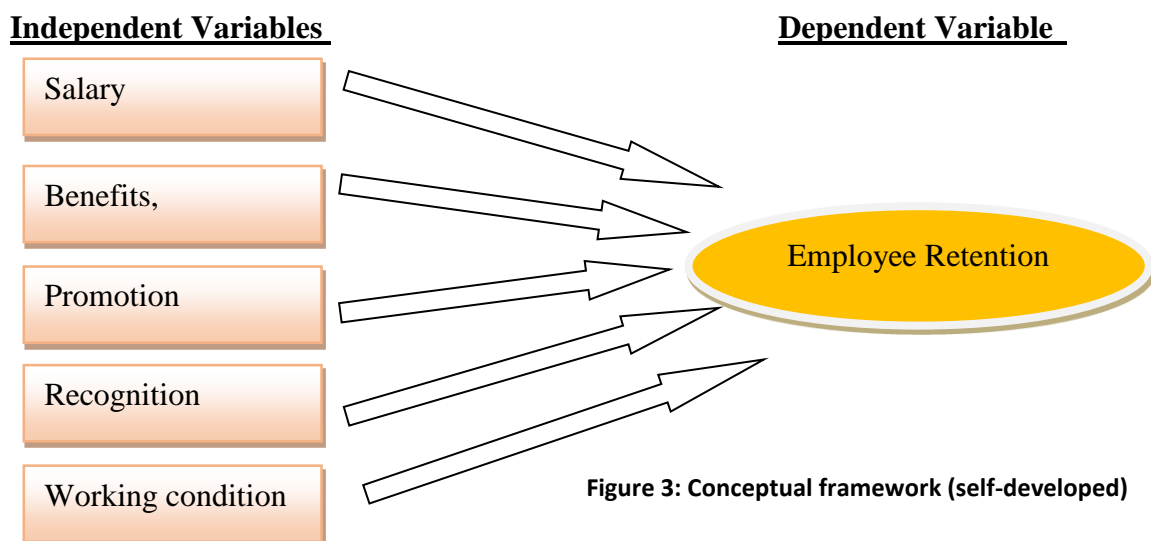


Figure 3: Conceptual framework (self-developed)

2.6.Hypotheses

Hypothesis were also developed in order to see the association of the independent variables (salary, benefit, promotion, recognition and the working condition) and the dependent variable i.e. employee Retention.

H1: Salary Payment is positively related to Employee Retention.

Ho: There is no positive relationship between Salary payment and employee Retention.

H2: Benefit Package is positively related to Employee Retention.

Ho: There is no positive relationship between benefit Package and employee Retention.

H3: Promotion Scheme is positively related to Employee Retention.

Ho: There is no positive relationship between promotion Scheme and employee Retention.

H4: Recognition Practices is positively related to Employee Retention.

Ho: There is no positive relationship between recognition Practices and employee Retention.

H5: Working condition is positively related to Employee Retention.

Ho: There is no positive relationship between working condition and employee Retention.

H6: Reward practices have a significant effect on the Employee Retention.

Ho: Reward practices have no significant effect on the Employee Retention.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents the methodology that was used to carry out this study. It includes the research design, population studied and sampling strategy, the data collection procedure, the instruments used for gathering data, and how data was analyzed and presented, and also shows Validity and Reliability of the research instrument.

3.1. Research Approach and Design

Research is the technique for investigating something in a systematic manner. Research design for these study is a cross sectional quantitative study of 3 Garment Companies in Bole Lemi Industry Park, this helped the researcher to suggest solutions for the problems identified. The study used stratified random sampling research method. Quantitative Descriptive type in the form of correlation research design was used in order to understand and systematically describe the reward practice of the case companies since it is used to obtain information concerning the current status of the phenomena and to describe "what exists" with respect to variables in a situation. The quantitative research work connects independent and dependent variables. So, the design explores the effect of reward practices on employees' retention. Descriptive studies try to describe characteristics of subject opinions, attitudes and perceptions of people interest to the researcher. Furthermore, descriptive studies also aim at obtaining information from a representative selection of the population and from the same: the researcher is able to generalize the findings to a larger population (Kothari, 2004).

3.2. Population of the Study

Since the study focused on Bole Lemi Industry park garment Factories, it has the total population of 15,623 permanent employees (IPDC report, April 2018). In each of the factories there are different departments. Those are: Cutting, sewing, Quality, Finishing, MCD (Store), Sales, HR and CSR, Administration, Import and Export, Industrial Engineering (Work study), Finance, Maintenance and the like.

Direct Production workers, supervisors and Managers of the three garments were subjects for the study. These workers include Cutting Operators, Sewing Operators, Quality Inspectors, Packing operators, Production Line Leaders and Supervisors, Production Managers and Industrial Engineers. And for the interview, Human Resource Managers and Production Representatives and Managers were participants. The study focused on production workers because they are majority of the workers and are mainly engaged in day-to-day major production activities of the garments, so they are the major reasons for the productivity and success of the companies. Therefore, the researcher didn't consider supportive staffs like Admin, Sales, Logistics, Finance, MCD, and other supportive staffs in each garments. Also employees who worked in the garments for less than six months were not included since they are recently employed; so, they had no significant understanding of the garment's Reward practices. The direct production employees were selected randomly.

Table 2, Total Number of Employees in selected Garments

NO	Company Name	Production Workers		Supportive Staffs		Total Workers
		Less than 6 Months	Above 6 Months of Service length	Less than 6 Months	Above 6 Months of Service length	
1	Ashton	676	640	21	370	1707
2	Jay Jay	1525	2500	22	378	4425
3	Evertop	62	409	6	82	559
	Total No. of Employees	2263	3549	49	830	6691

Source: Own Survey, 2018

As it indicates in the above table, the total number of employees working in the three Garments is 6,691 as of April 31/ 2018. The employees who had been working in each garment and have an experience of less than six months reaches a total of 2,263 (i.e.66 from Ashton garment, 1,525 from Jay Jay and 62 from Evertop) which were excluded from study due to the reason related to their understanding of the cases.

This research covered those employees who are production workers for more than 6 months on those garment companies in Bole Lemi Industry Park. Thus the target population of the study reaches a total of 3,549 (i.e.640, 2500 and 409employees from Ashton, Jay Jay and Evertop respectively). Other Supportive staffs which were working for less than six months (49 employees) and who serve for more than six months (830 employees) were together total of about 879 employees. Those supportive employees were excluded from this study.

3.3.Sample size and sampling Design

3.3.1. Sample size

To get a representative sample for the population under the study the following sample technique were utilized.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where, P = sample proportion, q = 1-p;

Z = value on standardized normal distribution curve corresponding to the level of significance.

The level is usually 5% and the corresponding Z value is 1.96.

N = Number of total population;

n = Sample size required;

(Source: C.R. Kothari (2004))

A 95% confidence level is used to select the appropriate sample size and the value of Z is 1.96.

e = 0.05 which is acceptable sample error;

p = 0.5, where q is 1-p;

N = 3,549

$$n = \frac{1.96^2 (0.5) (0.5) (3549)}{0.05^2 (3549-1) + 1.96^2 (0.5) (0.5)} = 346.73$$

Based on the above information, the sample size (n) is calculated for the target population of 3,549 and it is 347. Therefore, the study's sample size of 347 was considered to represent the population.

By using the sample size obtained from the above formula, the proportion or the strata sample size was determined for each garment. The strata sample size was determined based the below mentioned equation:

$$n_h = (N_h / N) * n$$

Where;

n_h is the sample size for stratum h;

N_h the population size for stratum h;

N is the total population size;

n is the total sample size.

Table 3, sample size determination

Garment Name (h)	Target Population		Population Size(nh)
	Number (N)	Percentage	
Ashton	640	18.03	63
Jay Jay	2500	70.44	244
Evertop	409	11.52	40
Total	3549	100.00	347

Source: Own Survey, 2018

3.3.2. Sampling Design

The researcher used a Probability Sampling design of a stratified random sampling as well as Simple random sampling method to select the sample for the study.

The strata's represented the three garments involved in the research. Stratification means that specific characteristics of individuals are represented in the sample and the sample reflects the individuals with certain characteristics of the population.

When randomly selecting people from a population, these characteristics may or may not be present in the sample in the same proportions as in the population, since it was difficult to include many employees those which were working in the three garments while the study was conducted; stratification shows their representation.

Once the sampling population has been separated into non-overlapping groups the researcher had selected the required number of samples from each stratum, using the simple random sampling technique to give the participants equal probability of being selected. Thus, Simple random Sampling and stratified random sampling method were applied.

3.4.Source and Instruments of Data collection

To fulfill the purpose of the study, the researcher gathered both primary and secondary data.

Primary data were collected from the samples selected by the use of structured questionnaire as a method for data collection. The questionnaire was developed from different sources which were found to be appropriate for the study. The questionnaire contained closed ended questions quantitatively measured on Likert scale and two open ended questions, and it was administered by the researcher. Employees of the selected garment companies were taken to serve as the main source of primary data. Because of most of the production educational level was low, the questionnaire was interpreted in Amharic Version. The questionnaires were distributing personally.

There was an open Ended structured interview questions for HR Managers and production manager and Representatives of the companies.

Secondary data for the study were collected mainly from books, journals, Articles, companies' manuals, Government reports, Research Papers, Magazines, Newspapers and websites.

3.5. Method of Data Analysis

After the questionnaires had been collected the researcher checked if there were unintended participants who had filled the questionnaire distributed to the samples and had organized the returned questionnaire.

Then the researcher performed the analysis process for the collected valid data using Statistical package for social science which is (IMB –SPSS Statistics Version 20.0).

Descriptive and inferential statistics were employed for the data analysis process. The descriptive statistics includes frequencies, percentages, means and standard deviation.

The inferential statistics (correlation analysis and regression analysis) were used to test the hypothesis developed. Tables were also used to ensure easily understanding of the analysis. To test strength and direction of the relationship between variables, the study used Pearson's correlation analysis applied.

3.6. Validity and Reliability of the research instrument

The analysis of data should be sufficiently adequate to reveal its significance and the methods of analysis used should be appropriate. The validity and reliability of the data were checked carefully. Validity and reliability of scores on instruments, additional standards for making knowledge claims, lead to meaningful interpretations of data.

3.6.1. Validity

Validity refers to the extent to which the measurement instrument actually measures what it intended to measure. It is used to suggest determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers an account (Creswel, 2003).

As per Kothari, 2004, Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. In order to ensure the quality of this research design content validity of the research instrument were checked.

Copies of the questionnaire were distributed to Fifteen respondents as a pilot test. This was done to find out whether the developed instruments measures what it was meant to measure and also to check the clarity, length, structure and wording of the questions. This test also helped the researcher to get valuable comments to modify some questions.

3.6.2. Reliability

According to statistical interpretation, the closer the reading of Cronbach 's Alpha to digit 1, the higher the reliability is in internal consistency. Reliability has to do with the accuracy and precision of a measurement procedure. Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of the instrument. The scale with a coefficient value between 0.8-0.95 is very good; 0.70-0.80 is good; 0.6-0.7 is fair and below 0.6 is poor reliability (Kothari, 2013).

Cronbach's Alpha was calculated to test the reliability of the research instrument. Accordingly, the following tables show the Cronbach's alpha result for the total questionnaires collected.

Table: 4, Reliability Analysis for the dependent variable

Variables	Cronbach's Alpha
Employee Retention	.694

Source: Own Survey, 2018

Therefore, according to the above statistical interpretation this indicates that the reliability of the scales is fair depicting a strong internal consistency among the measurement items and the selected instrument can accurately measure the variables of the study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The data collected from selected garment companies using questionnaires and Interview are presented and analyzed in this chapter. This section of the study deals with the statistical testing of hypothesis and interpretation of the result making use of IBM SPSS version 20.0 software. This chapter has two parts.

On the first part questionnaire were designed and distributed to a total of 347 employees' production departments of those companies who are working above six months. Accordingly, 334 questionnaires were appropriately filled and returned which gives an 89.25% return rate that is assumed to be suitable for further analysis.

On the second part of this chapter, there are well organized Interviews of HR managers and Production Managers/representatives.

Part One – Questionnaire Data Survey Respondents

4.1. Demographic profile of respondents

The first section of the questionnaire consists of Eight (8) items which showed about the demographic information of the respondents. It covers the personal data and current company's working information.

The following table reveals respondents' Gender, Age, Marital Status and Educational qualification.

Table 5, Demographic profile of respondents

N	Item	Category	F	%
1	Gender	Male	46	13.8
		Female	288	86.2
		Total	334	100.0
2	Age	18-25 years old	276	82.6
		26-30 years old	41	12.3
		31-40 years old	13	3.9
		above 41 years old	4	1.2
		Total	334	100.0
3	Marital Status	Single	143	42.8
		Married	163	48.8
		Divorced	21	6.3
		Widow	7	2.1
		Total	334	100.0
4	Highest Educational Level	Read and Write	12	3.6
		Primary school (1-8 Grade)	150	44.9
		High School (9-12 Grade)	98	29.3
		TVET and Diploma graduate	50	15.0
		Undergraduate degree	24	7.2
		Total	334	100.0

Source: Own Survey, 2018

As shown in the above table, of the respondents 86.2% (288) were Female and the remaining 13.8% (46) were Male. With regard to respondents' age category, the higher age group is between 18 -25-year-old which is 82.6% (276) of the respondents. The next higher groups were 41 (12.3%) and 13 (3.9%) fall under age categories of between 26-30 and 31-40 respectively. The remaining group 4 (1.2%) were under the age categories above 41 years. Regarding of Marital Status, 48.8% (163) respondents were married and 42.8% (143) were Single. Other of 21(6.3%) and 7(2.1%) were Divorced and Widow respectively. On the educational background of the respondents, 150 (44.9%) of the total respondents completed Primary school (which are between 1-8 Grade) while 29.3% (98) and 15% (50) respondents completed Higher school (9-12) and TVEV/Diploma Holders correspondingly. 24(7.2%) were Undergraduate students and the remaining 12 (3.6%) participants respond on the blank space of the questionnaire as they don't pass the formal educational level. They know how to read and write.

Table 6, Participants Employment Characteristics

No	Item	Category	Frequency	Percent
1	Working Departments	Cutting	55	16.5
		Production (Sewing)	183	54.8
		Quality	56	16.8
		Finishing	11	3.3
		Industrial Engineering	29	8.7
		Total	334	100.0
2	Carrier Position	Operator	264	79.0
		Supervisor/ Line Leader	34	10.2
		Lower Level Management	8	2.4
		Middle Level Management	21	6.3
		Higher Level Management	6	1.8
		Missing	1	0.3
		Total	334	100.0
3	Working Experience	between 6 months and 1 Year	28	8.4
		1-2 years	167	50.0
		2-4 Years	124	37.1
		above 4 years	15	4.5
		Total	334	100.0

Source: Own Survey, 2018

The above table shows respondents' current working department, position, year of service with the company. According to the Item No 1 of the table, 183 (54.8%) of the respondents were working in the production sewing department while 56 (16.8%) were in Quality and 55 (16.5%) were in cutting departments. The remaining 29 (8.7%) and 11 (3.3%) of the respondents were working in Industrial Engineering and Finishing departments respectively.

Regarding the carrier position of respondents (Item no.2), most of them 264(79%) was working as Operator though 34 (10.2%) were at Supervisor level. The remaining 21(6.3%), 8(2.4%) and 6(1.8%) were at Middle Level, Lower Level and Higher Level Management position respectively. Only 1(0.3%) of the respondent miss the part to fill.

In the case of Item no. 3 a table, 167 (50%) of the respondents had a year of service from 1-2 years, followed by 124 (37.1%) respondents with length of service from 2-4 years and the others 28 (8.4 %) fall under the category of service year between 6 Months and 1 Year. The remaining 15 (4.5%) respondents belong to groups with experience of above 4 years in that selected companies.

Table 7, Name of the organization: The table below shows the name of organization of respondents. Accordingly, 208 (62.3%) respondents were from Jay Jay, 72 (21.6%) respondents were from Ashton and the remaining 54 (16.2%) respondents were from Evertop.

Table 7, Participants Current Working Company

Variable		Frequency	Percent
Name Of Company	Ashton	72	21.6
	Jay Jay	208	62.3
	Evertop	54	16.2
	Total	334	100.0

Source: Own Survey, 2018

4.2. Employees Response on the types of reward practices provided

Table 8, Types of rewards: as shown in the table below, the respondents were asked to rate varied types of reward practices provided by the company using a five Likert scale. In this regard employees indicated their opinion by choosing one of the five alternatives given: very poor, poor, average, good, and very good.

Table 8 - Type of reward practices provided

Item		Very poor	Poor	Average	very good	Total
The Current Salary	F	127	172	24	11	334
Payment practice of the companies	%	38.0	51.5	7.2	3.3	100.0
Benefit Package of the companies	F	73	142	75	44	334
	%	21.9	42.5	22.5	13.2	100.0
Promotion Scheme of companies	F	4	133	178	19	334
	%	1.2	39.8	53.3	5.7	100.0
Current recognition practices	F	67	190	35	42	334
	%	20.1	56.9	10.5	12.6	100.0
Working condition of the companies	F	22	22	202	88	334
	%	6.6	6.6	60.5	26.3	100.0

Source: Own Survey, 2018

Accordingly, in the first item i.e. salary 172(51.5%) of the total respondents agrees that the practices were poor and also 127 (38%) of the respondents said it was very poor and only 24(7.2%) and 11(3.3%) of the respondents think that the salary provided to them was average and good respectively.

Regarding benefit package, 142 respondents out of 334 i.e. 42.5% mentioned it as poor and 75(22.5%) of the participants says it is average while 73(21.9%) said it was very poor. Only 44 out of 334 respondents (13.2%) said very good on those practice.

The third item is promotion scheme and 178(53.3%) of the participants says the promotion practice at the company was average. While 133 (39.8%) and 4(1.2%) of them said it as poor and very poor respectively. While 19(5.7%) agrees that it was Very good.

For the fourth item which is recognition, most of the respondents said it was poor i.e. 190 (56.9%), and 67(20.1%) says it as very poor. The other 42(12.6%) and 35(10.5%) agreed it as average and very good respectively.

For the last item, 202 respondents i.e. 60.5% out of the total 334 participants mentioned that the working condition of the organization in which they perform their job is at average. This is followed by 88(26.3%) of respondents says the working condition was very good. The remaining 22(6.6%) of them said very poor and poor.

4.3. The effects of each reward practices on employees' Retention

The following tables will demonstrate employees' perception towards the influence of each existing reward practices of the companies in relation to their need and contributions for their retention.

The below table discussed about salary and employees' response to the items raised related to their organizations salary practice provided.

4.3.1. Salary

Table 9, Employees response on Salary payment practices

No	Item		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	My salary is satisfactory in relation to what I do	F	18	12	43	207	54	334
		%	5.4	3.6	12.9	62.0	16.2	100.0
2	My salary is satisfactory in relation to my needs	F	0	0	0	67	267	334
		%	0	0	0	20.1	79.9	100.0
3	The pay I receive is internally equal with my colleague who is having the same experience and similar duties.	F	34	28	76	196	0	334
		%	10.2	8.4	22.8	58.7	0	100.0
4	The amount of basic pay I receive is fair relative to the industry's average	F	34	28	158	114	0	334
		%	10.2	8.4	47.3	34.1	0	100.0
5	Salary increment is made within a reasonable/logical time period	F	0	21	79	172	62	334
		%	0	6.3	23.7	51.5	18.6	100.0
6	Salary increments are made based on my work performance evaluation results	F	118	209	7	0	0	334
		%	35.3	62.6	2.1	0	0	100.0

Source: Own Survey, 2018

For the question whether the salary is satisfactory in relation to what they do, large number of respondents showed their disagreement with the idea. Out of the total 334 respondents, 207(62%) Said that they disagree and 54(16.2%) of them strongly disagree. While 43(12.9%) are neutral about the idea. Only 18(5.4%) and 12 (3.6%) Strongly agree and agree respectively. For the second item the most of the respondents i.e. 267 (79.9%) strongly disagree the remaining 67(20.1%) disagree with their salary satisfaction in relation to that of their needs. It implies that their salary is not satisfactory for their needs. On the third item, when the respondents were asked about the salary payment equity with their colleagues who do similar duties and have experience, 196(58.7%) were disagree, followed by 76(22.8%) who were neutral, 34(10.2%) Strongly agrees and 28(8.4%) agrees on the ideas. For the Fourth item 158 (47.3%) of the participants showed their neutrality, and 114 which was 34.1% disagree while 34(10.2%) and 28(8.4%) strongly agree and agree respectively.

This implies that the amount of basic pay provided by the organization are believed to be similar or the employees have no information about the issues. For the fifth item,172(51.5%) of answers showed their disagreement, 79(23.7%) were neutrality, 62(18.6%) strongly disagree and 21(6.3%) agree on the issue about logical time period of the payment. This shows that salary increment/ adjustments is not made within a logical period of time. For the item no. 6 of the table, 209 (62.6%) of participant employees showed their agreement and 118 (35.3%) strongly agree with the idea stated under item and only 7(2.1%) out of 334 respondents are neutral which shows that the salary increments made are based on the workers' performance result.

4.3.2. Benefit

Table 10, Employees response on Benefit Package (Insurance, Medical, Loan, Education)

No	Item		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	The insurance schemes are attractive	F	0	28	189	117	0	334
		%	0	8.4	56.6	35.0	0	100.0
2	There is proper and adequate medical care service.	F	0	238	20	0	76	334
		%	0	71.3	6.0	0	22.8	100.0
3	The organization's loan policy is attractive	F	0	0	12	34	288	334
		%	0	0	3.6	10.2	86.2	100.0
4	There are good education opportunities to update myself	F	3	18	36	107	170	334
		%	.9	5.4	10.8	32.0	50.9	100.0
5	Benefit packages are attractive compare with other companies in the industry.	F	0	0	179	105	50	334
		%	0	0	53.6	31.4	15.0	100.0

Source: Own Survey, 2018

As per the above table, the responds for Item no.1 indicates that the majority respondents i.e. 189(56.6%) are neutral and other 117(35%) disagrees on the attractiveness of their insurance schemes. Only 28(8.4%) agrees. Item no.2 indicates that majority respondents which are 238 (71.3%) agrees on the proper and adequate medical care service of the company while the remaining 76(22.8%) and 20(6%) are strongly disagree and neutral respectively. It implies that employees are agreed on the proper and adequate medical care service provided by their organization. Item no. 3 indicates that 288(86.2%) of the respondents strongly disagree and 34(10.2%) disagree while 12(3.6%) shows neutral on the attractiveness of the company's loan policy. When we see item four most of the respondents 170(50.9%) and 107(32%) strongly disagree and disagree on the ideas of the good educational opportunity by the company respectively. 36(10.8%) were neutral and 18(5.4%) were agreed.

Lastly for the item of the benefit package attractiveness relative with that of other companies in the industry, the majority of the respondents 179 (53.6%) showed their neutral respond while 105(31.4%) of them disagree and 50(15%) strongly disagree. It shows majority of the employees shows their impartiality about the benefit package of the companies and others shows its unattractiveness.

4.3.3. Promotion

Table 11, Employees response on Promotion Scheme

N o.	Item		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	I have a chance to be promoted equally like my colleagues who have same experience & duties.	F	9	105	35	124	61	334
		%	2.7	31.4	10.5	37.1	18.3	100.0
2	I have clear understanding about company's promotion policy.	F		28	20	210	76	334
		%		8.4	6.0	62.9	22.8	100.0
3	Company's promotion practices strongly consider the level of my performance.	F	118	63	7	145	1	334
		%	35.3	18.9	2.1	43.4	.3	100.0

Source: Own Survey, 2018

Based on the above table, Item No. 1- regarding the equal chance of being promoted like their colleagues, majority of the respondents 124 (37.1%) disagree and 61(18.3%) strongly disagree, but 105 (31.4%) and 9(2.7%) agree and strongly agree respectively. While the remaining 35(10.5%) were neutral. It shows most of the respondents disagree on the equal promotional opportunities by the companies for similar duties and experiences.

For item no. 2 the majority of the respondents which were 210 out of 334 (62.9%) showed their disagreement and 76(22.8%) of them strongly disagreed. The remaining 28(8.4%) and 20(6%) agreed and impersonal respectively for the issues.

For the Third item, 145 (43.4%) showed their disagreement while 118(35.3%) strongly agree and 63(18.9%) agrees when asked whether the existence of promotion practices consider level of their performance. Only 7(2.1%) were neutral and 1(0.3%) strongly agree with the idea.

4.3.4. Recognition

Table 12, Employees response on the recognition practices of the companies

No.	Item		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1	I get credit for what I do	F	29	174	88	12	31	334
		%	8.7	52.1	26.3	3.6	9.3	100.0
2	I receive constructive/ positive feedback about my work	F	112	93	51	78	0	334
		%	33.5	27.8	15.3	23.4	0	100.0
3	There are proper and timely bases recognition practices.	F	62	172	79	21	0	334
		%	18.6	51.5	23.7	6.3	0	100.0

Source: Own Survey, 2018

For the first item of the above table, the majority respondents i.e. 174(52.1%) disagree and 29(8.7%) strongly disagree by claiming that they didn't get credit for what they do. The other 88(26.3%) were neutral while the remaining 31(9.3%) and 12(3.6%) strongly agree and agree for that matter respectively.

For response of item No. 2, the respondents which were 112(33.5%) strongly disagrees on receiving positive criticism regarding their work performance and 93(27.8%) disagrees on, which implies that employees are not getting any positive criticism or feedback regarding their performance only 78(23.4%) agree and remaining 51(15.3%) neutral on those issues. And when the respondents are asked in item no 3, whether there are proper and timely bases recognition practices, majority of the respondents i.e. 172 (51.5%) showed their disagreement when 79(23.7%) are neutral and 62(18.6%) strongly disagree. About 21(6.3%) agree.

4.3.5. Working Condition

Table 13, Employees response on working condition of the company

No.	Item		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1	My working hours are reasonable	F	43	1	47	202	41	334
		%	12.9	.3	14.1	60.5	12.3	100.0
2	I am never overworked	F	43	1	47	202	41	334
		%	12.9	.3	14.1	60.5	12.3	100.0
3	There is existence of safe and secured physical working conditions (heating, lighting and Ventilation system).	F	43	1	47	202	41	334
		%	12.9	.3	14.1	60.5	12.3	100.0
4	Working areas are well planned and organized to do jobs properly.	F	8	51	30	132	113	334
		%	2.4	15.3	9.0	39.5	33.8	100.0
5	There is proper safety precautions practices	F	19	2	29	148	136	334
		%	5.7	.6	8.7	44.3	40.7	100.0

Source: Own Survey, 2018

Item no. 1 of the above table demonstrates that 202 (60.5%) of the respondents agreed and 41(12.3%) strongly agree on the reasonability of the working time and did not criticize with regard to the number of hours they stay in the work place and on the reasonability of their working hours. Remaining 47(14.1%), 43(12.9%) and 1(0.3%) shows neutral, strongly disagree, and disagree respectively.

Item no. 2 indicates that the most respondents i.e. 202 (60.5%) agrees and 47(14.1%) are neutral on the existence of fair amount of work load. 41(12.3%) were neutral while 43(12.9%) and 1(0.3%) strongly disagree and disagree respectively.

Item no. 3 shows that 202(60.5%), 47(14.1%) and 41(12.3%) of the respondents agrees, neutral and strongly agrees accordingly on the existence of safe and secured physical working condition while 43(12.9%) strongly disagrees and 1(0.3%) disagree.

In the item no. 4 of table above 132(39.5%) of the respondents agrees and 113(33.8%)strongly agrees on the well planned and organized working areas of the companies. Only 51(15.3%) disagree and 8(2.4%) strongly disagree while the remaining 30(9%) were neutral.

On the last item (No.5) majority of the respondents which were 148(44.3%) agree on proper and safety precautions practices of the companies. Others 136(40.7%) strongly agrees the ideas while 29(8.7%) neutral, 19(5.7%) strongly disagrees and 2(0.6%) disagree on those ideas.

4.4. Employees Retention

Table 14, Responses on Employees' Retention

No.	Item		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
1	I will stay in the company because the salary is attractive	F	120	208	0	6	0	334
		%	35.9	62.3	0	1.8	0.0	100.0
2	I will stay in the company because its benefit packages are attractive and it is as per my expectation.	F	111	158	19	46	0	334
		%	33.2	47.3	5.7	13.8	0	100.0
3	I will stay in the company because the current promotion scheme is good and I believe I have promotion opportunity.	F	120	140	42	32	0	334
		%	35.9	41.9	12.6	9.6	0	100.0
4	I will stay in the company because recognition practice for my performance is	F	83	158	29	10	54	334
		%	24.9	47.3	8.7	3.0	16.2	100.0
5	The existences of safe and secured working environment encourage me to stay in the company.	F	0	83	23	141	87	334
		%	0	24.9	6.9	42.2	26.0	100.0

Source: Own Survey, 2018

As clearly shown on the above table of item 1-4, the majority of respondents i.e. 208(62.3%), 158(47.3%), 140(41.9%) and 158(47.3%) disagree on the points that they will stay in the company because of attractiveness of salary, benefit package, promotional scheme and recognition practice respectively. While 120(35.9%), 111(33.2%), 120(35.9%), 83(24.9%) strongly disagree to stay because of the above variables respectively. This indicates majority of respondents were not willing to stay with their companies because of unattractive salary, benefit, promotion, and recognition practices of the companies.

Despite that, regarding the fifth item of working environment, the majority of the respondents i.e. 141(42.2%) showed their agreement and 87(26%) shows their strong agreement to stay with their companies because of safe and secured working environment. Only 83(24.9%) and 23(6.9%) disagree and neutral to the issue respectively. They come to an understanding that the organization have safe and secured working environment to retain them.

4.5. Employees' perception on the General reward practices

Table 15, Employees' perception on the general reward practices

No	Item		Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Total
1	The reward practice at the company fulfill my real needs	F	92	215	12	15	0	334
		%	27.5	64.4	3.6	4.5	0	100.0
2	The reward practice of the company matches my work effort	F	92	215	12	15	0	334
		%	27.5	64.4	3.6	4.5	0	100.0
3	The rewards at the company are distributed fairly	F	0	144	136	54	0	334
		%	0	43.1	40.7	16.2	0	100.0
4	I am satisfied with reward practice of the organization	F	92	215	12	15	0	334
		%	27.5	64.4	3.6	4.5	0	100.0
5	The rewards practices at the company have a positive effect on my stay in the company.	F	92	215	12	15	0	334
		%	27.5	64.4	3.6	4.5	0	100.0
6	The company's reward practices retain the best performer.	F	92	215	12	15	0	334
		%	27.5	64.4	3.6	4.5	0	100.0

Source: Own Survey, 2018

In the above table when the respondents were asked that whether the companies reward practices fulfill their needs, most of them i.e. 215(64.4%) disagree and 92(27.5%) strongly disagrees while 15(4.5%) agree and 12(3.6%) neutral. This indicates most of them thinks that the reward practices that their organization follows didn't fulfilled their need for living.

For item no. 2, most of the respondents i.e. 215(64.4%) disagrees and 92(27.5%) strongly disagree that their efforts for work and the reward they get were matches. Only 15(4.5%) of the respondents agree while the remaining 12(3.6%) were indifferent.

Regarding the item no.3 of the above table, which states about the fair distribution of the rewards among the employees, the majority of the respondents 44(43.1%) showed their disagreement when 136(40.7%) shows impartial responds and 54(16.2%) agrees about it.

For the item 4 of the table, 215 respondents i.e. 64.4% out of the total 334 showed their disagreement on the positive effect of rewards on their stay with the company. Others 92(27.5%) strongly disagree about the ideas and 15(4.5%) agree while 12(3.6%) were indifferent.

Regarding the item no. 5 of the responds, only 15(4.5%) agrees on the positive effect of the reward practices of the company for their retention in that company. Others like 215(64.4%) and 92(27.5%) disagree and strongly disagree about the issue respectively. 12(3.6%) of them were neutral.

For the last item of the above table, majority of the respondents i.e. 215(64.4%) disagree and 92(27.5%) strongly disagree on the issues of reward practices capability to retain best performer of the company. 15(4.5%) and 12(3.6%) agreed and neutral regarding the question.

4.6. Open Ended Questions

The following are responses acquired from open ended question where respondents have showed their different opinions from their experiences. Therefore, the researcher has presented the response of employees underneath the questions asked.

1. Have you ever thought of leaving the company you are currently working on? Please specify with your reasons

From the total of 334 respondents, only 120 respond this question. Out of 120 respondents most of them i.e.103(85.83%) had thought of leaving the company because of low salary scale and benefit as well as unattractive promotion and recognition practices of the companies. The others 11(9.17%) have no intention to leave the company while 4(3.3%) didn't decide yet while the remaining 2(1.67%) can't understand their intention because of unclear hand writing.

As to their response majority of the employees of the companies earn low amount of salary and low benefit so they have searched and still are searching for better salary in other companies. The others said even if the evaluation is proper, the promotion result and increased amount of the salary is not attractive and satisfactory. Therefore, most of them have an intention of leaving the company because of low salary, Benefit, promotion and recognition dissatisfaction and will leave the company as soon as they get a better job opportunity.

2. What do you think that the company should do to keep the employee in the company?

For the above questions 157 respondents answered the questions. Out of them 134(85.35%) said the company should adjust the salary amount and should be competitive with the current living condition of the country.

13(6.37%) of the respondents need attractive and reasonable promotion and recognition practices from the company while they perform well. The remaining of 10(6.37%)% said there should be proper management of production floor like their supervisor shouldn't yell/shout, or insult them (This is out of the topic).

4.7. Descriptive Statistics of reward and Employees Retention

When some concepts are measured by several items (questions), the items can be summarized to calculate the mean values. This is called calculating total scale scores.

To conduct the analysis and to test the hypothesis, total scale scores was calculated for each variables of the study as depicted in the below table.

Table 16, Descriptive statistics of reward and employees Retention (N = 334)

No.	Item	Mean	Std. Deviation
1	I will stay in the company because the salary is attractive	1.6766	.57233
2	I will stay in the company because its benefit packages are attractive and it is as per my expectation	2.0000	.97105
3	I will stay in the company because the current promotion scheme practice is good and I believe I have promotion opportunity in future.	1.9581	.93226
4	I will stay in the company because recognition practice for my performance is motivational.	2.3832	1.32989
5	The existences of safe and secured working environment encourage me to stay in the company.	3.6946	1.11076
6	General Reward practices have positive effect on my stay in the company	1.8503	0.68558

Source: Own Survey, 2018

The above table shows the mean and standard deviation of selected reward practices and employee retention given by respondents of the study, when the researcher observes the mean value for salary attractive; it is 1.6766, which makes it possible to conclude that more than 50% respondents do not have an intention to work with the company because of salary offered by the garment companies. The second variable is about the benefit packages of the garments; here the mean value is 2.0000, which indicates that half of the respondents did not agree on the attractiveness of the benefit package provided to them for staying.

The third variable is about the promotional opportunities available for employees; here the mean value is 1.9581, which indicates that the majority respondents are not satisfied with the existing promotional opportunities in their particular companies. With respect to the fourth variable i.e. Recognition, the mean value 2.3832 which implies that majority of the respondents don't agree on the raised questions regarding the recognition practice of the respective garments for them to stay with their companies. When coming to the next variable i.e. Working Conditions, the mean value is 3.6946, which indicates that the majority of the respondents agrees about the attractiveness of the working condition available in the company to stay.

The last variable's mean value is 1.8503, which is below mid -point this can be understood in a way that a majority of the respondents disagrees to the items raised under the employee retention section. And this indicates that most of the employees have a negative opinion regarding the issues of reward practices in relation to employee retention. When we compare the overall mean values for all variables of the study, Salary, and promotion shows lowest Mean Values while working condition scores are the highest one which shows that salary, benefit, promotion and recognition practices of the companies and being recognized to retain employees are not well managed and suitable in the concerned companies.

4.8. Inferential Statistics

4.8.1. Correlation Analysis

Correlation between Employees retention and the Independent Variables

Correlation coefficient statistics measure the degree to which two sets of numbers are related. In this section, the researcher tried to accomplish the goal of the study through applying Pearson's correlation (r) as it is the most widely used method of measuring the degree of relationship between two variables. The relationship between two variables will be: a correlation of .10 is described as a small effect size, a correlation of .30 is described as a medium effect size and a correlation .50 is described as a large effect size.

The correlation coefficient (r) ranging from 0.10 to 0.29 may regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation. (Cohen, 1988)

$r=.10$ to $.29$ or $r=-.10$ to $-.29$	small
$r=.30$ to $.49$ or $r=-.30$ to $-.49$	medium
$r=.50$ to 1.0 or $r=-.50$ to -1.0	large

Source: Cohen (1988)

The correlation of those rewards and employee retention was computed and presented in the table below:

Table 17, Correlation Analysis of Independent variables

Independent variables	No. of observations	Employees Retention	
		Pearson Correlation	Sig.(2-tailed)
Salary	334	.534**	.000
Benefit	334	.469**	.000
Promotion	334	.394**	.000
Recognition	334	.491**	.000
Working condition	334	.255**	.000

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

Source: Own Survey, 2018

Salary and Employee Retention

H1: - Salary is positively related to Employee Retention

Ho: - There is no positive relationship between salary and employee Retention

The result on the above table shows that salary ($r=0.534$, $p<0.01$) is positively related with employee retention. This means an increase or decrease in Salary will bring corresponding change in the retention of employee. Thus, the null hypothesis is rejected.

Benefit and Employee Retention

H2: - Benefit is positively related to Employee Retention.

Ho: - There is no positive relationship between benefit and employee Retention.

From the above table it can be seen that benefit ($r=0.469$, $p<0.01$) is positively related with employee Retention. Implying that a change in the benefit packages provided will have a corresponding change on employee Retention. Thus, the null hypothesis is rejected.

Promotion and Employee Retention

H3: - Promotion is positively related to Employee Retention.

Ho: - There is no positive relationship between promotion and employee Retention.

From the above table it can be observed that promotion ($r=0.394$, $p<0.01$) is positively related with employee Retention. This means that providing or withholding promotional opportunities will have a corresponding change on the Retention of employee. Thus, the null hypothesis is rejected.

Recognition and Employee Retention

H4: - Recognition is positively related to Employee Retention.

Ho: - There is no positive relationship between recognition and employee Retention.

The above table reports that recognition ($r=0.491$, $p<0.01$) is positively related with employee Retention. Implying that change in recognition given to employees has a corresponding effect on staying of employees. Thus, the null hypothesis is rejected.

Working condition and Employee Retention

H5: -Working condition is positively related to Employee Retention.

Ho: - There is no positive relationship between working condition and Retention.

From the above table it can be seen that working conditions ($r=0.255$, $p<0.01$) is positively correlated with employee Retention even if it have small effect. This means that a change in the working conditions will bring corresponding change on the Retention of employees. Thus, the null hypothesis is rejected.

4.8.2. Regression analysis

Regression analysis is a statistical method to deal with the formulation of mathematical model depicting relationship amongst variables which can be used for the purpose of prediction of the values of dependent variable, given the values of the independent variable (Kothari, 2004).

Thus the variables under types of rewards were entered into regression analysis to determine their relative importance in contributing to the employees' retention. Regression Analysis is used to ascertain the extent of reward practices (salary, benefit, promotion, recognition and working condition) explains the dependent variable (Employees retention).

Thus the last hypothesis was tested using the regression output.

H6: - Reward practices have a significant effect on the Employee Retention.

Ho: - Reward practices have no significant effect on the Employee Retention.

Table 18, Regression Analysis

Coefficients ^a

No.	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.112	.116		.962	.337	-.117	.340
2	Salary	.288	.088	.240	3.280	.001	.115	.460
3	Benefit	.324	.030	.459	10.671	.000	.264	.383
4	Promotion	.195	.048	.265	4.036	.000	.100	.290
5	Recognition	.096	.024	.186	3.951	.000	.048	.144
6	Working Environment	.000	.029	.000	-.009	.993	-.057	.057

a-Dependent Variable: Reward

R	R Square	Adjusted R Square	Std. Error of the Estimate
.734 ^a	.539	.532	.46893

Source: Own Survey, 2018

As illustrated in table above the value of adjusted R square is .532 which indicated 53.2% of changes in employee retention can be accounted for by reward but the remaining change may be accounted for variables other than the variables included in this study.

The above table also depicts the extent to which each independent variable influences the dependent variable. The relative importance of reward types (independent variables) in contributing to the variance of the employees' retention (dependent variable) was explained by the standardized Beta coefficient. The beta values of the independent variables i.e. salary, benefit, promotion, recognition and working condition are .240, .459, .265, .186 and .000 respectively. The result obtained from the regression analysis showed that Benefit of the organization is more significant and statistically meaningful when compared with the other variables in terms of retaining employees when promotion and salary comes second and third respectively. This can be understood as a certain improvement on the benefit scheme will increase employees' retention by .459 which is significant. Thus, the null hypothesis is rejected.

Part 2 - Interview Data of survey Respondents

4.9. Interview for HR managers and production representative/Managers

Regarding the issues of Employee reward practices and its effects on the employees' retention, the researcher could only interview 1 HR manager and 2 production managers/representatives. The researcher has presented the response of the HR manager and production Managers with the question they were asked as follows.

1. Do you think that there is a high rate of turnover in your company?

All of the respondents replied that they are experiencing a high rate of turnover and also they have stated that their employees are leaving and entering to another garments in this industry park. The managers have stated that currently employee turnover is very frequent and high. This day's employees continuously search for better job opportunities for their life and they wouldn't stay a day if they find one. And one of the managers has shared his experience by saying that "back in our days' employees used to be loyal to their organization but now a day's especially the young population is always in search of other better opportunities and most of the turnovers which are voluntarily are made by the younger population. As per their respond, Ashton face 10%, JayJay faces 6% and Evertop Face 12% of the turnover for the last 5 Months.

2. If so, what do you think of its reasons?

The respondents mentioned different reasons to why employees leave. Out of those stated reasons the most similar one are: search for better salary and better job opportunities; different types of personal reasons like family reasons, moving out of city for family and personal emergency. As they said, the most common reason mentioned by most employees at the time of exit interview were leave of company for better salary and job opportunity. They stated that especially these days the number one factor that most employee complain about is their Salary. This indicates that most employee leave because of low salary.

They also assumed that even if salary is one of the reasons to why most employees leave, there were also other reasons. As per HR manager's respond, according to their assessment data gather from their employees, there were other factors that push employees negatively.

The common problems were improper employee handling in production floor, low recognition practices, promotion opportunities and the like.

3. What is your company's Reward Practices? Do you think that it is enough and proper? Please try to answer by relating it with that of your Salary, Benefit, Promotion, Recognition and Working Environment practices?

Almost 95% of the respondents agree that the reward practices of the company were inadequate. Especially the salary payment scale is not enough with the current country situations but, they said, since this is the company scale and those companies are coming from abroad by attracted from cheap labor force, it is hard to convince and increase the salary scale.

Regarding the Benefit package, they have Insurance Policy and Medical care service especially for the work related accidents. But for other disease and the family members, the company didn't cover any expense except employees have got sick leave with the salary payment for the day doctors recommended. None of the company had lone policy and practices at all even if some employees asked. Other than short term work related training for them the company didn't have educational opportunities as well. For some of their employees, they give opportunities to send them abroad and get training about the garment know how but no company did give academic opportunity.

As per the respond of interviewees regarding promotion practices: based on employees' skill and target achievement, the companies tried to increase their position and grade by revising their salary in different time interval. As per the respond from production managers, even if they believe that still there may be the gap on the evaluation system and practice of the company since there were improper employees performance record, unbiased by the line leaders/supervisors for some ethnic or friendship, or other biased situation, still they said they try to promote employees as per the company scale.

Regarding Recognition, 75% of the respondents replied that since the garment duties are achieved in team work, if you recognize individuals they thought that the others will be discouraged. For that matter the companies were trying to give group incentive and target bonus if the line achieved more than the target. Therefore, regarding recognition individually, they still didn't work on it.

About the Physical working condition of the working areas, all of the companies agreed that they have good and proper working condition. As per the Managers respond, since those companies are exporter and need buyers from abroad, they are very strict and concerned about safety and security of the working condition. The companies are doing this not only because of the employees but also for their sustainable development. Buyers have their requirement and audit the companies before they agree for their dealing, for that purpose, they follow the CSR (Corporate social Responsibility) Procedures and Guideline which mainly focus on the working environment safety and security issues. Two companies' managers also agree that even if there is system, the practical application was weak and need to be strict follow up. It was few days' practice to apply it because of the employees and their supervisor negligence, lack of awareness and less attention for safety issues before working.

In general, 90% of them agrees that they have good reward practice relative with other companies in Bole lemi industry and with current salary payment system of the garment industry even if they did believe that the payment is still low for living. The other (Which are Production Managers) did agree that the reward practices of the companies are very poor and they believe that the salary and the promotional practice need to be revised.

4. To what extent does Reward practice of the company affect the Employees to stay with the company? What is your attitude towards it?

All interviewees responded by saying that the reward practices highly affected employees to stay or to leave. It does have a huge effect on performance of the organization as a whole. They believe that they can't retain employees 100%, but can retain most of them by focusing on the reward practice of the company, especially on the salary amount. All Respondents agree that their companies reward practices affect the employees' retention in a very high extent, especially the salary and promotion.

About their benefit package, still they didn't face many complain from employees, so they believe that benefit didn't have very large effect for the employees to stay. They also believe that the recognition practice has affected at the second level. As they noticed employees didn't care about their environmental condition for them to stay since they have got enough salary payment. So, they believe that working condition didn't have effect for the employees to stay in the company.

5. What kind of techniques on reward practices has the company practiced to retain employees and how effective were this methods?

They replied that there have been some kinds of changes in the salary scale for the last six months. Evaluation have been done frequently in every three months. This have reduced the turnover rate of the company. They are doing their best to retain their employees by using different mechanisms like giving trainings; providing different kind of opportunities for incentive; by motivating them and creating good working conditions. They also believe that they were trying to give promotion based on employees' records and achievements to minimizing biased.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATION

This chapter deals with summary of major findings of the study, conclusions and recommendations of possible solutions for the problems identified.

5.1. Summary of Major findings and discussions

By investigating the relationships between selected reward practices and employee retention and also by quantitatively testing the effect of variables such as salary, benefit, promotion, recognition and working condition on the retention of the employee, the following findings were summarized.

1. The demographic result of the study indicates that majority of the respondents were Female and were between 18-25 years of age. Their marital status shows that 48% of the employees were married while 42.8% of them were single. Most of the participants completed their primary schools which are between 1-8 grades. It shows most of the employees were young and Women as well as have responsibility for their families because they were married.
2. Regarding their employment characteristics, most of the respondents were working in the sewing production department as Operators carrier level. The majority of the employees had year of service from 1-2 years in their company. Out of 347 distributed questionnaires 89.25% were returned for analysis. Those returned questionnaires were 62.3% from Jay Jay Garment plc., 21.6% from Ashton Apparel Manufacturing Plc and the remaining 16.2% from Evertop Sportswear Plc. It shows most replied were from sewing departments how had Operator carrier level in Jay Jay Garment Plc.
3. On the table 8: Whether to indicate their opinion about the current provision of selected reward practices in the respective companies; most participants agreed that salary, benefit and recognition practices of the company were poor, but promotion and working condition was on average range. This implies that Salary, Benefit and Recognition practices of the company were found to be poor/unattractive/ though Promotion and Working condition were fair.

4. About the employees respond of Table 9: Which is about Salary: most of them (79.9%) strongly disagree with their salary contentment for their needs. On the other items more than 50% of the employees disagree with their salary satisfaction in relation to their duties, fairness of payment like their colleagues' who have similar duties and experiences, and about salary increment reasonable time period. But less than half of the respondents think that the salary is fair compare with that of other companies in the industry and 62.9% believe that the increments have been done based on the evaluation results. It shows that even if the salary payment was done based on their evaluation results and was similar/fair with other garment factories in the industry, the payment amount was inadequate with regard to their needs, working effort and other colleagues who have the same experience and duties.
5. Regarding Table 10: for the Benefit in general and insurance scheme in particular attractiveness, 53.6% and 56.6% of the response shows their impartiality respectively. However, 71.3% of total agrees that there were proper and adequate medical service; whereas 86.2% and 50.9% strongly disagree on the company's loan policy and educational opportunities attractiveness respectively. It shows that the employees are indifferent or have no idea about the insurance scheme, and have good attitude for the medical care service provided. But as per the Interview of the managers the employees were getting work related accidental medical care service only. Therefore, it can be said that the medical care service was good in regarding of the working related accidents. About the educational and loan practice of the companies, employees were totally dissatisfied and from interviews it also can notice that the company didn't provide any Educational and Loan service for its employees.
6. On the issues of Promotion scheme of the companies (Table 11): most of the respondents disagree on getting the chance of promotion equally as their colleagues, on their understanding of the promotion policy of the companies, and on their perspective of the performance consideration of promotion by the companies. It shows that most of employees believe that they were not getting the promotion opportunities like their colleagues and the promotion was not based on the performance results. It also implies that employees didn't have enough know how about the companies' promotion policies.

7. Concerning Recognition (Table 12): for the credit they get for what they do and for proper recognition practices, half of the participants disagree. In addition, 33.5% out of 334 respondents strongly disagree that they received constructive criticism for their duties. It implies that Employees were not getting proper and constructive feedback and recognition for good deeds from their companies. And also they believed that there were no proper recognition practices. It can be supported by the companies' managers interview responds that since the duties were team efforts, they lack recognition practice.
8. In relation to working condition of the companies (Table 13): 60.5% of the answer shows their agreement on the reasonability of the work hours and on safe and secured physical working condition of the companies. On the other hand, majority of the participants agrees that their working areas were well organized to do their jobs, and companies used safety precautions properly. It express that the company had safe, tenable and properly organized physical working condition with adequate safety precaution. The working hours were also reasonable and they were not obligated to do overwork.
9. When we see the employees' general perspective of the reward practices and retaining plan with their companies (Table 14 and 15): because of unattractiveness of the salary (62.3%), benefit (47.3%), promotion (41.9%) and recognition (47.3%), they don't have intention to continue with their companies. But because of the safe and secured working condition of the company, 42.2% agree to stay with the company if they have been asked to stay because of this only. Concerning table 15 of the general reward perspective of the employees, 64.4% of them believe that the reward practice of the company didn't fulfil their need and didn't match with their work efforts for that matter, they were not satisfied with those practices and it would have negative effects for them to stay there since they believe that Reward practices the companies didn't retain best performers. They believe that the reward practices weren't distributed fairly to all employees. This demonstrate that the general reward practices of the companies didn't fulfil their needs and efforts, and not fairly distributed among employees. For that reasons, they don't have intention to continues with the company even if they satisfied with the working condition.

10. Descriptive statistics was used to indicate that the means for each reward practices. These are salary (1.7904), benefit (2.2695), promotion (2.6347), recognition (2.1557) and working condition (4.0659). The result has shown that employees of the respective garments were more motivated or initiated by the working conditions available in their work place. The lowest mean was observed for salary, benefit, promotion and recognition which implies the companies have a poor practice of providing an opportunity for those to retain employees.
11. Correlation coefficient was computed for the purpose of determining the relationship between the independent variables and the dependent variable i.e. employee retention. There was a positive and statistically significant relationship between the variables mentioned above. For salary ($r=.534$, $p<0.01$), benefit ($r=.469$, $p<0.01$), promotion ($r=.394$, $p<0.01$), recognition ($r=.491$, $p<0.01$) and working condition ($r=.255$, $p<0.01$). All variables show positive relationship with employee retention.
12. The regression analysis done to ascertain the extent to which the variables mentioned explain the variance in employee retention. The value of Adjusted $R^2=.532$ which indicates 53.2% of variance in employees' retention is explained by the variables salary, benefit, promotion, recognition and working condition. The standard coefficients of Beta show that while observing the extent to which each independent variable influences the dependent variable, the beta values of the independent variables i.e. salary, benefit, promotion, recognition and working condition are .240, .459, .265, .186 and .000 respectively.

5.2. Conclusion

The purpose of this study was to examine the role of reward practices to retain employees for the purpose of meeting the organizational goal. Based on the study analysis and the summary, the following points states the conclusions made on the basis of the results

From the current provision of the reward practices, it can be concluded that there are an unattractive and poor reward practices in relation to the salary payment, benefit packages, promotion and recognition. Especially the salary payment shows the lowest mean which is very poor in practices. On the other hand, the working condition is better and it needs to keep carried out in a way that is favorable for the employees in order to retain them.

According to correlation relationship between variables; as the reward practices of Salary, Benefit, Promotion, Recognition and Working condition are getting better, it tends to increase the probability of employees to stay in the company. Therefore, there is a positive and significant relationship between the independent (Reward practices) and the dependent variables (Employees' retention). And also it has been observed that employees consider both monetary and non-monetary reward practices to stay with the company. The regression analysis value of adjusted R square also shows that 53.2% variance in employees' retention is explained by those independent variables. It also supported the hypothesis that each reward practices have a significant effect on employee retention.

As per the standard coefficient Beta values, from those independent variables, the Benefit package of the organization is more significant and statistically meaningful to retaining employees. The larger value of Beta coefficient that an independent variable has, brings the more support and important determinant in predicting the dependent variable. So the more favorable condition of the benefit package like Insurance coverage, Medical care service, Loan policy and Educational opportunities; it will bring more retention opportunities for the companies. The working environments of the companies have the lowest significant and meaning to retain employees. In contrast to that, from Managers' interview, it can conclude that the Salary scheme has highest influence for employees' retention. The Manager thought that their employees leave the company because of low and unattractive Salary payment.

The findings from the study show that the employees were not satisfying with the overall reward practice of the companies. As per their perspectives, even if the companies had good practices regarding physical working environment, it can conclude that the rest of the reward practices (Salary, Benefit, Promotion and recognition) have unsatisfactory result. For those causes employees believes that there are insufficient reward practices for their requirement and with regard to their efforts. They also feel that the reward practice of the company is not fairly distributed. In short they were not satisfying with the reward system and have no intention to stay with the company in future.

5.3. Recommendations

Human resources are generally regarded as the most important asset in an organization. It is people who provide experience, talent, skills and knowledge necessary to achieve the organizational goals. The survival or progress of an organization depends on its ability to identify, select, train and retain the right people.

From the findings of this study it was observed that there is a direct and positive relationship between reward practices and employee retention. This shows that management of the concerned garments can make use of different tactics, strategies and policies to retain their employees through assessment by asking to know its employee's demands. Therefore, based on the finding and analysis of the study, the following recommendations are proposed:

- ✓ Company should maintain attractive salary scale with proper and reasonable time period for the employees' salary increment based on their efficiency and achievements. It can be done by considering company's cost and benefits and also should be done by taking into account current country's living condition. There have to be proper and unbiased evaluation procedures to increase the salary of employees.
- ✓ With regard to the benefit, employees should know the benefit package of the company. For that purpose, there should be the practice to create awareness by preparing different programs/ get-togethers and by providing company's information in the form of brochure/ fliers and the like because employees lack know how about their benefits from the companies especially about the insurance policy. Since the study result shows that the benefit package was an unattractive even if it had the significant input for the retention of employees, company should revise its policies regarding educational opportunities, medical service, Insurance package and loan policy. Giving educational opportunity and providing loan have its own contribution for the employees to stay with the company. The companies should start thinking to provide medical care service for its employees and their families beside the current practice of work related accidental medical service. It will initiate sense of belongingness and will lead for the employees to stay with the company.

Therefore, the company should give attention on this reward practices. Despite of the managers thought on the interview, the employees may not be attracted by the salary amount of the company only. If they acquire good benefit (educational opportunities, loan, and medical care for them and their family), it may become the reasons for them to stay.

- ✓ Regarding the promotion practices, companies should create attractive practices to retain and motivate employees. Without proper promotion employees can't exert their effort and can't develop their bright future with the company. Therefore, the companies' proper policies and procedures of promotion have indispensable contribution for employees' retention. The promotional standards, evaluation criteria and the result of the evaluation should be clearly communicated to employees. To minimize biased evaluation and promotion practices, there should be check and balance system before the approval. Since being in garment means working with team, once person's mistakes on the promotion practices will affect the company to loss its employees and productivity at all. For that reason, it needs very critical attention before any decision.
- ✓ Regarding recognition practice, though the companies' duties are done in team, there may be employees who plays big role for the achievement of the target. Based on each operator's registered target and its achievement results, company can appreciate and recognize those who shows high performance and those how achieved their targets. This will encourage others to be like them within those group works. Besides the current complaint of punishment and warnings for faults/ wrong duties/ mistakes, there should be proper, positive and productive feedback for righteous duties. We have to try to create appreciation culture and team spirit among employees rather than offending and defending competitions for every of responsibilities. Therefore, the researcher recommends that the companies may retain their employees by giving the proper and timely based recognition practice.
- ✓ Regarding the working condition, employees have a positive attitude. But this doesn't mean the company's current working condition is safe and secured. Most employees are indifferent about the issues for their staying with the company. It can be because of it is not their basic necessity at this time or lack of awareness.

In both cases whether the employees feel the attractiveness of the issue or not since it is the issue of safety and health, the company should give due attention. The safety of working environment should not have done because of the request from the buyers as obligation only; rather it should be done to keep the safety of the employees and property damage.

In general, the reward practices indicated that there are poor practices. Therefore, it is recommended that the concerned companies should continuously recognize good performance and administer the proper reward system in a fair and transparent way for all employees. Moreover, through different channels, the companies must clearly and repeatedly communicate its reward policy and procedure to its employees.

For instance, for new employees, there have to be consistent induction program since communication plays a vital role to increase employees' awareness about their rights and obligations. As much as possible, the organizations should include both financial and non-financial rewards as well as intrinsic and extrinsic reward type with appropriate mix based on the assessment results of employees' demand. Therefore, in today's competitive and challenging business environment the management should try to acquire or retain a well-educated, motivated and experienced workers by designing, implementing, reviewing and adjusting the proper reward system that satisfy their employees so as to be competitive in that market and to make the organization profitable.

5.4. Limitations of the Study

Beside researcher's lack of experience for the study, the following points are limitations the researcher had faced while conducting the study:

- Lack of cooperation by the company's concerned peoples to get respond from their employees and to participate for interviews.
- Respondents were suspicious and reserved to communicate freely and openly for the questions.
- Lack of awareness and willingness of the employees regarding filling out the questionnaires or providing the required data with care and being unable to return the questionnaire on time.
- Inability to generalize and to make suggestions by the researcher regarding the garment sector in general because it only covers the Bole Lemi industry park of three garments.
- Limited information of secondary data about the industry park and that may not be expressive enough to convey information on the topic.
- Due to time and Budget Constraints, the research was limited on the scope.

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APPENDIX 1 – Questionnaire

St MARY’S UNIVERSITY

MBA Program

QUESTIONNAIRE TO BE FILLED BY EMPLOYEES

Dear Respondent,

This questionnaire is intended to collect primary data used for thesis entitled “**The Effect of Reward Practices on Employees Retention in Selected Garment Factories in Addis Ababa: the case of Bole Lemi Industry Park**” in partial fulfillment of requirement for Masters of Arts Degree in General Management. Therefore, your participation in giving reliable information is important for the success of this study. So, I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be kept strictly anonymous and confidential. Your participation in this survey is completely voluntary.

Note

- Please put “√” mark in the box to the point which highly reflects your idea.
- Your honest and unbiased response will greatly contribute for the research to achieve its objective.
- There is no need to write your name or any identification.

Thank you very much, in advance, for your sincere cooperation.

If you have any comment and questions, please feel free to contact me through the following address:

TizitaTaye: Phone Address: +2519 13 02 67 36/ +2519 85 42 17 33/ or

E-mail: tizitataye21@gmail.com

SECTION A: PERSONAL INFORMATION (Please circle on your choice).

1. Gender
 - A. Male
 - B. Female
2. Age range
 - A. 18 – 25 Years Old
 - B. 26– 30 Years Old
 - C. 31-40 Years Old
 - D. 41 and above Years Old
3. Marital status
 - A. Single
 - B. Married
 - C. Divorced
 - D. Widow
4. The highest level of education you have achieved is,
 - A. Primary school (1-8 Grade)
 - B. High School (9-12 Grade)
 - C. TVET and Diploma graduate
 - D. Undergraduate degree
 - E. Post-graduate degree
 - F. Other (Please Specify) _____

SECTION B: EMPLOYMENT INFORMATION (Please circle on your choice).

5. Please specify the Department you are working for:
 - A. Cutting
 - B. Production (Sewing)
 - C. Quality
 - D. Finishing
 - E. Industrial Engineering
6. Your Carrier Position
 - A. Higher Level Management
 - B. Middle Level Management
 - C. Lower Level Management
 - D. Supervisor/ Line Leader
 - E. Operator
7. What is your total service year in the current company?
 - A. Between 6 Months and 1 Year
 - B. 1-2 years
 - C. 2 - 4 Years
 - D. Above4 years
8. Name of your current Company?
 - A. Ashton
 - B. Jay Jay Factory Plc
 - C. Evertop Spotsweat Plc

SECTION C: TYPE OF REWARD PRACTICES PROVIDED

1. How would you rate the following reward practices currently provided by the company?

	<i>Very poor</i>	<i>Poor</i>	<i>Average</i>	<i>Good</i>	<i>Very good</i>
Salary	_____	_____	_____	_____	_____
Benefit	_____	_____	_____	_____	_____
Promotion	_____	_____	_____	_____	_____
Recognition	_____	_____	_____	_____	_____
Working condition	_____	_____	_____	_____	_____

SECTION D: EFFECTS OF REWARD PRACTICES

Please try to answer the following questions

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No	Salary	5	4	3	2	1
1	My salary is satisfactory in relation to what I do					
2	My salary is satisfactory in relation to my needs					
3	The pay I receive is internally equal with my colleague who is having the same experience and similar duties.					
4	The amount of basic pay I receive is fair relative to the industry's average					
5	Salary increment is made within a reasonable/logical time period					
6	Salary increments are made based on my work performance evaluation results					
	Benefit packages (Insurance, medical, loan, Education)	5	4	3	2	1
7	The insurance schemes are attractive					
8	There is proper and adequate medical care service.					
9	The organization's loan policy is attractive					
10	There are good education opportunities to update myself					
11	Benefit packages are attractive compare with other companies in the industry.					

	Promotion Scheme	5	4	3	2	1
12	I have a chance to be promoted equally like my colleagues who have same experience & duties.					
13	I have clear understanding about company's promotion policy.					
14	Company's promotion practices strongly consider the level of my performance.					
No	Recognition	5	4	3	2	1
15	I get credit for what I do					
16	I receive constructive/ positive feedback about my work					
17	There are proper and timely bases recognition practices.					
	Working conditions	5	4	3	2	1
18	My working hours are reasonable					
19	I am never overworked					
20	There is existence of safe and secured physical working conditions (heating, lighting and Ventilation system).					
21	Working areas are well planned and organized to do jobs properly.					
22	There is proper safety precautions practices					

SECTION E: EMPLOYEES' RETENTION

Please try to answer the following questions

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

NO	Items	5	4	3	2	1
1	I will stay in the company because the salary is attractive					
2	I will stay in the company because its benefit packages are attractive and it is as per my expectation					
3	I will stay in the company because the current promotion scheme is good and I believe I have promotion opportunity.					
4	I will stay in the company because recognition practice for my performance is motivational.					
5	The existences of safe and secured working environment encourage me to stay in the company.					

SECTION F: EMPLOYEE GENERAL PERCEPTION

Please try to answer the following questions as per your perception

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

NO	Items	5	4	3	2	1
1	The reward practice at the company fulfill my real needs					
2	The reward practice of the company matches my work effort					
3	The rewards at the company are distributed fairly					
4	I am satisfied with reward practice of the organization					
5	The rewards practices at the company have a positive effect on my stay in the company.					
6	The company’s reward practices retain the best performer.					

Please Fill the below questions:

1. Have you ever thought of leaving the company you are currently working with? Please specify with your reasons.

.....

2. What do you think that the company should do to keep the employees with the company?

.....

Thank You!

APPENDIX 2 – Interview Questions

INTERVIEW Questions for the HR Managers and Production Managers/Representative of the companies

- 1. Do you think that there is a high rate of turnover in your company?*
- 2. If so, what do you think of its reasons?*
- 3. What is your company's Reward Practices? Do you think that it is enough and proper? Please try to answer by relating with that of your Salary, Benefit, Promotion, Recognition and Working Environment practices?*
- 4. To what extent does Reward practice of the company affect the Employees to stay with the company? What is your attitude towards it?*
- 5. What kind of techniques on reward practices has the company practiced to retain employees and how effective were this methods?*

THANK YOU!!

APPENDIX 3 – Correlations output

		Correlations					
		A	B	C	D	E	F
A	Pearson Correlation	1	.011	.785**	.439**	.548**	.534**
	Sig. (2-tailed)		.844	.000	.000	.000	.000
	N	334	334	334	334	334	334
B	Pearson Correlation	.011	1	-.202**	.330**	-.125*	.469**
	Sig. (2-tailed)	.844		.000	.000	.022	.000
	N	334	334	334	334	334	334
C	Pearson Correlation	.785**	-.202**	1	.183**	.420**	.394**
	Sig. (2-tailed)	.000	.000		.001	.000	.000
	N	334	334	334	334	334	334
D	Pearson Correlation	.439**	.330**	.183**	1	.378**	.491**
	Sig. (2-tailed)	.000	.000	.001		.000	.000
	N	334	334	334	334	334	334
E	Pearson Correlation	.548**	-.125*	.420**	.378**	1	.255**
	Sig. (2-tailed)	.000	.022	.000	.000		.000
	N	334	334	334	334	334	334
F	Pearson Correlation	.534**	.469**	.394**	.491**	.255**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	334	334	334	334	334	334

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

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

Description

A : I will stay in the company because the salary is attractive

B: I will stay in the company because its benefit packages are attractive

C: I will stay in the company because the current promotion scheme practice is good and I believe I have promotion opportunity in future.

D: I will stay in the company because recognition practice is motivational.

E: The existences of safety and secured working environment encourage me to stay in the company.

F: The rewards practices at the company have a positive effect on my stay in the company.

APPENDIX 4 – Regression Output

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734 ^a	.539	.532	.46893

a. Predictors: (Constant), Working Environment, Benefit package, Promotion scheme, Recognition practice and Salary

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	84.389	5	16.878	76.754	.000 ^b
Residual	72.126	328	.220		
Total	156.515	333			

a. Dependent Variable: The rewards practices at the company have a positive effect on my stay in the company.

b. Predictors: (Constant), The existences of safety and secured working environment encourage me to stay in the company., I will stay in the company because its benefit packages are attractive and it is as per my expectation , I will stay in the company because the current promotion scheme practice is good and I believe I have promotion opportunity in future., I will stay in the company because recognition practice for my performance is motivational., I will stay in the company because the salary is attractive.

Coefficients^a

No.	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.112	.116		.962	.337	-.117	.340
2	Salary	.288	.088	.240	3.280	.001	.115	.460
3	Benefit	.324	.030	.459	10.671	.000	.264	.383
4	Promotion	.195	.048	.265	4.036	.000	.100	.290
5	Recognition	.096	.024	.186	3.951	.000	.048	.144
6	Working Environment	.000	.029	.000	-.009	.993	-.057	.057

a. Dependent Variable: Reward