



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF REWARD MANAGEMENT PRACTICE AND ITS EFFECTS
ON EMPLOYEE PERFORMANCE OF ETHIOPIAN REVENUE AND CUSTOM
AUTHORITY: THE CASE OF ADDIS ABABA KALITY CUSTOMS BRANCH
OFFICE.**

BY: MITIKIE TAFERE TELEGNE

MAY 2018

ADDIS ABABA ETHIOPIA

ST, MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

**ASSESSMENT OF REWARD MANAGEMENT PRACTICE AND ITS EFFECTS
ON EMPLOYEE PERFORMANCE OF ETHIOPIAN REVENUE AND CUSTOM
AUTHORITY: THE CASE OF ADDIS ABABA KALITY CUSTOMS BRANCH
OFFICE**

BY

MITIKIE TAFERE TEGEGNE

APPROVED BY BOARD OF EXAMINNERS

Dean, Graduate Studies

Signature

Advisor

Signature

Internal Examiner

Signature

External Examiner

Signature

DEDICATION

To my family members especially my wife TSIJETU TAFERE for her love and support, my child HIWOTE MITIKIE, my friends for always pushing me to be the best that I can be all those who supported me in the completion of this paper. Thank you and God bless you abundantly.

ACKNOWLEDGEMENT

I wish to thank the almighty God for His grace throughout this study. This study was made possible through the guidance and supervision of DR. DEREJE TEKLEMARIAM; I am greatly indebted to him. I wish to extend further appreciation to the University of ST. Mary's, university college School of graduate study for imparting in me knowledge to carry out this research. Special thanks to members of my families and friends for their patience and support throughout the period of this paper.

Table of Contents

DECLARATION.....	ii
DECLARATION.....	iii
ACKNOWLEDGEMENT	IV
ABSTRACT.....	V
LIST OF ABBREVIATIONS	Ix
LIST OF TABLES	x
LIST OF FIGURES	xi
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 statement of the Problem.....	4
1.3 Research Questions.....	6
1.4 Objective of the stud	6
1.4.1 General objective.....	6
1.4.2 The Specific Objective of the study	6
1.5 Significance of the Study.....	6
1.6 Scope of the Study.....	7
1.7 Limitation of the Study	7
1.8 Operational Definition of key Terms.....	7
1.9 Organization of the Research Report	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction	9
2.2 Theoretical review	9
2.2.1 Employee reward and performance theories.....	9
2.2.2 Reward Management Practices	11
2.2.3 Employee Performance	12
2.2.4 Reward Management Practices and Employee Performance.....	12
2.3 Empirical review.....	14
2.4 Conceptual Framework	18

CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Approach and Design	20
3.3 Data Type and Source	20
3.3.1 Data type	20
3.3.2 Data source	20
3.4 Target population and Sample	21
3.4.1 Target population	21
3.4.2 Sampling selection procedure	21
.43 Sample size determination	22
3.5 Data Collection Methods and tools	23
3.6 Data Analysis and Presentation	24
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION	25
4.1 Introduction	25
4.2 Response Rate	25
4.3 Respondents Demographics	25
4.3.1 Gender of the Respondent	25
4.3.2 Level of Education	26
4.3.3 Age Bracket of Respondents	27
4.3.4 Job Position Held	28
4.3.5 Years of Experience	28
4.4 Reward Management Strategies, Policies and Procedures	29
4.5 Financial Rewards	30
4.6 Non-Financial Rewards	31
4.7 Employee Performance	32
4.8 The Influence of Reward on Employee Performance	34
4.8.1 Model Summary	34
4.8.2 Coefficients of Determination	34
4.8.3 Analysis of Variance	36
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	37
5.1 Introduction	37

5.2 Summary	37
5.3 Conclusion	38
5.4 Recommendations	38
5.5 Limitations of the Study	38
5.6 Areas for Further Research	39
REFERENCES	40
Appendix III: Questionnaire	45

LIST OF ABBREVIATIONS

A: agree

AAK: Addis Ababa kality

D: disagree

ERCA: Ethiopian revenue and custom authority

HR: human resources

M: mean

NS: not sure

SD: standard deviation

SPSS: Statistical Package for Social Sciences

SA: strongly agree

SD: strongly disagree

QTY: quantity

LIST OF TABLE

Table 1: Number of participants per branch	23
Table 4.1: Response Rate.....	25
Table 4.2.2: Level of Education.....	26
Table 4.3.5: Years of Experience.....	28
Table 4.4: Reward Management Strategies, Policies and Procedures	29
Table 4.5: Financial Rewards	30
Table 4.6: Non-Financial Rewards	31
Table 4.7: Employee Performance	32
Table 4.8.1: Model Summary	34
Table 4.8.2: Coefficients of Determination	35
Table 4.8.3 Analysis of Variance	36

LIST OF FIGURES

Figure 4.3.1 Gender of the Respondent.....	26
Figure 4.3.2: Age Bracket of Respondents	27
Figure 4.3.3: Job Position Held	28

ABSTRACT

The objective of this study was to establish the influence of reward management practices on the performance of employees at Addis Ababa kality custom office branch. A total of 69 questionnaires were administered and the study managed to obtain all 69 completed questionnaires representing 100% response rate. The questionnaires contained questions that addressed the objectives of the study. The collected data was entered into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics such as mean and standard deviation were used to analyze the data. Regression analysis was used to test the relationship between the variables under study in relation to the objectives of the study. Analysis of variance was used to confirm the findings of regression. The study concluded that both financial and non-financial rewards have a positive effect on the performance of employees at Addis Ababa kality custom office branch. However, no-financial rewards had a greater influence since they involve rewards such as recognizing high achievers and excellent performers of the company and giving them promotion on merit, providing employees with a good working environment, offering employees training programs to its employees as well as giving them opportunities for career advancement and rewarding responsibilities. All this either equips the employee with the skills and motivation needed for excellent performance or creates a conducive environment for them to work. The study recommended that the management of Addis Ababa kality custom office branch should carry out a benchmarking activity against the best players in the country as a way of improving their employee performance. The study also suggested that a similar research should be done in future but all the organization in Ethiopia should be included so as to enable the researcher to draw adequate conclusions.

Key word: Reward management, financial rewards, non-financial rewards, employee performance, performance, custom office, employee satisfaction, performance based bonus benefit, recognition, career development, working condition and employees' perceived performance.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Human resource provides basis for an organization to achieve sustainable competitive advantage. Since organizations are operating in a dynamic and competitive business environment, they need to develop strategies to acquire and retain the competent workforce. Ibrar (2015), state that Performance is an important for the organization succession and achieving the goals. Rewards are considered an important tool to check the employee's performance in every organization. Management use rewards for employees motivations. Effective reward systems attract new employees for organization and motivate existing employees to perform high levels. Employee's good work is necessary to achieve the specific goals. Employees give their good efforts for achieving goals and good effort depends on rewards. In other words we can say that good rewards are most important way to engage the employees with their work and with their organization Danish (2010).

Armstrong (2010), point out that, People can be motivated to achieve certain goals and will be satisfied if they achieve these goals through improved performance. They may be even more satisfied if they are then rewarded by extrinsic recognition or an intrinsic sense of achievement. This suggests that performance improvements can be achieved by giving people the opportunity to perform through job and work-system design and leadership, ensuring that they have the knowledge and skill required to perform, and rewarding them by financial or non-financial means when they do perform. This is means that organization use reward management system in order to fulfils and satisfy the needs of their employees as well as to ensure that they work for the change of the organization and the achievement of good performances in the organization. According to Ibrar (2015), the lack of rewards in an organization that will create an unpleasant environment, thus diminishing employees' work efforts and may cause them to with draw from their jobs. For these reasons, rewards are increasingly important. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees.

Alshammari (2016), rewards are crucial components of any effective performance management system. They are for attracting and retaining suitable employees as well as making them to improve on their performance through motivation. People are usually motivated when they know their hard work will be rewarded adequately. It is therefore, necessary that when employees meet or surpass their targets, managers should reward them immediately as a show of appreciation. Reward programs should be properly designed in the organization so as to reinforce positive behavior which leads to performance. Armstrong (2010), define that a reward system consists of the interrelated processes and practices that combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. Ibrar (2015), reward Systems is a vital aspect of any organization. They can actively engage and renew the overall sense of community and mission of an organization. A properly administered system of rewards can provide incentive for quality workmanship and staff performance. Likewise; a poorly administered reward system can lead to low morale, unproductive performance, and even lead to a high percentage of staff turnover. A reward system is successful when the staff interprets its policies as even handed, consistent, and relevant. Rewarding and recognizing employees is a ticklish activity in an organization. It can motivate people to explore more effective ways to do their jobs or it can utterly discourage such efforts.

Luthans (2000), observes that reward is very significant towards employee performance. The author further explains that there are two types of rewards which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employee's performance. Financial rewards mean pay for performance such as performance bonus, job promotion, commission, tips, gratuities and gifts among others. On the other hand non-financial rewards are non monetary or non cash such as a social recognition, praise and genuine appreciation among others and all these improve employee performance in the long run. According to Danish (2010), motivation depends on certain intrinsic and extrinsic factors which when combined lead to employees who are fully committed. This can in turn lead to increased organizational performance as well as to encourage employee innovations and to encourage them to support the goals of the organization.

The Ethiopian Revenues and Customs Authority (ERCA) is a federal government agency which was established in 2008 with proclamation No. 587/2008 by merging the former three revenue collection and administration bodies namely the Ministry of Revenue, Federal Inland

Revenue Authority and Ethiopian Customs Authority (Council of Minister's Proclamation No 587/2008). The Authority has undergone massive structural and organizational changes as part of the Government of Ethiopia public sector capacity building program. The public sector capacity building program encapsulates the civil service reform program and the tax and custom reform programs. ERCA has applied different types of incentive to their employees that helps to achieve the organization Vision and Mission by their employees. Its vision is to be a leading fair and modern tax administration in Africa by 2028 that finances the government expenditure through domestic tax revenue collection. And also mission of ERCA shall promote the voluntary compliance of tax payers, ensure integrity and develop the skills of the employees, support modernization, trade and investment facilitation and harmonization of the taxes and customs administration system, contribute to the economic development and social welfare through effective revenue collection.

The Authority has objectives of establishing modern revenue assessment and collection system, and provides customers with equitable, efficient and quality services; causing taxpayers voluntarily discharge in tax obligations; enforcing tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion; collecting timely and effectively tax revenue generated by the economy; and finally providing the necessary support to regions with a view to harmonization federal and regional tax administration systems (Shiferaw,2014). Regarding all this rewards plays so many roles in the organization to sustaining and creating commitment among employees for good performance and that better performance leads to job satisfaction.

This study was done to assess reward management practice and employees' performance of Ethiopian revenue and custom authority. Regarding to this achieving the organization vision, mission and objectives, employees commitment; employee's harder work, integrity, skill and politeness were necessary. Employees are the engine of organization vehicles while reward is the fuel. The main reason that motivated this research was to realize the relationship between rewards (intrinsic and extrinsic) management practice and its effect on employee's performance in achieve desired results of the organization. This study aims to assess the reward management practice and its effects on employee performance in the context of Addis Ababa kality custom branch office.

Lotta (2012) observes that an individual may be extrinsically motivated when an employee needs are indirectly met through the use of monetary rewards. Kanfer et al (2008) states that employees are constantly involved in a social exchange process wherein they contribute efforts in exchange for rewards. Employees compare the effort or contribution that they put in towards accomplishing a certain task and acquiring rewards in exchange for the former. Rewards are one of the loudest and clearest ways leaders of an organisation can send a message about what they consider important (Bozionelos & Wang 2007). A great deal of the way people behave is influenced by the way they are measured and rewarded. If managers want employees to work together in teams, they must set performance goals and reward them as team members.

Amos et al (2004) explain that effective management of individual performance is critical to the execution of strategy and the organization achieving its strategic objectives. Performance cannot be left in anticipation that it will develop naturally, despite the employee's natural desire to perform and be rewarded for it. This desire needs to be accommodated, facilitated and cultivated (Amos et al 2004). In return for this performance, organizations extend themselves in various forms of acknowledgement (Foot and Hook 2009). Individual performance has become a topical issue in today's business environment, so much so that organizations go to great lengths to appraise and manage it (Armstrong and Baron 2008).

1.2 Statement of the Problem

Studies Ayesha, Aslam, Amna Ghaffar, Tahleel Talha and Hina Mushtaq (2015), have shown that the reward process is a major control or influence mechanism available to organizations. Reward is one of the most important elements which motivate employees to contribute their best effort, to generate innovative ideas that lead to better business functionality and further improve company performance both financially and non-financially. Philip's (2014) finding concludes that reward systems in any organization are a vital tool and play an important role as far as employee performance was concerned.

Mehmood, (2013) points out rewards play a vital role on increasing employee rewards and change the behavior of dissatisfied employees. As well as he elucidates a fair reward system could build job satisfaction and productive behavior in employees. Reward system helps to improve organizational performance as well as it fulfills other objectives such as legal

compliance, labor cost control, perceived fairness towards employees and enhancement of employee performance to achieve high level of productivity and customer satisfaction.

It is stated in reward management practices that, rewards are part of the exchange when workers exert effort to help in achievement and advancement of organizational objectives (Beer, 2004). Therefore the organization strives to give employees both financial and non financial rewards for the cause of performing as expected. Rizwan and Ali (2010) assert that when effective rewards are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance. Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations. Rewards play a vital role in determining employee performance. Armstrong (2004) notes that non cash rewards can be used for the high level of performance of employees. If organization keeps balance between extrinsic and intrinsic rewards, it leads to high employee performance.

According to Ronald & Cary (2005) any organization in general needs employees who are capable to perform their duty. Ethiopian revenue and custom authority in particular needs employees who can perform well. For without them customer satisfaction as well as basic function of the organization would also be affected. To use employees full capacity and to get jobs done, ERCA first and foremost must care of their employees. Whatsoever the authority and the power given to the ERCA, what so ever the regulation and the policy framed, it is difficult to be productive unless the employees perform and execute the given policy.

There have therefore been various studies attempting to explain effect of reward management on employee performance. However most of these studies (Lynn et al 2009; Armstrong et al, 2009; Mbaya, 2013 and Mzera, 2012) are more concentrated on reward rather than reward management with the studies on reward management more concentrated in the banking industry (Aktar et al, 2012; Cherotich, 2012 and Jepnetich & Njue, 2013) and processing factories (Ahmad et al 2010 and Mansor et al 2012). Moreover, the study by Mokaya (2013) showed that organization in Kenya used reward to retain talents and high performing employees. This study will therefore give a detailed outline of reward management by specifically narrowing down on each reward management practice

and determine its relative effect on employee performance to enable managers prioritize the reward management practices to use for optimal employee performance.

In case of Ethiopian revenue and custom authority the exit interview which compiled by human resource planning and development team from (2014-2017) on average indicated that, the major reasons for leaving ERCA were the problem of reward System. The report Points out on average that lack of reasonable reward (60%), to start their own business (10.5%), lack of good governance (15.5%), and health related problems (2%) to attend further education abroad (4.5%) other reasons (7.5%). From the report it can be implied that the reward issue is the main reason to leave. The Studies by Payam, Ali, Seyed & Mahmood, (2013) justify that the management of rewards process should be helpful to the firm to realize its goals by keeping the people's needs, and by developing their performance.

From the organization report indicate that, there were different financial and non-financial rewards including salary increment, house allowances, retirement benefits, development programs in ERCA, but there was no any empirical evidence how this reward practices affect employee performance in particular and organizational performance in general.

From informal interviews with five employees who had responsibility in HR department and three employees who had responsibility in planning and evaluation team at the head office level, all reward practice was said to be not enough with the increased in cost of living. In addition, they reveal that design of different financial and non-financial reward systems were not fitting with their personal goal or interest. This may affected their performance adversely. Because Philip,(2014) found out that employees performance was dependent on the way they were treated in the organization and the extent to which organizational strategy fits with employee's interest.

Several studies have been carried out on reward management and employee performance. Mutua (2011) examined Reward Management and Employee Performance in National Hospital Insurance Fund, Kenya and found out that the remuneration policies in the firm advocate for equal pay for equal work, there is no discrimination in rewards, advocates for internal and external equity in rewards, competitive reward structure, and performance based rewards. The findings also reveal that rewards have a positive influence on employee performance in NHIF. However, this study did not look at the different types of financial and

non-financial rewards and its effects on employees' performance of which this study, intends to cover. Bange (2013) studied factors influencing reward at Safaricom Limited and found out that employees that are graded highly in the organization are rewarded better than those in the lower scale and empowerment of employees by giving them a greater say in decision making enhance employee commitment. This study did not look at the relationship between rewards and employee performance in retail stores which this study intends to cover. Muuo (2013) researched on the influence of reward system on Organizational Performance in Public Primary Teacher Training Colleges in Nairobi Zone, Kenya and found out that reward system is an important aspect in an organization as it influences organizational performance. Also there was uneven distribution of recognition awards in the institutions. The study did not reveal to what extent, recognition which is a nonfinancial reward strategy, influences the performance of employees which this study will cover. Njanja et al (2013) researched on reward practices and employee performance at Kenya Power and Lighting Company and found that cash bonuses had no significant effect on employee performance. All these studies simply high light the forms of rewards given but this study will go ahead to find out how or in what ways these rewards influence individual employee performance.

Where as many studies have been carried out on the relationship between reward management and employee performance in other sectors such as; banking and insurance among others, no similar study has been carried out in Ethiopian revenue and custom authority. The study seeks to answer the following research question; how do reward management practices influence employee performance at Addis Ababa kality custom branch office?

1.3 Research Questions

In light of the problems discussed so far, the study was going to be guided by the following research question:

- What employee reward management system is available in ERCA?
- What is the practice of implementing the employee reward management system in ERCA?
- Is there a relationship between reward management and employee performance?
- What is the influence of extrinsic reward on employee performance?
- What is the influence of intrinsic reward on employee performance?

1.4 Objective of the stud

1.4.1 General objective

The general objective of the study is to assess reward management practice and its effects on employees' performance in case of Ethiopian revenue and custom authority.

1.4.2 The Specific Objective of the study

- To explore and investigate the employee reward management system in ERCA
- To assess the practice of reward management practice at ERCA.
- To examine the relationship between reward management and employee performance.
- To identify the influence of extrinsic reward on employee performance.
- To identify the influence of intrinsic rewards on employee performance.

1.5 Significance of the Study

The study was examined the various aspects of rewards given to employees both financial and non financial. The subsets in each of the rewards management practices has a particular effect towards employee performance in the organization at both individual and organizational level. Thus in theory, it is reflected that all rewards have an input and outcome aspect that is the most important in motivating the performance of employees. Thus, the subject matter of this research and the resulting lessons drawn from the analysis are likely to benefit different parties.

- **Knowledge**

The study contributes on the influence of reward on employee's performance of the organization.

- **Managerial Decision Making**

The study's findings and recommendations are highly important to management of the organization because it draws their attention to some of the points where corrective actions are necessary and enable them to make such corrections.

- **Literature and Reference**

The research could be used different literature review that can work with more comprehensive data sets. Furthermore, it could stimulate further research.

- **Policy Framing**

The findings and recommendations of the study are highly important to policy makers because it draws their attention to some of the points that need corrective measures on their side.

1.6 Scope of the Study

The study focuses on assessing the reward management practice and its influence on employee's performance in Ethiopian revenue and custom authority at Addis Ababa kality branch office. Performance is about how well a person is performing the task given to him or her. When employees perform well then organizations achieve its desired goals. Hence, this study would cover reward management and employee's performance specifically who work at Addis Ababa kality custom office. It was also focus only on practice of reward and its influence on employee's performance.

1.7 Limitation of the Study

The purpose of this study would be limited on assessing reward management practice and its influence on employee's performance in Ethiopian revenue and custom authority. Currently the organization is taking different measures like tax transformation to improve the organization performance; however, this study was not assessing these efforts of the organization. Geographically, the study will also be limited to Ethiopian revenue and custom authority at Addis Ababa kality custom office.

1.8 Operational Definition of key Terms

Human resources are the people who make up the workforce of an organization or business sector/economy. "Human capital" is sometimes used synonymously with "human resources", although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and economic growth).

- A rewards system: is a planned and structured approach to reward one or more persons who act in a desirable way
- Financial rewards: are monetary incentives that an employee earns as a result of good performance
- Non-financial reward: programs structured to motivate positive behavior change through means other than money.
- Performance: The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract.
- Employee's performance: is defined as whether a person executes their job duties and responsibilities well.

1.9 Organization of the Research Report

The paper was organized in five chapters. Chapter one presents introduction of the study which includes statement of the problem, research question ,objective of the study, methodology, scope, limitation, significance, and structure of the paper. The literature review part of the study will be presented in chapter two. The review of literature would include the theoretical reviews in its first section which would be followed by the review of the previous studies related to the area going to be investigated. The methods used to analyze the collected data and research design was presented in chapter three. The results of the different methods used would be analyzed and presented in chapter four. Finally, chapter five would be presented the conclusions and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Theoretical Basis of the Study

This study was grounded on Adams (1963) Equity Theory and Vroom's (1964) Expectancy Theory. Equity theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded would experience distress, and that this distress leads to efforts to restore equity within the relationship. The theory focuses on determining whether the distribution of resources is fair to both relational partners. In any organization, an employee wants to feel that their contributions and work performance are being rewarded. If an employee feels underpaid then it would result in the employee feeling hostile towards the organization and perhaps their co-workers, which may result in the employee not performing well at work anymore. It is the subtle variables that also play an important role in the feeling of equity. Just the idea of recognition for the job performance and the mere act of thanking the employee would cause a feeling of satisfaction and therefore help the employee feel worthwhile and have better outcomes.

In equity theory there are inputs and outputs. Inputs are as each participant's contributes to the relational exchange. The inputs that a participant contributes to a relationship can be either assets entitling them to rewards or liabilities entitling to costs. Inputs typically include any of the following: time, effort, loyalty, hard work, commitment, ability, adaptability, flexibility, tolerance, determination, enthusiasm, personal sacrifice, trust in superiors, support from co-workers and colleagues and skill. When the ratio of inputs to outcomes is close, than the employee should have much satisfaction with their job. Outputs can be both tangible and intangible. Typical outcomes include any of the following: job security, salary, employee benefits, expenses, recognition, reputation, responsibility, sense of achievement, praise, thanks and stimuli. Equity theory consists of four propositions whereby; Individuals seek to maximize their outcomes Adams (1963).

Groups can maximize collective rewards by developing accepted systems for equitably apportioning rewards and costs among members. Systems of equity were evolving within groups, and members were attempting to induce other members to accept and adhere to these

systems. The only way groups can induce members to equitably behave is by making it more profitable to behave equitably than inequitably. Thus, groups were generally reward members who treat others equitably and generally punish members who treat others inequitably. When individuals find themselves participating in inequitable relationships, they become distressed. The more inequitable the relationship, the more distress individuals feel. According to equity theory, both the person who gets “too much” and the person who gets “too little” feel distressed. The person who gets too much may feel guilt or shame. The person who gets too little may feel angry or humiliated. Individuals who perceive that they are in an inequitable relationship attempt to eliminate their distress by restoring equity Adams (1963).

Vroom (1964) Expectancy theory proposes that an individual would decide to behave or act in a certain way because they are motivated to select a specific behavior over other behaviors due to what they expect the result of that selected behavior would be. In essence, the motivation of the behavior selection is determined by the desirability of the outcome. However, at the core of the theory is the cognitive process of how an individual processes the different motivational elements. This was done before making the ultimate choice. The outcome is not the sole determining factor in making the decision of how to behave.

Expectancy theory is about the mental processes regarding choice, or choosing. It explains the processes that an individual undergoes to make choices. This theory emphasizes the needs for organizations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients. Victor H. Vroom (1964) defines motivation as a process governing choices among alternative forms of voluntary activities, a process controlled by the individual. The individual makes choices based on estimates of how well the expected results of a given behavior are going to match up with or eventually lead to the desired results. Motivation is a product of the individual's expectancy that a certain effort would lead to the intended performance, the instrumentality of this performance to achieving a certain result, and the desirability of this result for the individual, known as valence.

2.2 Reward Management Practices

Armstrong (2010) explain that Reward management is concerned with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. Reward management:-

- Reward people according to the value they create.
- Reward people according to what the organization values and wants to pay for.
- Take account of employee as well as business needs.
- Best fit is preferable to best practice.
- Strive to be different, even unique, when developing reward policy and practice.
- Adopt an evidence-based management approach that involves managing reward systems on the basis of fact rather than opinion, on understanding rather than assumptions, on grounded theory rather than dogma.

It is about the design, implementation and maintenance of reward systems (interrelated reward processes, practices and procedures) that aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. These systems will include arrangements for assessing the value of jobs through job evaluation and market pricing, the design and management of grade and pay structures, performance management processes, schemes for rewarding and recognizing people according to their individual performance or contribution and/or team or organizational performance, and the provision of employee benefits.

There are three main types of rewards that an individual seeks from an organization; extrinsic, intrinsic and social (Williamson et al 2009). Extrinsic rewards are those provided by the organization, which do not come from the content of the job itself. They include tangible, material benefits such as pay in form salaries and wages, fringe benefits and promotional opportunities. Intrinsic rewards refer to the intangible benefits that arise from the content of the job itself and have consequences for the psychological development of the employee (Williamson et al 2009). They may include motivational characteristics of the job such as autonomy, feedback and participation in decision-making (Hackman and Oldham 2006). Social rewards derive from interaction with other people on the job. Social rewards are the extent to which positive interpersonal relationships, such as those with a supervisor or a co-worker, are available to the individual in the work environment.

In managing rewards of the organization employees can be given rewards in form of cash, recognition and praise or a combination of both. Group Performance related schemes reward a group or team of employees with a cash payment for achieving an agreed target. These schemes are designed to enhance company performance by aligning the interests of employees with the goals of the organization (Chin-Jug 2010). Huselid (1995) looks at reward as a system that contributes to performance by linking the interests of employees to those of the team and the organization, thereby enhancing effort and performance. Richard (2006) argues that effective reward management with good reward packages help to attract and retain employees. Some employees give importance to specific rewards and other attach to different rewards. It is important for the managers to understand the needs, expectations and desires of employees and offer those rewards which leads to satisfaction of the employees (Workineh & Shimels, 2010). Some of these rewards come in the form of job involvement, participate in decision making, job autonomy, task significance and recognition.

According to Bishop (1987) reward management is not just about financial rewards, pay and employee benefit. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. Rewards have two broad types; extrinsic and intrinsic rewards are also called financial and nonfinancial rewards and these rewards further divided in so many sub categories. Extrinsic rewards relates to financial rewards or cash related like formal recognition, fringe benefits, incentive type payments, pay, promotion and intrinsic relates to non-financial or non-cash rewards like achievement, accomplishment feelings, recognition, job satisfaction and growth.

2.2.1 Intrinsic Reward

Intrinsic rewards are those that exist in the job itself. Examples are achievement, variety, challenge, autonomy, responsibility, and personal and professional growth. They also include status, recognition, praise from superiors and co-workers, personal satisfaction, and feelings of self-esteem (Mahoney and Lederer 2006). Intrinsic rewards increase feelings of self-esteem and accomplishment (Honig-Haftel and Martin 1993). Intrinsic rewards are derived from the content of the task itself and include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities, and sufficient feedback regarding the effectiveness of one's efforts (Mottaz 1985). Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they believe their efforts are important to the success of

the team, and their jobs are fun, challenging, and rewarding (Mahaney and Lederer 2006).

Non-monetary forms of recognition to acknowledge achievement of quality improvement goals such as plaques, merchandise, certificates, letters, complimentary tickets, etc. (Allen and Kilmann 2001). Recognition for contribution to the firm's quality goals is strongly advocated by quality leaders and is widely adopted by TQM companies. For example, Juran identifies recognition, along with other rewards, as an essential element of motivation for quality and Crosby advocates recognition as a necessary component of TQM (Wruck and Jensen 1998). Team incentives often include this type of component, which has the purpose to recognize outstanding performance typically, at the individual level.

Celebrations to acknowledge achievement of quality improvement goals such as lunches, dinners, special events, etc. Award ceremonies held to recognize outstanding quality efforts by individuals and teams are common in TQM firms (Allen and Kilmann 2001). At such ceremonies, the employees being honored generally receive not only recognition, but a small gift, such as a ring, windbreaker, or plaque. Giving public visibility to quality efforts that identify and remedy problems sends a strong message that such efforts are a valued part of employees' contribution to the firm.

Regular expressions of appreciation such as praise, pat on the back by managers/leaders to employees to acknowledge achievement of quality improvement goals (Allen and Kilmann 2001). Having a suggestion system available for individuals to make quality improvement. Suggestions, such as a suggestion box (Allen and Kilmann 2001).

Use of development-based performance appraisals wherein performance appraisals are used primarily for developing employees to perform better in the future rather than for evaluating their past accomplishments and failures (Allen and Kilmann 2001). Quality-based promotions wherein promotions are based primarily on the achievement of quality-based goals as opposed to quantity-based goals (Allen and Kilmann 2001).

2.2.2 Extrinsic Reward

Extrinsic rewards, on the other hand, are external to the job itself. They comprise such elements as pay, fringe benefits, job security, promotions, private office space, and the social climate. Other examples include competitive salaries, pay raises, merit bonuses, and such indirect forms of payment as compensatory time off (Mottaz 1985, Mahaney and Lederer 2006). Firms are able to improve worker productivity by paying workers a wage premium a wage that is above the wage paid by other firms for comparable labor.

A wage premium may enhance productivity by improving nutrition, boosting morale, encouraging greater commitment to firm goals, reducing quits and the disruption caused by turnover, attracting higher quality workers and inspiring workers to put forth greater effort (Goldsmith, Veum and Darity 2000). As a result, people are attracted to well-paying jobs, extend extra effort to perform the activities that bring them more pay, and become agitated if their pay is threatened or decreased (Stajkovic and Luthans 2001). Extrinsic rewards are used to show that the company is serious about valuing team contributions to quality.

The monetary rewards consist of a cash bonus allocated to each team member. The team bonus would be given separately from the salary. On the other hand, team rewards must be used in ways that avoid destroying employees' intrinsic motivation to do their job. The need for continuous improvement requires employees to be innovators; devising novel solutions that improve a work process or that delight the customer. The use of extrinsic rewards that are tightly linked to team performance may teach team members to become money hungry and undermine their intrinsic interest in the work itself (Balkin and Dolan 1997).

Profit sharing wherein the organization shares some portion of profits with employees. Profit sharing plans (which reward all employees on the basis of reported profits for the entire firm) may be expected to contribute to employee retention to the extent that employee views the financial reward as an additional benefit provided by the firm (GomezMejia and Balkin 1989).

Gain sharing wherein portions of individual work unit gains in productivity, quality, cost effectiveness, or other performance improvements are shared with employees in the form of

bonuses based on a predetermined formula (Allen and Kilmann 2001a). These programs, as applied in manufacturing, have typically been based on achievement over and above a historic financial or operational benchmark. In a team-based structure, defining a historic benchmark may be somewhat more difficult, because teams are often established in conjunction with downsizing, reorganization, and work reengineering. The team's results in relation to a historic benchmark may not be relevant, potential gains may be established on a going forward basis and frequently measure profitability, with a circuit breaker for service, quality, and other factors. These incentives are based on the accomplishment of financial and/or operational goals defined at the team level. Financial goals applied in the service/staff job sector often apply to cost control, profitability, or revenues, while operational goals usually relate to service, quality, and efficiency/accuracy. Those goals are often more difficult to measure in some of the functions that are currently being reengineered into team structures than in the plant-level, production functions.

There are several varieties of gain sharing, but each involves reward for gains in productivity and/or reductions in costs, irrespective of the organization's year-end bottom line (Band, Scanlan and Tustin 1994).

Employment security such as having a corporate policy or union contract designed to prevent layoffs. TQM programs need to be backed by employment security practices. Employees must not fear losing their jobs as a result of making their work processes more efficient. Job security practices can take the form of a "no-layoffs as a result of TQM improvements" corporate policy or a stipulation in union contracts (Allen and Kilmann 2001).

Overtime pay wherein workers are given additional pay for overtime hours worked. Individual based performance system wherein performance appraisals and pay increases are based primarily on individual achievements. Pay for performance has been defined as paying individuals predetermined amounts of money for each unit produced (Stajkovic and Luthans 2001).

2.3 Employee Performance

Mohammad and Shabieb, (2014) define that performance means the goals that institutions seek to achieve through their employees. It connects activities and goals via employees' duties inside institutions. In other words, it's the individuals' responsibilities, activities and duties, that their work consists of, which should be done in the right way with taking into consideration the qualified employees' abilities to do them.

Armstrong (2010) state that performance is the accomplishment, execution, carrying out, working out of anything ordered or undertaken. This refers to outputs/outcomes (accomplishment) but also states that performance is about doing the work as well as about the results achieved. According to Alshammari, (2016) performance means the degree of completion of an employee's task or given objective. Performance is associated with quantity of output, quality of output, and timeliness of output, presence or attendance on the job, efficiency of the work completed and effectiveness of work completed Performance is about how well a person is performing the task given to him or her. Hence, it can be said that employee performance is the efficient and timely completion of tasks and giving quality output.

Employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness (gungor, 2011). Bernthal,(2006) explain that employee performance involves; links to organizational strategy, setting individual performance goals, providing regular feedback on progress towards those goals, providing opportunities for improving, linking results and rewards.

Moncarz and Zhao, (2008) explain that high performance work practices revealed that involving employees in decision-making, goals and the direction of an organization through participation in teams would help produce job satisfaction and reduce turnover. Employee satisfaction is one of the many factors in the organization which necessary needed to achieve good organization performance. Employee promotion influence employees' performances since promotions come with various benefits.

2.1.4 Reward Management Practices and Employee Performance

According to Ghoshal and Bartlett (1995) the overall aim of reward management should be to add value to people. It is not just about attaching value to them. More specifically, the aims are to support the achievement of business goals through high performance, to develop and support the organization's culture, define what is important in terms of behaviors and outcomes, reward people according to the value they create, reward people according to what the organization values, align reward practices with employee needs, help to attract and retain the high-quality people the organization needs and win the engagement of people. According Armstrong, (2010) Developing a high-performance culture through reward organizations:-

- Identify the performance drivers and key performance indicators in the organization.
- Use rewards generally to draw attention to the importance of performance.
- Decide on which aspects of the performance drivers should be focused on.
- Use rewards specifically to draw attention to these aspects.
- Use performance management systems to identify performance development needs.

Incorporate performance and reward processes as key elements in a high performance work system. A well rewarded employee feels that they are valued by the company. Such employees are encouraged to work harder and better if they are aware that their well being is taken seriously by their employers, and that their career and self development are also being honed and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees (Guest, 2002). San and Heng, (2012) state that motivation is a strong incentive for employees to achieve excellent performance achievement in their daily work so that they will get the predicated commend. In order to enhance morale and motivation of employees, rewards and recognition should be provided instantly when employees achieve the required performance (Ibrar, 2015).

Deeprise, (1994) argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation. Mehmood, (2013) explains how rewards play a very big role in increasing employee performance and change the behavior of dissatisfied employees. A good reward system helps to improve organizational performance and also fulfills other objectives such as labor cost control, perceived fairness towards employees, legal compliance

and enhancement of employee performance to achieve high level of productivity and customer satisfaction.

According to Mohammad and Shabieb, (2014) rewards are considered one of the most important factors that encourage workers to put forth great efforts and work more efficiently. It is because incentives and reward system direct workers capabilities into more efficiency in their work in an attempt to achieve the institution's goals. In addition, the absence of the suitable reward management may negatively affect the hardworking employee's performance; it may also weaken their productivity at work which decreases the chances of attaining the promising goals of the institution. Rewards are a significant factor in encouraging employees and increasing their enthusiasm at work which results in improving the general performance and increasing the productivity. Reward also helps in attaining job satisfaction which increases the interaction between the employee and the organization.

Ibrar, (2015) state that employee will give their maximum when they have a feeling or trust that their efforts would be rewarded by the management. There are many factors that affect employee performance like working conditions, worker and employer relationship, training and development opportunities, job security, and company's overall policies and procedures for rewarding employees, etc. Among all those factors which affect employee performance, motivation that comes with rewards is of utmost importance. Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal.

2.2 Empirical review

In any competitive business environment, both locally and globally, it is common for companies to offer employees attractive, lucrative and competitive remuneration packages. These are directly linked or inter-related to improving individual's job competency, retaining high achievers and finally achieving the organizational performances and goals. An attractive remuneration package has been a norm of any employment contract. The appraisal and rewards systems for employees are now closely linked to the performance measurement indicators of the companies. If such reward does not commensurate with their job

performance, this can lead to low motivation and high attrition, finally affecting service delivery (Thum & Sardana, 2012).

Nnaji & Nnadozie (2015) find out the Effect of Rewards on Employee Performance in selected bank Organizations in Awka Metropolis. The main objective of this study is to determine whether a relationship exists between rewards system and employee performance. More specifically, the study intends to address the relationship between intrinsic (non-financial) and extrinsic (financial) rewards on employee performance.

Findings: The empirical results indicated the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance. More over a study by Ayesha Aslam, Amna Ghaffar, Tahleel Talha and Hina Mushtaq (2015) examine the effect of reward and Compensation system on the performance of employees. The first variable was compensation. Second was incentive. The finding shows that the most significant variable in the research is reward and compensation. It shows a great effect on the performance of employees. It boosts up the efficiency of employees. On the contrary the variables motivation and incentives contribute least to the employee performance.

A study conducted by Payam, Ali, Seyed, & Mahmood (2013) attempts to review various variables in term of relationships between rewards, job satisfaction, and employee performance. In the study, two types of reward were identified, and they were financial reward and non- financial reward. The finding showed that reward can affect job satisfaction and thereby employee performance. Finally the study proposes a new framework based on mediating role of job satisfaction.

A study by Irshad, (2016) pointed out the impact of extrinsic rewards on employees' performance. Primary data was collected through spreading questionnaire among employees working in the banking industry. He concluded that Salary and working the conditions positively affect employee performance.

Duberg & Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how reward systems designed in health and geriatric cares are and whether the current reward systems affect the care quality. The thesis aimed to extend the knowledge of reward systems in health and geriatric care and know how

these systems are designed and what their effects on quality of health and geriatric care are. The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care. The theoretical framework was based on scientific literature about motivation and reward systems. Also literature specifically about wage conditions in the health care sector and the public sector was used. Findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient. Results showed that conditions for working with reward systems in the public sector are limited due to the lack of resources and complex large organization structures with old traditions. This must be reconsidered to be able to work with well designed reward systems similar to those in private care organizations. The researcher recommended that further studies should be done to compare reward system and investigate its impact on an organization in relation with one that does not.

Ahmed & Ali (2008) carried out a research on the “impact of reward and recognition programs on employee motivation and satisfaction”. Research design used was exploratory. Sample chosen for the study was 80 employees of Unilever companies and data collection instrument used was a questionnaire. Pearson’s correlation was used to analyze data to determine the degree of relationship between reward and satisfaction and motivation. Major findings indicated a positive relationship between rewards and work satisfaction as well as motivation. Factors affecting satisfaction were identified; payment 86%, promotion 74%, works conditions 61%, personal 37%. Analysis showed support for a positive relationship between reward and employee satisfaction. The researchers recommended that further studies can be done on ‘impact of reward and recognition on motivation and satisfaction for diverse groups of people’ example gender, race and disability.

Ozutku, (2012) point out a research on “the influence of intrinsic and extrinsic rewards on employee results: an empirical analysis in Turkish manufacturing”. As the main finding of the research, it has been determined that in the Turkish manufacturing industry intrinsic and extrinsic reward practice level is not high. Our analysis found that intrinsic reward practices of “regular expressions of appreciation by managers/leaders to employees” “quality based promotions” and “formal suggestion system” are used more than other intrinsic reward practices; and of the extrinsic rewards “pay for overtime hours work” and “quantity-based performance appraisals” practices are more widely used than other

extrinsic reward practices. As a result of testing research hypotheses, it has been identified that there is a significant difference between intrinsic reward practices according to the market the businesses operate in, their operation periods and TQM experience years; despite this there is not a significant difference according to their sizes. It has been determined that there is a significant difference between extrinsic reward practices of businesses according to the market they operate in and their operation periods; however there is not a significant difference according to their sizes and TQM experience years. It has been found that there is a significant difference between intrinsic and extrinsic rewards in terms of their effect on people results performance indicators. The use of intrinsic reward practices exhibited a significantly positive effect on people results performance indicators. However, it has been determined that effect of extrinsic reward practices on people results is not significant. This study highlighted the importance of the reward system for implementing TQM, especially putting the intrinsic reward system behind the use of TQM practices on the job.

A study conducted by Erratul Shela Eshak, Nur Faithzah Jamian, Munirah Mohd Jidi & Norlida Zakirai (2016) explained factors that influence employees performance in Islamic religious council. the objective of the study was to identify if there's any relationship between intrinsic reward and employees performance and to determine if there is any relationship between extrinsic reward and employees performance. The founding was there is positive and significant relationship between financial and non-financial reward with employees performance. However, the findings also indicate that non-financial factors have more influence toward employees' performance on employees rather than financial reward factors.

A study conducted by Payam, Ali, Seyed, & Mahmood (2013) attempts to review various variables in term of relationships between rewards, job satisfaction, and employee performance. In the study, two types of reward were identified, and they were financial reward and nonfinancial reward. The finding showed that reward can affect job satisfaction and thereby employee performance. Finally the study proposes a new framework based on mediating role of job satisfaction.

Abdul, (2014) conducted a research on impact of compensation on employee performance in the banking sector of Pakistani. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, indirect compensation and employee

performance. The data was collected from different banks of Pakistan. The data collected were analyzed in SPSS 17.0 Version. Findings were Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance.

According to Armstrong (2000), reward strategy is the policy that provides specific directions for the organization to develop and design programs which will ensure its rewards the performance outcomes supporting the achievement of its business goals. Furthermore, reward strategy gives specific direction to how the company will design its individual reward programs. This rises from the fact that a reward strategy is seen as the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units and individuals are directed toward the achievement of an organization's strategic objectives.

Rehman, (2009) asserts that higher rewards would motivate the employees as they would feel more appreciated than their colleagues of the same qualification working in other firms and this high satisfaction would be translated to higher performance. Besides on organization paying higher rewards that other in an industry becomes an employer of choice thus there is high competition of prospective employees who would wish to be employed by the organization.

2.3 Conceptual Framework

Conceptual framework is a set of coherent ideas or concepts organized in a manner that makes them easy to communicate to others (Schwartz, 2006). Reward management system contains the organizations policies, processes and practices for rewarding its employees in accordance with their contribution, abilities and artifice. It is progressed within the organizations reward philosophy, strategies and policies, and includes agreements in the form of processes, practices, structures and procedures which will provide appropriate types and levels of pay, benefits and other forms of reward.

Employee performance management depends on good systems that offer both financial and nonfinancial rewards (non-monetary rewards). Many employees seek other employment. Many are also seeking more balance in their life. Many are disengaged from their workplace. Rewards and remuneration must be scrutinized. Employee motivation and performance are critical. Non-monetary rewards can be as important as monetary rewards. Employees at all levels need to have confidence in the salary administration system. Employees want the rewards to be shared fairly and equitably (Danish & Usman 2010).

Figure indicates below is the conceptual framework showing the relationships between independent and dependent variables. The independent variables were conceptualized as intrinsic rewards (recognition, Learning opportunities, challenging work, genuine appreciation and career advancement) and extrinsic rewards (basic salary and performance bonus) (Luthans, 2000; Quresh, Sachu & Ali, 2012; Sajuyigbe, Bosede and Adeyemi, 2013). In contrast, the dependent variables measures work performance (such as job quality, job accomplishment) and overall organization preference (Taljaad, 2003). The independent variables have been shown to have an effect on employee performance. Aktar, Sachu & Ali (2012) found that each reward factor within both extrinsic and intrinsic reward systems, was a highly significant factor which affects employees' performance. The study examines reward management practice and its effects on employees' performance. Employee performance is taken as dependent variable and extrinsic and intrinsic rewards are taken as independent variables. In independent variable, extrinsic rewards represent four dimensions which are pay, bonus benefits and promotion. Intrinsic rewards embody recognition, career advancement, responsibility and learning opportunity.

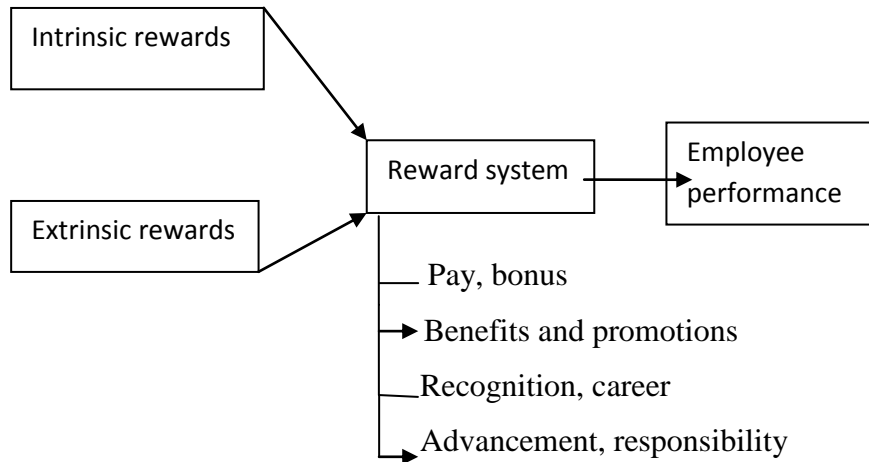


Figure 1: Adapted from Waruni Ayesha (2014)

Based on the empirical researches, (Yapa, 2002; Zaman, 2011; Qureshi et al, 2010; Hashim, 2011) most tested extrinsic reward variables are pay, bonus, benefits and promotions and intrinsic variables are recognition, career advancement, responsibility and learning opportunity. Therefore the current research would focus on identify the impact of the above extrinsic and intrinsic variables on employee performance ERCA.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Research Approach and Design

In this study using the quantitative method, the degree of relationship between reward and employee performance were assessed. In particular, those attributes of reward that have been impacting on employee's performance of the ERCA were examined using the quantitative research method where both descriptive techniques of data analysis as well as the inferential analysis technique were applied.

The study was utilized descriptive and explanatory survey design. According to Cooper and Schindler, (2000) a descriptive survey design seeks to find out that who, how, what, where and when about something in particular a phenomenon. On the other hand cross-sectional survey design was the selection of a small sample from a bigger population to act as an inference.

The reason for using descriptive and explanatory survey was to enable the researcher to collect information from the respondents on their attitude and opinions with a view of exploring perceived relationships between reward management and employee performance. In this study, survey methodology helped in measuring variables and examining relationships among variables as recommended by Fowler (1993).

3.2 Data Type and Source

3.2.1 Data Type

By using quantitative approach, with proper sampling, allows for the measurement of many subjects' reactions to a set of questions, because each question has a limited set of answers, the results can be compared and analyzed statistically.

3.2.2 Data Source

The sources of data for this study were comprised of both primary and secondary sources. Primary data was obtains using questionnaires. Primary data were generally information gathered or generated by the researcher for the purpose of the project immediately at hand.

When the data were collected for the first time, the responsibility for their processing also rest with the original investigator (Shajahan 2004 Pp 99). According to Shajahan (2004) the advantage of primary data are it allow the investigator to observe the phenomena as it take place, the information is also reliable because the researcher collects the data himself and also the primary data's are the only way of finding the opinion, personal quality, attitude etc. The questionnaires were designed and structured in accordance with the objective of the study.

According to Zikmund et al (2013 p 177) secondary dates are gathered and recorded by someone else prior to (and for purpose other than) current project. Secondary data usually are historical and already assembled. The primary advantage of secondary data is their availability, the money and time saving. As well secondary data are important when the data cannot be obtained using primary data collection procedures. The secondary sources of information that the researcher was used in the study including: different types of annual report of the organization, payroll data and HR manuals of the organization, books, articles, journals and other relevant material related to the study.

3.3 Target Population and Sample

3.3.1 Target Population

Addis Ababa kality customs branch office has a total of 673 employees which was the study area. The study population comprise one branch managers, three vies manager and close to 669 staff members. Managers, vies manager and members of staff were all in different employment categories. And thus their views were reflected different directions in terms of their rewards. This were enabled the researcher to be able to know how rewards were distributed at different levels of employment and if they were fair or not. The participants were identified via stratified sampling; this method was used when the researcher intends to capture a full range of participants by allowing the researcher to select people who represent defined conditions (Weiss, 1998).

3.3.2 Sampling Selection Procedure

Due to time constraint, in many cases, a complete coverage of population is not possible; thus sampling is one of the methods, which allow the researcher to study relatively small number of units representing the whole population (Sarandakos, 1998).

The branch were structured in four sections those were employees under branch manager, employees under custom clearance unite vies managers, employees under enforcement vies manager and employees under modernization and corporate vies manager. There were a total of 673 employees in a branch. The stratified random sampling technique was considered to select employees from these sections for this study.

3.3.3 Sample Size Determination

In principle, accurate information about given population could be obtained only from census study. However, due to time constraint, in many cases, a complete coverage of population was not possible; thus sampling was one of the methods, which allow the researcher to study relatively small number of units representing the whole population.

In order to sample the population the researcher used probability sampling of stratified sampling technique. From each section who work under branch office were randomly selected and sample would served as a sampling frame. According to Kothari (2004), stratified sampling method is applied if a population from which a sample is to be drawn does not constitute a homogeneous group. Stratified random sampling is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. These subsets of the strata are then pooled to form a random sample.

To conduct the study, personal judgment of the researcher at 95% confidence level and a sampling error of 5% were assumed. The Z-statistics value for 95%, i.e. 1.96, and the estimate of target population (p) were taken with an incidence rate of 0.5(50%). The formula for finite population (Kothari, 2004), were considered as shown blow.

For finite population, $N < 10,000$ we have

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

N = population

n = sample size

e = sampling error (5%)

z = confidence level (95%) = 1.96

P = the proportion of defective (50%)

$q = 1 - p = 0.5$

Therefore, from this population the sample size were calculated by using sample formula of finite population as shown above.

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

$$n = \frac{(1.96)^2 (0.05)(1 - 0.05)(673)}{(0.05)^2 (673 - 1) + (1.96)^2 (0.05)(1 - 0.05)}$$

$$n = \sim \underline{\underline{69}}$$

Currently, the branch has four main managing departments. To have fair distribution between the managing departments, stratified random sampling method would be used. Population number for each managing departments taken from the modernization and corporate vies manager monthly report (January, 2018).

Department name	No. of population	Sample
Employees under branch manager	63	6
Employees under custom clearance unite vies managers	317	33
Employees under enforcement vies manager	176	18
Employees under modernization and corporate vies manager	117	12
Total	673	69

3.4 Data Collection Methods and Tools

The study utilizes quantitative data collection methods. Primary data were obtained using questionnaires. Secondary data were sourced from reading literature in secondary sources. The data collection instrument was the questionnaire (Demographic data, Section A- reward management, Section B: financial rewards, Section C: non-financial rewards and Section D- employee performance).

The study used a five-likert scale questionnaire which was administered to respondents. Likert Scale is a psychometric scale commonly involved in research that employs questionnaires. It is the most widely used approach to scaling responses in survey research. A likert scale is the sum of responses on several Likert items. In likert scale, 5 stand for strongly agree, 4 agree, 3 neutral, 2 disagree and 1 strongly disagrees. In case of ordinal, questioner, respondents were invited to level on the given alternatives (Wuensch, Karl L., 2005).

3.5 Data Analysis and Presentation

The collected questionnaires were edited and cleaned for completeness in preparation for coding. Once coded, they were entered into the Statistical Package for Social Sciences (SPSS) for analysis. Descriptive statistics such as mean and standard deviation were used to analyze the data. Percentages, graphs, bar charts and frequency tables were used for data presentation. Descriptive statistics were considered the most appropriate for this study as it helped to describe variables in central tendency and dispersion hence provides results required to meet the objectives of the study. The study was used regression analysis to establish relationship between the independent variables and the dependent variable by using of the following regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Model where:-

Y = Employee performance

X1= Financial Rewards

X2= Non Financial Rewards

β_0 = Co-efficient of the model

$\beta_1 - \beta_2$ = Beta Co-efficient of Determination

ϵ = Stochastic Error Term

3.6 Ethical Considerations

The principle of respect for persons states that participants' thoughts and decisions must be honored. All participants provided their consent via the informed consent process. In order to ensure the application of this principle, a form was provided to the participants who outlined, for the participants' clarification, the study's purpose, potential risks and benefits of participating in the study, as well as statements about confidentiality.

Participants who intended to participate were asked to read the form and were told that by participating they were providing informed consent. The study was designed to minimize all potential risks to the participants. The information provided by the participants remained anonymous. All collected data were absent of identifiable markers and were stored on the researcher's personal computer. The researcher was the only person with access to the data. The computer files were password protected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Response Rate

A total of 69 questionnaires were administered and the study managed to obtain all completed questionnaires representing 100% response rate. The questionnaires contained questions that addressed the objectives of the study. The objective of the study was to establish the influence of reward management practices on the performance of employees at Addis Ababa kality customs branch office.

Table 4.1: Response Rate

Response rate	Frequency	Percentage
Completed	69	100%
Incomplete	0	0%
Total	69	100%

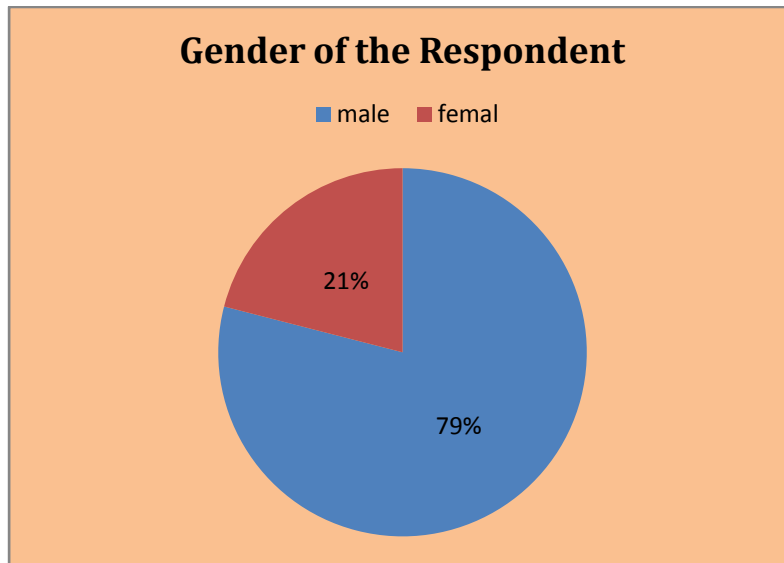
Source: survey result, (2018).

4.3 Respondents Demographics

4.3.1 Gender of the Respondent

The researcher sought and obtained the gender details of respondents who participated in the research. Majority (79%) of the respondents were male while the female were 21%. This is an indication that the researcher observed gender balance in the administration of questionnaires. It also implies that Addis Ababa kality customs branch office observes gender balance in the recruitment of its employees. The study findings were as shown in Figure 4.3.1.

Figure 4.3.1 Gender of the Respondent



Source: survey result (2018).

4.3.2 Level of Education

The respondents were requested to indicate their highest level of education. It is important to consider the level of education of the respondents because it has an impact on the way the respondents interpret the questions. The study found out that majority (60%) of the respondents had attained bachelor’s level education while those with master’s degree level accounted for 32%. Those who had a diploma level were the least at 8%. The study findings are shown in Table 4.3.2.

Table 4.3.2 Level of Education

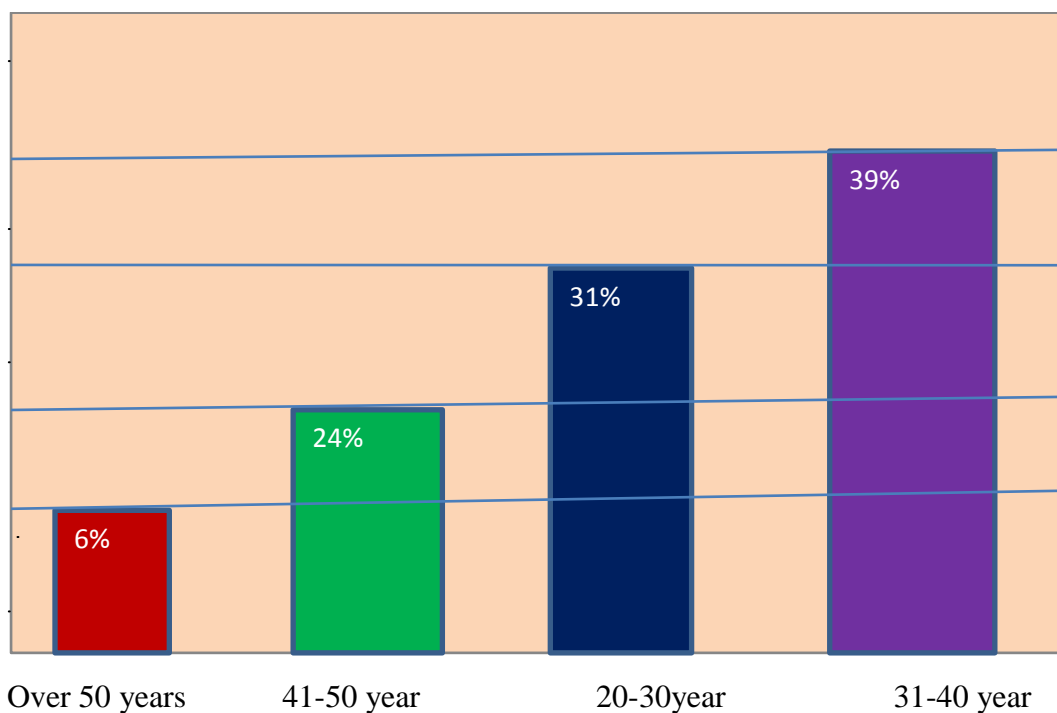
	Frequency	Percent
Diploma	8	8%
Bachelors	60	60%
Masters degree	32	32%
Total	100	100%

Source: survey result (2018)

4.3.3 Age Bracket of Respondents.

The study further sought to know the age bracket of respondents. The study established that most (39%) of the respondents were aged between 31-40 years followed by those aged between 20-30 years at 31%. Those aged between 41-50 years were at 24% while those over 50 years were the least at 6%. This indicates that the respondents sourced her views from diverse age brackets hence biasness was avoided. The results of the study are as shown in Figure 4.3.2

Figure 4.3.2 Age Bracket of Respondents

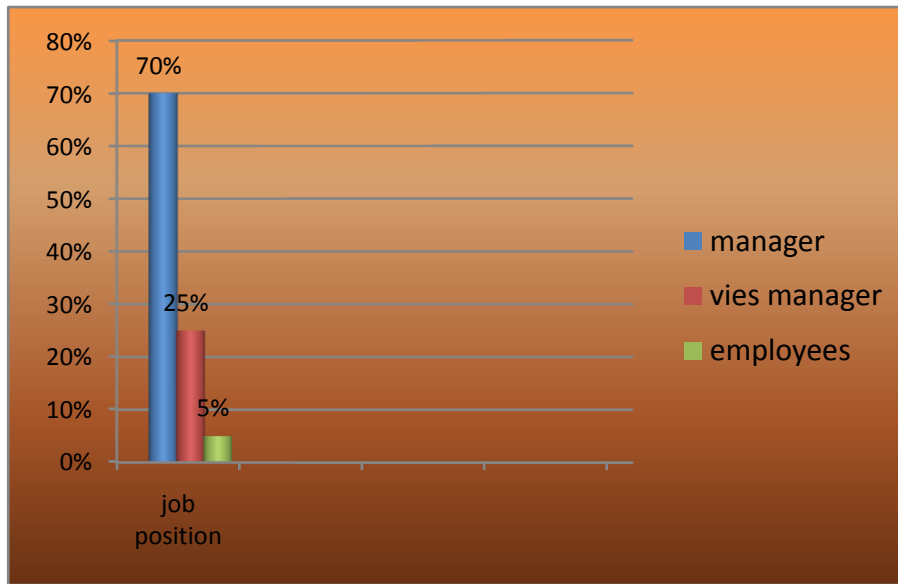


Source: survey result (2018)

4.3.4 Job Position Held

Figure 4.3.3 Job Position Held

The study further sought to know various job positions held by the respondents. The job positions held indicate that the responses were from those with hands-on experience in the company operations and were at a position to respond to the researcher's queries appropriately. In this study, employees accounted for the majority of respondents at 70% followed by vies manager at 25% and then managers at 5%.The job positions held by respondents are as shown in the Figure 4.3.3.



Source: survey result (2018).

4.3.5 Years of Experience

Table 4.3.5: Years of Experience

The study further sought to know the number of years the respondent had been working in their respective organizations. The study established that 21% of the respondents had 5-7 years of experience followed by those who had 2-4 years experience at 29%. Employees those who had less than 2 years 4%. Those with 7 years and above were the least at 15%. This indicates that the respondents were well experienced to understand what has been going on in the organization how it may affect the present and the future of the organization. The results are shown by Table 4.3.5;

	Frequency	Percent
5-7 Years	21	21.0%
2-4 Years	29	29.0%
Less than two Years	4	4.0%
7 Years and above	15	15.0%
Total	69	69.0%

Source: survey result (2018).

4.4 Reward Management Strategies, Policies and Procedures

In this section, the study sought to know the level of the respondents' agreement on various issues regarding reward management strategies, policies and procedures. The level of agreement was measured on a Likert Scale of 1-5 where 1= Strongly Disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A) and 5= Strongly Agree (SA). Interpretation was done as follows: 1-1.5: Strongly Disagree; 1.6-2.5: Disagree; 2.6-3.5: Not Sure; 3.6-4.5: Agree and 4.6 – 5.0: Strongly Agree. The results of the study are as shown in Table 4.4;

Table 4.4: Reward Management Strategies, Policies and Procedures

variables	Mean	Std. Deviation
The company reward policies favor all employees	2.73	1.00
The Reward policies ensure all employees in this company are well and effectively rewarded	2.42	0.99
Rewards are appropriate at each employee's level in this organization.	2.48	0.97
Reward processes and practices are geared towards the improvement of organizational, team and individual performance	3.30	0.79
Employees are appreciated on efforts contributed to the organization	3.24	0.94
There is a reward strategy in place which ensures the contribution people make to achieving organizational or team goals are valued, recognized and rewarded	3.34	0.93
The organization has well constructed employee recognition program	4.29	0.83
The organization conducts job evaluation from time to time	4.36	0.50
The organization conducts market analysis or salary surveys to be able to identify rates of pay in the labor market	2.65	0.83

Source: survey result (2018).

The study established that the most agreed on statement was that the organization conducts job evaluation from time to time (M= 4.36, SD= 0.50). This indicates that the respondents agreed. The respondents also agreed on the statements that the organization has well constructed employee recognition programmes (M= 4.29, SD= 0.83). On whether there is a reward strategy in place which ensures the contribution people make to achieving

organizational or team goals are valued, recognized and rewarded, the respondents were not sure (M= 3.34, SD= 0.93). The most disagreed on statements were that rewards are appropriate at each employee's level in this company (M= 2.48, SD= 0.97) and that the Reward policies ensure all employees in this company are well and effectively rewarded (M= 2.42, SD= 0.99). This indicates that the respondents disagreed on this statement. However, there were variations in the responses given by respondents as indicated by the various standard deviations registered. Overall, the respondents were not sure (M= 3.326, SD= 1.162). on whether the strategies, policies and procedures used by the organization are appropriate for reward management.

4.5 Financial Rewards

Further, the study sought to know the level of the respondents' agreement on various issues regarding Financial Rewards. The level of agreement was measured on a Likert Scale of 1-5 where 1= Strongly Disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A) and 5= Strongly Agree (SA). Interpretation was done as follows: 1-1.5: Strongly Disagree; 1.6-2.5: Disagree; 2.6-3.5: Not Sure; 3.6-4.5: Agree and 3.7- 4.5: Strongly Agree. The results of the study are as shown in Table 4.5;

Table 4.5: Financial Rewards

Variables	Mean	Std. Deviation
Employees are given enough and appropriate salary	2.22	0.72
The organization gives top up allowances to its staff members periodically	3.77	0.76
The organization usually gives competence/skill based pay	2.32	0.69
Employees are given overtime pay for extra hours worked	4.14	0.62
Employees are given shift working pay (for those who stand in for others)	3.89	0.68
Employees in this organization are encouraged by time rate Pay	2.32	0.89
Employees are assured of their pension pay	4.49	0.93
Employees are given sick pay allowance	2.12	0.82
Employees are privileged to access loans through the organization arrangements	4.06	0.55

Source: survey result (2018).

The study established that overall, the respondents were not sure on Employees are given shift working pay (for those who stand in for others) (M= 3.89, SD= 0.68). However, the respondents agreed (M= 4.49, SD= 0.93) that the employees are assured of their pension pay. On whether employees were given over time pay for extra hours worked, the respondents agreed (M= 4.14, SD= 0.62). The respondents also agreed that the employees are privileged to access loans through the company arrangements as evidenced by (M= 4.06, SD= 0.55). The respondents disagreed on the statements that: the company usually gives competence/skill based pay (M= 2.32, SD= 0.69); employees are given enough and appropriate salary (M= 2.22, SD= 0.72) and that employees are given sick pay allowance (M= 2.12, SD= 0.82).

4.6 Non-Financial Rewards

The study also sought to know the level of the respondents' agreement on various issues regarding Non-Financial Rewards. The level of agreement was measured on a Likert Scale of 1-5 where 1= Strongly Disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A) and 5= Strongly Agree (SA). Interpretation was done as follows: 1-1.5: Strongly Disagree; 1.6-2.5: Disagree; 2.6-3.5: Not Sure; 3.6-4.5: Agree and 3.7- 4.5: Strongly Agree. The results of the study are as shown in Table 4.6;

Table 4.6: Non-Financial Rewards

Variables	Mean	Std. Deviation
The organization offers training programs to its employees.	4.36	0.65
The organization gives its staff opportunities for career advancement (staff development).	4.30	0.67
The organization recognizes high achievers and excellent performers of the company.	4.65	0.56
The company usually organizes small non-cash awards (e.g., dinners, trips abroad) to its staff.	3.72	0.72
The organization allows its staff to participate in decision making process in the company	2.27	0.93
Staff members are always given promotion on merit.	4.11	1.22
Staff members are given better office facilities to motivate them.	2.55	1.05
High achievers are given autonomy in decision making of the company	3.59	0.57
Employees are given more rewarding responsibility in case of distinct performance	4.18	0.48
Employees are given a good working environment	4.41	0.53
Some employees are sponsored for further studies like Masters	1.93	0.74

Source: survey result (2018).

The study found out that the respondents agreed that overall, High achievers are given autonomy in decision making of the company as indicated by (M= 3.59, SD= 0.57). The respondents strongly agreed that the company recognizes high achievers and excellent performers of the company as evidenced by (M= 4.65, SD= 0.56). The respondents also agreed that employees are given a good working environment (M= 4.41, SD= 0.53) and that the company offers training programs to its employees (M= 4.36, SD= 0.65). The respondents further agreed that the company gives its staff opportunities for career advancement (staff development) (M= 4.30, SD= 0.67). On whether the company allows its staff to participate in decision making process in the company, the respondents were not sure (M= 2.27, SD= 0.93). The most disagreed on statement was that some employees are sponsored for further studies like masters with means and standard deviation of (M= 1.93, SD= 0.74). The standard deviations indicate the extent to which the respondents' opinions varied

4.7 Employee Performance

The study lastly sought to know the level of the respondents' agreement on various issues regarding employee performance. The level of agreement was measured on a Likert Scale of 1-5 where 1= Strongly Disagree (SD), 2= Disagree (D), 3= Not sure (NS), 4= Agree (A) and

5= Strongly Agree (SA). Interpretation was done as follows: 1-1.5: Strongly Disagree; 1.6-2.5: Disagree; 2.6-3.5: Not Sure; 3.6-4.5: Agree and 3.7- 4.5: Strongly Agree. The results of the study are as shown in Table 4.7

Table 4.7: Employee Performance

Variables	Mean	Std. Deviation
Employees respond adequately to challenges faced by the customers	4.31	0.63
Employees maintain high professionalism	4.12	1.01
Employees serve with fairness and justice	4.35	0.48
Employees serve diligently	3.60	0.92
Employees are understanding to customers and Management	4.28	0.51
Employees have team work	4.31	0.54
Employees serve speedily	4.29	0.52
Employees are sensitive to customer requirements	3.17	0.60
Employees are security conscious	3.07	0.56
Employees handle difficult situations calmly	2.22	0.92
Employees maintain decorum and etiquette at all times	4.17	0.43
Employees meet their desired targets	4.45	0.50

Source: survey result (2018).

Overall, the study established that the respondents agreed on employee performance as evidenced by the overall mean of (M= 3.862, SD= 0.635). The most agreed on statement was that the employees meet their desired targets (M= 4.45, SD= 0.50) followed by the statement that the employees serve with fairness and justice (M= 4.35, SD= 0.48) and then the statement that the employees have team work (M= 4.31, SD= 0.63). The most disagreed on statement was that the employees handle difficult situations calmly (M= 2.22, SD=0.92). The standard deviations indicated that the responses were not clustered around the mean but were dispersed.

4.8 The Influence of Reward on Employee Performance

The study sought to establish the influence of reward management practices on the performance of employees at Addis Ababa kality custom office branch. The researcher conducted a regression analysis to explain this relationship. The scores to be regressed were computed through factor analysis (data reduction) and then saved as variables. Regression analysis was conducted using Statistical Package for Social Sciences (SPSS). The results obtained are presented and discussed below;

4.8.3 Analysis of Variance

Analysis of variance was also done to establish the significance of the regression model.

Table 4.8.3 Analysis of Variance

ANOVA b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.393	2	8.393	6.734	.0019a
	Residual	82.435	93	.886		
	Total	90.828	95			
a. Predictors: (Constant), Non Financial Rewards, Financial Rewards						
b. Dependent Variable: Employee Performance						

Source: survey result (2018).

At 95% confidence level, a significant value (p-value) of 0.0019 and F-value of 6.734 was registered. This shows that the regression model has a probability of less than 0.0019 of giving wrong prediction. Hence, the regression model used above is a suitable prediction model for explaining how financial and non-financial rewards influences employee performance at Addis Ababa kality custom office branch

4.8.1 Model Summary

The research findings indicated that there was an overall positive relationship between rewards and employee performance. The findings are as shown in the tables 4.8.1 below;

Table 4.8.1: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.304a	0.644	0.513	0.94148778
a. Predictors: (Constant), Non Financial Rewards, Financial Rewards				

Source: survey result (2018).

In a model summary, the “R” value is used to indicate the strength and direction of the relationship between the variables. The closer the value gets to 1, the stronger the relationship. In this case the R= 0.304. This means there was an overall positive relationship between the variables albeit weak. The adjusted R-Square in the study was found to be 0.646. This value indicates that the reward management practices can explain 51.3% of the variance in employee performance. It is clear that Non-Financial Rewards and Financial Rewards contribute to a fairly significant extent to the level of employee performance is achieved at Addis Ababa kality custom office branch. It therefore suffices to conclude that both financial and non-financial rewards are essential in enhancing the performance of employees in an organization given that only less than half (48.7%) of the performance variance cannot be unexplained.

4.8.2 Coefficients of Determination

The un standardized coefficients of determination under the B column were used to substitute the unknown beta values of the regression model. The beta values indicated the direction of the relationship. A positive or negative sign indicates a the nature of the relationship. The significant of values (p-value) under significant. Column indicates the statistical significance of the relationship or the probability of the model giving a wrong prediction. A p-value of less than 0.05 is recommended as it signifies a high degree of confidence.

Table 4.8.2: Coefficients of Determination

model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.024	0.096		-3.245	0.0019
	Extrinsic rewards	0.095	0.154	0.100	5.618	0.0001
	Intrinsic rewards	0.215	0.158	0.219	2.358	0.0215
a. Dependent Variable: Employee Performance						

Source: survey result (2018).

In this case, Financial Rewards registered a p-value of 0.0001 indicating that the influence on employee performance was extremely significant while Non Financial Rewards registered a p-value of 0.0215 indicating that the influence was statistically significant.

The equation for the regression model is expressed as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

$$Y = -0.024 + .095X_1 + 0.215X_2 + \epsilon$$

Where;

Y = Employee performance

X1= Financial Rewards

X2= Non Financial Rewards

β_0 = Co-efficient of the model

β_1 – β_2 = Beta Co-efficient of Determination

ϵ = Stochastic Error Term

The results of the regression equation show that if all the rewards were rated zero, employee performance would be -0.024. However, all the predictors had a positive relationship with the dependent variable. A unit increase in Financial Rewards would lead to improved performance by 0.095 while a unit increase in Non Financial Rewards would improve employee performance by 0.215. The Stochastic Error Term was assumed to be zero.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Findings

The study sought to establish the influence of reward management practices on the performance of employees at Addis Ababa kality custom office branch. The study found out that the respondents were neutral on whether the strategies, policies and procedures used by Addis Ababa kality custom office branch are appropriate for reward management. The study also established that overall; the respondents were neutral on whether financial rewards influenced employee productivity at Addis Ababa kality custom office branch while the study found out that the respondents agreed that Non-Financial Rewards influence employee performance at Addis Ababa kality custom office branch. The research findings further indicated that there was a positive relationship ($R= 0.304$) between rewards and employee performance at Addis Ababa kality custom office branch. The result of the study also indicated that the value of adjusted R-squared was 0.513. This means that independent variables investigated in the study (financial and non-financial rewards) could account for or explain 51.3% of the dependent variable, employee performance. The remaining 48.3% can be explained by other variables which are not under study.

On previous studies, Mehmood (2013) explains that rewards play a very big role in increasing employee performance and change the behavior of dissatisfied employees while Maire & Nick (2002) argued that a good reward system helps to improve organizational performance and also fulfills other objectives such as labour cost control, perceived fairness towards employees, legal compliance and enhancement of employee performance to achieve high level of productivity and customer satisfaction. Carraher et al (2006) recommended that the reward practices in an organization should be effective so as to help in retaining the high performers in the organization and also equate reward with their productivity. This indicates that the findings of this research are in line with previous literature.

5.2 Conclusion

The importance of reward system in day-to-day performance of workers' duties cannot be over emphasized especially when it comes to being rewarded for job done. Human performance of any sort is improved by increased motivation. From the results of this study, it can be concluded that the organization workers reward system matters a lot and should be a concern of the organization and employees. The results of this study indicated that workers place a great value on different rewards given to them by their employees. The current system at the organization is not sufficient enough to consistently motivate workers.

The study also found that when, both financial and non financial rewards were present at workplace, employees were motivated and so their job performance was improved and those efforts were reflected in the overall organisation performance. In absence of adequate reward, workers would tend to express their displeasure through poor performance and non- committed to their jobs. The study further highlighted that appropriate and consistent rewards to employees not only raise their motivation to work harder but also improves overall organization performance.

In brief, this study has demonstrated that intrinsic rewards (social recognition and appreciation) and extrinsic rewards (salary, bonus and performance promotion) affect on employee and organization performance in ERCA. All this either equips the employee with the skills and motivation needed for excellent performance or creates a conducive environment for them to work.

The study concludes that both financial and no-financial rewards have a positive effect on the performance of employees at Addis Ababa kality custom office branch. However, no-financial rewards have a greater influence since they involve rewards such as recognizing high achievers and excellent performers of the company and giving them promotion on merit, providing employees with a good working environment, offering employees training programs to its employees as well as giving them opportunities for career advancement and rewarding responsibilities. All this either equips the employee with the skills and motivation needed for excellent performance or creates a conducive environment for them to work.

5.3 Recommendations

The management of Addis Ababa kality custom office branch should come up with initiatives aimed at involving the employees in decision making as this will enable the management to understand what makes their employees perform or underperform.

The management of Addis Ababa kality custom office branch should come up with a program of sponsoring the top performing employees to pursue further studies of their interest as a way of encouraging continued improved performance. The study reveals that, even though there are high productive age employees in the organization, indirectly it indicates that lack of skilled and experienced work force or may be the existence of high turnover in the organization. Therefore, the organization should study the existing working conditions and create conducive, exciting and attractive working atmosphere to motivate its staff and enhance their performance.

The organization should conduct a continuous appraisal measurement based on its vision and mission to know the existing level of performance by external or internal professionals and effectively implement the areas of improvement pointed by its employees. This will enhance the working relation and maximize the productivity of employee as well as the fairness of career path to reward them.

The study further recommends that the management of Addis Ababa kality custom office branch should carry out a benchmarking activity against the best players in the country as a way of improving their employee performance.

5.4 Limitations of the Study

The study mainly depended on the data provided by the respondents. This means that the accuracy of the data provided depended on the information provided. The respondents handled the problem by making follow-up calls to clarify any issues that were not clear.

Organizational information is usually proprietary and confidential. Most of the respondents approached were reluctant in giving information fear of being victimized.

The researcher handled the problem by carrying an introduction letter from the University so as to assure them that the information were treated as confidential and will be used for academic purposes only. The researcher also sought permission from the management of Addis Ababa kality custom office branch to gather information from the employees.

Further, the respondents had busy working schedules in the branch which delayed the filling of questionnaires. The researcher had to exercise utmost patience and make extra effort in reminding respondents and making constant follow-ups so as to acquire sufficient data from respondents. This explains that 100% of the respondents were able to complete the questionnaires.

5.5 Areas for Further Research

A future study should be done to establish the other factors that influence employee performance other than reward management practices.

A similar research should also be done in future covering all organization in Ethiopia as this would serve to provide more generalized conclusions.

REFERENCE

- Abdul, H. (2014). *impact of compensation on employee performance empirical evidence from banking sector of Pakistan, international journal of business and social science vol. 5 no. 2; February 2014*
- Adams, J.S. (1963). *Towards an understanding of inequity. Journal of Abnormal & Social Psychology, 67(422-36).*
- Ali, R. & Ahmed, M. (2008). *The impact of reward & recognition programs on employee motivation & satisfaction. retrieved from <http://www.bizresearchpapers.com>*
- Alshammari, H. (2016). *The role of rewards in improving the performance of customer service in government sector. Arabian Journal of Business and Management Review ISSN: 2223-5833. Saudi Arabia,*
- Armstrong, M. (2010). *A handbook of reward management practices (10th. ed.). London*
- Ayesha.A, Amna.G, Tahleel.T & Hina.M, 2015. *Impact of compensation and reward system on the performance of an organization: an empirical study on banking sector of Pakistan, European journal of business and social sciences, Vol. 4, No. 08, November 2015*
- Beer, M. (2004). *Managing human assets. The free press New york:*
- Bishop, J. (1987). *The recognition & reward of employee performance. journal of labor economics, 5 (4), 36-56*
- Duberg, C. & Mollen, M. (2010). *Reward Systems within the Health and Geriatric Care Sector. Retrieved from <http://gupea.ub.se/bits//gupea.2077.2124.11.pdf>.*
- Bowen, R. Brayton. (2006). *Recognizing and rewarding employees. McGraw hill, New York.*
- Ghoshal, S and Bartlett, C A (1995). *Changing the role of top management: beyond structure to process, Harvard business review, January February, pp 86–96.*
- Guest, T (2002). *the current state of performance appraisal research and practice: concerns, directions, and implications. Journal of management, 18, 321-352.*
- Gungor,P.(2011). *The relationship between reward management system and employee performance with the mediating role of motivation, a quantitative study on global banks Procedia Social and Behavioral Sciences 24 (2011) 1510–1520. Istanbul turkey*

- Ibrar, M. (2015). *The impact of reward on employee performance, a case study of malakand private school. International Letters of Social and Humanistic Sciences 52 (2015) 95-103.*
- Irshad.J, (2016). *Impact of extrinsic reward on employee's performance. Journal of Global Economics. DOI: 10.4172/2375-4389.100020 .UAE*
- Mehmood, GM. (2013). *The influence of reward system on organizational performance in public primary teachers training colleges in Nairobi zone. University of Nairobi.*
- Mohammad, A. and Shabieb,M. (2014). *The role of the incentives and reward system in enhancing employee's performance, a case of jordanian travel and tourism institutions.*
- Mottaz, C.J. (2008). *Determinants of organizational commitment. Journal human relations,vol. 4.*
- Nnaji&Nnadozie, 2015, *effect of Rewards on Employee Performance in Organizations: A Study of Selected Commercial Banks in Awka Metropolis: European Journal of Business and Management, Vol.7, No.4, ISSN 2222-1905.*
- Ozutku, H. (2012). *The influence of intrinsic and extrinsic rewards on employee results: an empirical analysis in Turkish manufacturing industry. Business and Economics Research: journal volume 3 number 3. pp. 29-48:issn: 1309-2448*
- Payam G. Ali K. Seyed J. H. & Mahmood Z. (2013). *Relationship between reward and employee performance: a mediating role of job satisfaction: Institute of Interdisciplinary Business Research ,VOL 5, NO 3*
- Rizwan Q D and Ali U. (2010). *Impact of reward and recognition on job satisfaction and motivation: an empirical study from Pakistan. international journal of business and management ,vol 3,no 6*
- Ronald.J, & Cary. L, (2005). *Reinventing human resource management challenges and new directions. London and New York: Rutledge Taylor and Francis group.*
- San, T. and Heng, B. (2012). *Reward system and performance. World applied sciences Journal 19 (7): 1009-1017. Malaysia*
- Thum, W. Y., & Sardana, G. D. (2012). *A case study of service desk's performance measurement system. International Journal of Commerce and Management, 22(2), 103-118.*
- Vroom, V.H. (1964). *Work and motivation. New York: john Wiley and sons, Inc.*

- Yoseph, S. (2014). *The practices and challenges of balanced Scorecard design and implementation, the case Of the Ethiopian revenue and customs authority. Addis Ababa University College of business and economics.*

St. MARY’S UNIVERSITY

Department of MBA General Management

Dear

Respondents,

I am a postgraduate student of the above mentioned institution. I am currently undertaking a research project on **ASSESSMENT OF REWARD MANAGEMENT PRACTICE AND IT’S EFFECTS ON EMPLOYEE PERFORMANCE OF ETHIOPIAN REVENUE AND CUSTOM AUTHORITY IN CASE AAK CUSTOM BRANCH OFFICE**. Please recall that you are selected as a possible participant because you are an employee of this organization. Your participation in the study is completely voluntary. The research work is for academic purpose only. Any information obtained in connection with this study will remain strictly confidential. The questionnaire will take approximately 10-15 minutes of your time. Your honest and true opinion will be valuable for this research. Thank you in advance for your assistance.

Part I: Demographic Information

Instruction: Put √ sign in the box answer to the questions of your choice.

Gender of respondent

1. Male () 2. Female ()

Education level

1. Diploma () 2. Bachelors ()
3. Masters degree () 4. PhD ()
5. Others specify.....

Age of respondents

1. Below 20 years () 2. 20-30 ()
3. 31-40 () 4. 41-50 ()
5. Over 50years ()

In which category do you fall?

1. Manager () 2. Vies manager ()
3. Employee ()

For how long have you been working in this company?

1. Less than 2 years () 2. 2-4 years ()
3. 5-7 years () 4. 7years and above ()

Using the scale given below, please tick \surd the number in each phrase that best represents the extent to which you agree with the given phrase

Strongly Disagree: SD Disagree: D Neutral: N Agree: A Strongly Agree: SA

Section A: Strategies, policies and procedures in reward management

	Statement	Rating				
		SD	D	N	A	SA
1	The company reward policies favor all employees					
2	The Reward policies ensure all employees in this company are well and effectively rewarded					
3	Rewards are appropriate at each employee's level in this organization.					
4	Reward processes and practices are geared towards the improvement of organizational, team and individual performance					
5	Employees are appreciated on efforts contributed to the organization					
6	There is a reward strategy in place which ensures the contribution people make to achieving organizational or team goals are valued, recognized and rewarded					
7	The organization has well constructed employee recognition program					
8	The organization conducts job evaluation from time to time					
9	The organization conducts market analysis or salary surveys to be able to identify rates of pay in the labor market					

Section B: financial rewards

	Statement	Rating				
		SD	D	N	A	SA
1	Employees are given enough and appropriate salary					
2	The organization gives top up allowances to its staff members periodically					
3	The organization usually gives competence/skill based pay					
4	Employees are given overtime pay for extra hours worked					
5	Employees are given shift working pay (for those who stand in for others)					
6	Employees in this company are encouraged by time rate Pay					
7	Employees are assured of their pension pay					
8	Employees are given sick pay allowance					
9	Employees are privileged to access loans through the organization arrangements					

Section C: non-financial rewards

	Statement	Rating				
		SD	D	N	A	SA
1	The organization offers training programs to its employees.					
2	The organization gives its staff opportunities for career advancement (staff development).					
3	The organization recognizes high achievers and excellent performers of the company.					
4	The company usually organizes small non-cash awards (e.g., dinners, trips abroad) to its staff.					
5	The organization allows its staff to participate in decision making process in the company					
6	Staff members are always given promotion on merit.					
7	Staff members are given better office facilities to motivate them.					
8	High achievers are given autonomy in decision making of the company					
9	Employees are given more rewarding responsibility in case of distinct performance					
10	Employees are given a good working environment					
11	Some employees are sponsored for further studies like Masters					

Section D: employee performance

	Statement	Rating				
		SD	D	N	A	SA
1	Employees respond adequately to challenges faced by the customers					
2	Employees maintain high professionalism					
3	Employees serve with fairness and justice					
4	Employees serve diligently					
5	Employees are understanding to customers and Management					
6	Employees have team work					
7	Employees serve speedily					
8	Employees are sensitive to customer requirements					
9	Employees are security conscious					
10	Employees handle difficult situations calmly					
11	Employees maintain decorum and etiquette at all times					
12	Employees meet their desired targets					

THANK YOU