



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

**AN ASSESSMENT OF FINANCIAL REWARD SYSTEM PRACTICE AT  
COMMERCIAL BANK OF ETHIOPIA**

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**JUNE, 2019**  
**ADDIS ABABA, ETHIOPIA**

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ETHIOPIA (SOUTH DISTRICT ADDIS ABABA SELECTED  
BRANCHES)**

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## **LIST OF ABBREVIATIONS / ACRONYMS**

**ATM:** Automatic Teller Machine

**CBE:** Commercial Bank of Ethiopia

**HSBC:** Hongkong and Shanghai Banking Corporation

**POS:** Point of Sale

**SPSS:** Statistical Package for Social Science

**SWIFT:** Society for World Wide Inter Bank Financial Telecommunication

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## **ABSTRACT**

*The purpose of the research paper is to assess employees financial reward system practice in Commercial Bank of Ethiopia. The population of the study was 142 employees of the bank who works in four selected branches South Addis Ababa district. In this study, both primary and secondary source of data were used. The primary data were gathered through questionnaires from 142 respondents from CBE using census survey method. A total of 142 populations were distributed from CBE and a total of 138 employees completed and returned the questionnaire properly. The analysis was done by the help of SPSS version 20 and presented using descriptive statistics. Tables are used to provide information on the variables. Interpretation is made on the frequency and percentage of data. The finding of the study indicated that employees of the company were not satisfied with the current financial reward system. Moreover, the rewards provided to employees are not attractive as compare with other similar industry. Therefore, at this moment, it is very important to ensure a motivated work force because employees are the only asset directly contributes to organization outcome. The study also found that base pay, increment, bonus were amongst the top financial reward at CBE. Good financial rewards are plays a great role in employees behavior and enhance organizational outcome. The researcher recommended Commercial Bank of Ethiopia should consider reviewing the reward system, offering competitive financial rewards and timely rewarding employees.*

**Keywords:** *financial rewards, base pay, increment, bonus, competitive financial rewards*

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

Commercial Bank of Ethiopia (CBE) dates back to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963. In 1974, CBE merged with privately owned Addis Bank. CBE pioneer to introduce modern banking in the country and the first bank in Ethiopia to introduce ATM service for local users. Currently CBE has 1280 branches stretched across the country having number of customers reaching to 18.8 million and combines a wide capital base with more than 33000 talented and committed employees as of June 30, 2018.

CBE is the leading African bank with assets of 565.50 billion Birr as on June 30th 2018 and plays a catalytic role in the economic development and progress of the country. Currently CBE has more than 13.3 million account holders and the number of Mobile banking service 1.7 million, Internet Banking users also reached 36,768 and also 11,796 Pos and 1708 ATM machine as of June 30th 2018(68% active users). Active ATM card holders reached more than 3 million (61% active users). It has strong correspondent relationship with more than 50 renowned foreign banks like Commercial Bank A.G, Royal Bank of Canada, City Bank, HSBC Bank, etc. CBE has A SWIFT bilateral arrangement with more other banks across the world. Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money and others. CBE has opened four branches in South Sudan and has been in the business since June 2009. CBE has reliable and long-standing relationships many internationally acclaimed banks throughout the world.

Organizations result is highly dependent on employees work motivation. This is; therefore, the purpose of the study is to assess employees reward system practice in commercial Bank Ethiopia.

Reward has been defined in various ways by different scholars. According to Jeffery Gold (2010) reward refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship.

According to Armstrong and Hellion(2016) reward policies provide guidelines for the implementation of reward strategies and design and management of reward process. They will be influenced strongly by the guiding principles and reward philosophy of the organization. The reward policies will be concerned with the level of rewards, the relative importance attached to market rates and equity, attraction and retention of employees, the match between rewards and business performance, total reward policy, the need to communicate reward policies to employees and transparency.

D. Whiteand David A.,B., (1986), stresses on the role and purpose of the reward system by stated as “in most situations, it is better to use rewards not as a bribe for doing what the leader wants, but rather to reinforce desirable have appropriate pay systems that encourage and reward employees to always stay focused on their efforts in an efficient manner and to always do the right thing. At the meantime, managers and entrepreneurs should be moving toward greater alignment between performance management and company strategies, values, and quality measures. Thus, reward should be linked with goal setting, employee development, competency measures, and team performance.

According to Pratheepkanth (2011) reward system is an important tool that management can use to channel employee motivation in desired ways. In other words reward systems seeks to attract people to join the organization to keep them coming to work and motive them to perform to high level. The reward system consists of all organizations components including people processes rules and decision making activities involved in the allocate of compensation and benefits to employee in exchange for their contribution to the organization.

The researchers also noted that, an effective reward system could have the power that affects the morale and productivity of each individual behaviour after it has already occurred”. G.Mujtaba,B. (2016)have showed, the existence of an increasingly demand on corporations to develop reward programs that are motivating employees to work harder and faster. These programs usually educate and encourage associates to become more productive, efficient and

valuable individuals in the Company. However, due to the pressures related to performance and incentives or in effective implementation procedures, in some cases, these programs can encourage unethical behaviours.

## **1.2. Statement of the Problem**

Reward management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organisation and to help the organisation achieve its strategic goals (Armstrong and Stephens, 2005).

Performance management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization Aguinis (2005). When employees fail in their jobs, part of the organization also fails. Performance management aims to eliminate or at least significantly reduce this possibility (Cappelli, 2008). Pulakos (2009) emphasized that: 'Performance management is the key process through which work gets done. It's how organizations communicate expectation and drive behaviour to achieve important goals; its also about how organizations identify ineffective performers for development programmes or other personnel actions. And Trevor (2011) stated that strategic reward is a means of enhancing company performance and securing competitive advantage, through the alignment of pay strategies, systems, practices and processes to the organizational strategy. Therefore the key to an effective reward system is an understanding of what it is that employees need and expect from the work situation. And then every organization should be design an effective rewarding system to motivate employees towards the desired object to attain.

Based on preliminary survey conducted employees have negative attitude towards the implementation of financial reward system in the commercial bank of Ethiopia. Therefore, employees of this bank raise lack of transparency on the reward provided and lack of awareness on the reward system. Employees are not motivated by the bank reward system specially the direct reward system. The above mentioned factors creates a feeling of dissatisfaction between employees and have an impact on employees motivation. Such weak point leads to increase employees turnover and increase absenteeism. On specific case, from the data gathered from the

human resource management of Commercial Bank of Ethiopia (source: N.B.E 2014/2015 annual report), the following staff turnover data exhibited during the past few years.

**Table 1. Staff Turnover in CBE (2005/06 to 2011/12)**

Fiscal year	Total number of employees	Total number of termination	Turnover percentage	clerical	Non-clerical
2005/06	7347	366	4.98	323	43
2006/07	7684	455	5.92	422	33
2007/08	8033	329	4.1	286	43
2008/09	7955	398	5	343	55
2009/10	8276	514	6.21	370	144
2010/11	10753	461	4.29	337	124
2011/12	12782	485	3.79	379	106
Average Total	62830	3008	4.79	2420	529

Source: CBE's bulletin of 2005-2012 and Quarter report prepared by HRM.

The above table indicates that the amount of employees turnover in commercial bank of Ethiopia that has been increasing year to year.

Due to these reasons the researcher was interested to assess the existing employees reward system in order to deal with the possible solutions of the reward system problem.

### **1.3 Basic Research Questions**

- To what extent financial reward system is transparent in CBE?
- To what extent are employees motivated with existing financial reward of the bank?
- How does the bank practice the financial reward?
- What are the major problems of the financial reward system?
- How does financial reward system retain employees?

## **1.4. Objective of the Study**

This study has both general and specific objectives as discussed below.

### **1.4.1 General Objective**

The general objective of the study was to assess the financial reward system practice of employees in the case study at South Addis Ababa district four selected branches of CBE.

### **1.4.2 Specific Objectives**

1. To examine how financial reward system is transparency in CBE.
2. To examine employees motivation with existing financial reward of the bank?
3. To assess the financial reward of CBE to their employees.
4. To identify the major problems of the financial reward system.
5. To find out whether the existing financial reward system retain employees.

## **1.5. Significance of the Study**

This study tried to inspire for CBE to develop effective practices of reward system for its employee based on their performance. The study also has greater input to the human resource practitioners that develops and administer their reward system. The findings of the study could be utilized by other similar industries for the benefit and improvement of their own services. Moreover, the research on CBE's employees financial reward system practice broaden the knowledge of the researcher and the study will also help researchers in provision of information as secondary data for future use in the academic area.

## **1.6 Scope of the Study**

Rewards can be classified as intrinsic rewards and extrinsic rewards. However, the study focuses on extrinsic/ financial rewards. Extrinsic rewards include things such as basic pay, increment, bonus and benefits.

Apart from this the study is geographically limited to employees of South Addis Ababa district four selected branches of CBE because it is obvious it is very difficult to conduct a study throughout the district. Therefore the study was focused on the total population of the selected branches. The research design for this study was descriptive survey methods that are usually collected through questionnaire.

## **1.7 Definition of Terms**

- **Reward-** Reward is the method of implementing and increasing policies, strategies and systems that help the firm to achieve its objectives by keeping the people needs and increasing their motivation and commitment (Robert,2005).
- **Reward system-** Reward system consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their markets worth (Armstrong, 2001).
- **Extrinsic reward-**Extrinsic reward concerns such motivations like money, retirement benefits, health insurance scheme, compensation, salary, bonus, etc (Neckermann and Kosfeld ,2008).

## **1.8 Organization of the Study**

The study was organized in to five chapters. The first chapters deals with background of the study, background of the organization, statement of the problem, objective of the study, significance of the study, scope of the study, and limitation of the study. The second chapter also elaborates review of related literature that the researcher uses in support of the study. The third chapter discuss about research methodology and design. Then, analysis of data made on chapter four and finally chapter five consist conclusions and recommendations of the study.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

In this chapter, a detailed discussion of related literature works about reward system are presented. Both theoretical and empirical framework of the study are discussed in detail to support this study.

#### **2.1 Theoretical Literature**

##### **2.1.1 Rewards and Reward Philosophy**

According to Armstrong and Taylor( 2014)the reward philosophy of the organization represents its beliefs about how people should be rewarded. Reward philosophies can be expressed as guiding principles that define the approach an organization takes to dealing with reward. They are the basis for reward policies and provide guidelines for the actions contained in the reward strategy. The reward that they understand the background to the reward philosophy can be communicated to employees so policies and practices that affect them. Guiding principles are often agreed by top management with advice from company reward specialists or external consultants. But they will be more acceptable if members of the organization are involved in their definition. Guiding principles can then be communicated to everyone to increase understanding of what underpins reward policies and practices.

However, employees will suspend their judgment of the principles until they experience how they are applied. What matters to them is not the philosophy itself but the pay practices emanating from it and the messages about the employment deal' that they get as a consequence. It is the reality that is important, not the rhetoric. Reward guiding principles are concerned with matters such as operating the reward system justly, fairly, equitably and transparently in the interests of all stakeholders, developing reward policies and practices that support the achievement of business goals, rewarding people according to their contribution, recognizing the value of everyone who is making an effective contribution not just the exceptional performers, creating an attractive employee value proposition, providing rewards that attract and retain people and enlist their engagement, helping to develop a high-performance culture, maintaining competitive rates of pay, maintaining equitable rates of pay, allowing a reasonable degree of



flexibility in the operation of reward processes and in the choice of benefits by employees and devolving more responsibility for reward decisions to line managers Armstrong and Taylor(2014)

The Word rewards state the benefits that workers receive from their jobs (Kalleberg 1977,Mottaz1988), and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction (Steers and Porter 1991). In any organization, rewards play an important role in building and sustaining the commitment among employees that ensures a high standard of performance and workforce constancy (Wang 2004). According to the individual–organization exchange theme, individuals enter organizations with specific set of skills, desires and goals, and expect in return a decent working environment where they can use their skills, satisfy desires, and attain their goals (Mottaz 1988).

Mostly organizations have increased the substantial improvement by entirely complying with the organizational strategy by a well-balanced reward and recognition programs for employee. Reward refers to all categories of financial benefits, tangible services and benefits that an employee receives as part of employment relationship with the organization (Bratton and Gold 1994). Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the weight age an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization.

Organizational rewards means all the benefits i.e. financial and non-financial that an employee receives through their employment relationship with an organization (Bratton and Gold 1994,Malhotra et al. 2007). Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. Intrinsic rewards refer to the rewards that come from the content of the job itself, and encompass motivational characteristics of the job such as autonomy, role clarity and training (Hackman and Oldham 1976). Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and co-workers. Ali and Ahmed (2009)

established that there is a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction. Study exposed that if rewards and recognition offered to employees then there would be a substantial modification in work motivation and satisfaction. Why is reward so important? This is a simple question that perhaps has complex answers. Could it be that people only work for reward? Is this the reason why we wake up in the morning? For some, reward may be in the form of financial gain and, for others, it may be a question of a good company to work for, status, and even mental stimulation. The question of whether money can motivate people to work has been a contentious issue for both employer and employee alike.

Here we follow Maslow (1954) who pointed out the hierarchy of needs as a motivational theory, laying emphasis on the fact that higher-order needs gradually become more important when lower-order needs have been satisfied. Herzberg (1966) observed that remuneration is a significant source of satisfaction when it is seen as a form of reward or recognition. Vroom's (1964) expectancy theory emphasizes the need for organisations to relate reward directly to performance and to ensure that the reward provided is desired and deserved by the recipients. Bratton and Gold (2007: 358) point out that reward pertains to "all of the monetary, non-monetary, and psychological payments that an organization provides for its employees in exchange for the work they perform".

Swanepoel, Erasmus, and Schenk (2008: 476) distinguish between intrinsic and extrinsic rewards. Intrinsic rewards are self-administered and are associated with the job itself, such as the opportunity to perform meaningful work, experience variety and receive feedback on the work results. In other words, it is the satisfaction that a person derives from doing the job. Extrinsic rewards include those that an employee gets from sources other than the job itself. This involves benefits obtained as a result of doing the job, such as promotion or remuneration. Performance and reward are closely aligned due to the fact that work can be more rewarding if it gives you what you want. As a result, an employee is likely to perform at a high level if the work is rewarding; hence, reward is an important component of Human Resource Management. According to Price (2007: 467), the term reward management encompasses both the strategy and the practice of remuneration systems. There are two basic types of remuneration schemes, although many organisations have systems that comprise of both elements:

- Fixed level of pay – wages or salaries that do not vary from one period to the next except by defined pay increases, generally on an annual basis. There may be scales of payments determined by age, responsibility or seniority. Most ‘white collar’ jobs were paid in this way until recently.
- Reward linked to performance – the link may be daily, weekly, monthly, or annually. Payment for any one period varies from that for any other period, depending on quantity or quality of work (Price, 2007).

Armstrong (2002) suggests that an employee reward system is made up of an organisation’s integrated policies, processes, and practices aimed at rewarding its employees in terms of skill, competence, and their market worth. An employee reward system is established within the framework of the organisation’s reward philosophy and policies which take into account the appropriate types and levels of pay, benefits, and other forms of reward.

### **2.1.1.1 Aims of Employee Reward**

Armstrong (2002) claims that “a reward system expresses what the organisation values and is prepared to pay for”. It is regulated by the need to reward good performance and to get the right message across about what is important from the organisation’s perspective. The specific major aims of employee reward are to:

- Help to attract, retain, and motivate high quality people
- Play a significant part in the communication of the organisations values, performance, standards, and expectations
- Encourage behaviour that will contribute to the achievement of the organisations objectives and reflect the ‘balanced score card’ of key performance drivers
- Under pin organisational change programmes concerned with culture, process, and structure
- Support the realisation of the key values of the organisation in such areas as quality, customer care, teamwork, innovation, flexibility, and speed of response
- Provide value for money – no reward initiative should be undertaken unless it has been established that it will add value, and no reward practice should be retained if it does not result in added value (Armstrong2002). Armstrong (2002) states that from an employee’s point of view, the reward system should:

- Treat them as stakeholders who have the right to be involved in the development of the reward policies that affect them.
- Meet their expectations that they will be treated equitably, fairly, and consistently in relation to the work they do and their contribution.
- Be transparent – they should know what the reward policies of the organisation are and how they are affected by them (Armstrong, 2002).

### **2.1.2 Motivation**

Motivation is the force that constantly induces to move and perform things. The most practical definition proposed by social scientist that, motivation is a psychological processes that origin the stimulation, direction, and persistence of behaviour (Luthans,2005). Many authors add a voluntary component or goal directed emphasis to that definition (Hellriegel and Slocum 1976). Thus motivation becomes those psychological procedures that cause the arousal, direction, and persistence of voluntary actions that are goal directed. The features such as incentives and rewards are the most favoured factors for employee motivation programs. However, the performance of employee job satisfaction is an imperative motivator and an arrangement of psychological and environment circumstances (Spector 1985, Milne 2007).

Motivation programs are the key component of incentives, rewards and recognition as different organizations correlate success factor with employee performance. Employees are completely motivated when they achieved their needs. Kiviniemi et al. (2002) described that job satisfaction of the employees' increase by the rewards they receive from the organizations. Pay and promotion dependents on performance and provide strong motivation for employees to work harder in order to be promoted (Lepak and Snell 1999). In any organization, the exceptional performance is possible with great committed employees that can merely achieved by employee motivation. Chiu et al. (2002) highlighted that organization implements merit pay system to reward employees for meeting specific goals, which can affect employee motivation levels. However most of the organizations gained the immense progress by fully complying with their business strategy through a well-balanced reward and motivation programs for the employee. In the existing vibrant environment the extremely motivated employees provide their services as a synergy for achievement of organizational goals, business strategies, high proficiency, growth

and performance. Motivation is similarly compulsory when the employee of an organization has not a good relationship pattern.

### **2.1.3. Definition of Reward Management**

Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals. Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility Armstrong and Taylor( 2014).

### **2.1.4. The Reward System and Job Satisfaction**

The reward system must be related to the company strategy, business environment and culture. Now the question arises that how the reward system does full fills employee needs and expectations? Managers of the company want to hire the employee who is best fitted in organizational environment and works extra ordinary as compare to other employees. And it is possible only through the design of its reward system(Wilson,Thomas,1999).People join organizations with certain motives like security of income and job, better prospects in future, and satisfaction of social and psychological needs. Every person has different sets of needs at different times. It is the responsibility of management to recognize this basic fact and provide appropriate opportunities and environments to people at work to satisfy their needs (Rao, 2000).

#### **2.1.4.1Maslow's Need Theory**

Maslow's (1943) need-based theory of motivation is the most commonly known theory of motivation according to which there are five fundamental needs of a person i.e., physiological, security, affiliation, esteem, and self-actualization(Mary & Ann, 2011). This theory explains employees' physiological needs that may include pay, benefits, health and medical facility, accommodation and transportation, and comfortable working environment. Many of things an employee concerns about such as job security, fair treatment, protection against threats and many

more. Affiliation needs of an employee can be the liking of head towards him, participation in departmental decisions, acceptance from colleagues and co-workers etc. whereas esteem needs of employees may include the need for recognition from the departmental head, colleagues and subordinate (Rasheed et al., 2010).

### **Physiological Needs:**

Physiological Needs are the basic needs that every individual needs to survive. They are like food, air, shelter and water. If these basic needs are not met, then the employee will not be able to go through other levels (Mary & Ann, 2011).

### **Safety Needs:**

Safety needs are the needs related to the feeling of the employee of being secure and safe like having the medical insurance, job security, etc.

### **Social Needs –Love & Belonging:**

These needs are related to the interactions with others. The relationship of the individual with the people surroundings. Like having friends and feel accepted from others.

### **Esteem Needs:**

Esteem is the feeling of being important. Esteem needs are classified to internal and external needs (Vance & Pravin 1976). Internal esteems are those related to self-esteem like respect and achievement. External esteem needs are those such as social status and recognition that comes with the achievement.

### **Self-Actualization Needs:**

It is the need of reaching the full potential as an employee. According to Vance & Pravin (1976) this need is never fully achieved. Self-Actualization Needs are like truth, wisdom and justice.

According to Maslow, lower needs take priority. They must be fulfilled before the others are activated. He added, once a need is satisfied it is no longer a need. It ceases to motivate employees' behaviour and they are motivated by the need at the next level up the hierarchy.

## **2.1.4.2. Theories of Job Satisfaction**

### **Two Factor Theories**

Hertzberg's two-factor theory could be used to link employee motivation to performance. Since the late 1950s, several researchers have theorized about the nature of job satisfaction and have developed models in attempts to explain the differences in job satisfaction as detected in empirical studies. On the other hand Herzberg (1959) has divided the motivational factors in terms of job satisfaction. He pointed out that factors giving job satisfaction (called motivators) are different from the factors that give job dissatisfaction (called hygiene factors). He further emphasized that hygiene factors will not necessarily increase job satisfaction but can lead towards low motivation as compare to motivators.

Hygiene factors can be the salary, support, interpersonal relationship with supervisors and work conditions. If these factors are favourable in terms of highly facilitated working environment, increased colleague support and satisfactory compensation schemes, they can lead towards high work performance, however, if unfavourable these factors may directly influence employee's inspiration/motivation to do his best ( Rasheed et al., 2010). On the contrary, Herzberg (1959) has described motivators as internal motivating factors which always stimulate the employee's motivation to put his best efforts. These motivators include recognition from departmental head, empowerment, students' achievement or career advancements(Rasheed et al., 2010).

### **Equity Theory**

Equity theory is primarily a motivation theory, but it has some important things to say about the causes of satisfaction /dissatisfaction. The proponents of this theory are of the view that a person's satisfaction is determined by his perceived equity, which in turn is determined by his input- output balance compared to his comparison of others input-output balance is the perceived ratio of what a person receives from his job relative to what he contributes to the job. This theory is of the view that both under and over rewards lead to dissatisfaction. While the under-reward causes feelings of unfair treatment, over-reward leads to feelings of guilt and discomfort (Edward, 1973).

## **Expectancy theory**

Expectancy theory is a cognitive process theory of motivation that is based on the idea that people believe there are relationships between the effort they put forth at work, the performance they achieve from that effort, and the rewards they receive from their effort and performance. In other words, people will be motivated if they believe that strong effort will lead to good performance and good performance will lead to desired rewards. Victor Vroom (1964) was the first to develop an expectancy theory with direct application to work settings, which was later expanded and refined by Porter and Lawler (1968) and others (Pinder, 1987).

Expectancy theory is based on four assumptions (Vroom, 1964). One assumption is that people join organizations with expectations about their needs, motivations, and past experiences. These influence how individuals react to the organization. A second assumption is that an individual's behavior is a result of conscious choice. That is, people are free to choose those behaviors suggested by their own expectancy calculations. A third assumption is that people want different things from the organization (e.g., good salary, job security, advancement, and challenge). A fourth assumption is that people will choose among alternatives so as to optimize outcomes for them personally (Lunenburg F. 2011). The expectancy theory based on these assumptions has three key elements: expectancy, instrumentality, and valence. A person is motivated to the degree that he or she believes that (a) effort will lead to acceptable performance (expectancy), (b) performance will be rewarded (instrumentality), and (c) the value of the rewards is highly positive (valence).

### **2.1.4.3. Concept of Job Satisfaction**

Robbins and Judge (2013) described job satisfaction as positive feelings about a job, resulting from an evaluation of its characteristics. A person with high level of job satisfaction holds positive feeling about his or her job, while a person with a low level holds negative feelings. Job satisfaction can be influenced by a variety of factors. Opkara (2002) stated that factors such as pay, the work itself, supervision, relationships with co-workers and opportunities for promotions have been found to contribute to job satisfaction. Job satisfaction results from an evaluation of the job's characteristics. Job satisfaction is defined as how people feel about their jobs and different aspects of their jobs (Hedge & Borman, 2012). Job satisfaction is the extent to which people like or dislike their jobs and the degree to which they feel positively or negatively about



various aspects of their jobs. According to Salazar et al. (2006), the assumption behind this definition is that people are able to balance their specific satisfactions and dissatisfactions and arrive at a general degree of satisfaction with their job. In addition, they believed that specific individual and situational characteristics influence job satisfaction. Individual characteristics include personality, education, gender and family roles, whereas situational characteristics include job characteristics, organizational characteristics and promotion opportunities.

### **2.1.5. Reward System for Employees**

An employee reward system comprises of an organization's incorporated policies, processes and practices for rewarding its employees in accordance with their contribution, skills and competence, and their market worth. It emerges within the framework of the organization's reward philosophy, strategies and policies. The reward systems of employees has arrangements in the form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay, benefits and other forms of reward. The reward system consists of financial rewards (fixed and variable pay) and employee benefits, which together comprise total compensation. The system also incorporates non-financial rewards (recognition, praise, achievement, responsibility and personal growth) and in many cases, performance management processes. (Armstrong, 2002)

An organization's reward system is the way by which it encourages and discourages certain characteristics of the employees. The most important machinery of the reward system includes salaries, bonuses and privileges. The reward system as a means to support innovation by employees is a fairly mechanical but nevertheless effective management technique. Once the members of an organization understand that they will be rewarded for such activities, they are more likely to work creatively. The initiative to provide financial and non-financial rewards to people and groups who develop innovative ideas is important for organizations. But it is equally vital to avoid punishing creativity when it does not result in highly successful innovation. (Griffin, 2006) Reward systems are necessary because they give preference to service over self-interest. It also means there need to be an equitable distribution of wealth. One test of equity is how well to affirm the fact that the success of the institution is in the hands of people at each level. An institution's wealth and value, in the broadest sense, is then a community creation. (Block, 2005)

### **2.1.5.1. Financial Reward**

Many types of financial inducement exist. Some directly provide the employee with cash. Bonuses based on performance against budget, quality or other standards may be used as immediate financial incentives. Management rewards by bonuses have become popular in some companies as a means of providing employees with an immediate buster for completion of a project or activity. While the number of companies delivering cash awards has increased, only 7 percent actually use such rewards at present. (Ulrich & Lake, 1990)

### **2.1.5.2. Non-financial Reward**

Organizations with positive ambitions could make available a framework within which high levels of motivation could be accomplished through non financial reward systems by the provision of opportunities for learning and development. But personal management skills still have a key role to play in deploying their own motivating skills to get individual within their organization to give their best performance by to making good use of the motivational systems and processes provided by the company.(Armstrong, 2008)

Recognition is appreciation of performance by the organization of an act done by the team or team member. Recognition has two essential goals: to encourage the employees or team to repeat or continue the behavior and to encourage others employees to do the same. (Parker 2003, 125) Recognition, either informal (oral) or formal (written remarks and events), has been the most cost effective way to strengthen required actions for performance within an organization. However, when recognition is acting in isolation of compensation and equity rewards, it's frequently loses much of its appeal. (Wilson,2003).

### **2.1.6. Definition of Total Reward**

As defined by Manus and Graham (2003), total reward 'includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic'. All aspects of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the impact of the two major categories of reward:

- 1) Transactional rewards– tangible rewards arising from transactions between the employer and employees concerning pay and benefits; and
- 2) Relational rewards– intangible rewards concerned with learning and development and the

work experience.

A total reward approach is holistic, reliance is not placed on one or two reward mechanisms operating in isolation, and account is taken of every way in which people can be rewarded and obtain satisfaction through their work. The aim is to maximize the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement.

**Table 2.**The components of total reward

Transactional rewards	Base pay	Total remuneration	Total reward
	Contingent pay		
	Employee benefits		
Relational rewards	Learning and development	Non-financial/ intrinsic rewards	
	The work experience		

Source: Manus and Graham (2003).

As Sandra O’Neal (1998 ) has explained: ‘Total reward embraces everything that employees value in the employment relationship.’ An equally wide definition of total reward is offered by WorldatWork (2000), who state that total rewards are ‘all of the employer’s available tools that may be used to attract, retain, motivate and satisfy employees’.

Paul Thompson (2002) suggests that: ‘Definitions of total reward typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization.’ The conceptual basis of total rewards is that of configuration or ‘bundling’, so that different reward processes are interrelated, complementary and mutually reinforcing. Total reward strategies are vertically integrated with business strategies, but they are also horizontally integrated with other HR strategies to achieve internal consistency.

### **2.1.6.1. The Significance of Total Reward**

Essentially, the notion of total reward says that there is more to rewarding people than throwing money at them. For Sandra O’Neal (1998), a total reward strategy is critical to addressing the issues created by recruitment and retention as well as providing a means of influencing behavior: ‘It can help create a work experience that meets the needs of employees and encourages them to contribute extra effort, by developing a deal that addresses a broad range of issues and by spending reward dollars where they will be most effective in addressing workers’ shifting values.’ Perhaps the most powerful argument for a total rewards approach was produced by Pfeffer (1998): Creating a fun, challenging, and empowered work environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance motivation and performance – even though creating such an environment may be more difficult and take more time than simply turning the reward lever.

### **2.1.6.2. Benefits of Total Reward**

The benefits of a total reward approach are:

- **Greater impact**– the combined effect of the different types of rewards will make a deeper and longer-lasting impact on the motivation and commitment of people.
- **Enhancing the employment relationship**– the employment relationship created by a total rewards approach makes the maximum use of relational as well as transactional rewards and will therefore appeal more to individuals.
- **Flexibility to meet individual needs**– as pointed out by Bloom and Milkovich (1998): ‘Relational rewards may bind individuals more strongly to the organization because they can answer those special individual needs.’
- **Winning the war for talent**– relational rewards help to deliver a positive psychological contract and this can serve as a differentiator in the recruitment market, which is much more difficult to replicate than individual pay practices. The organization can become an ‘employer of choice’ and ‘a great place to work’, thus attracting and retaining the talented people it needs.

### **2.1.7. Reward Strategy**

Reward strategy provides a sense of purpose and direction, a pathway that links the needs of the business and its people with the reward policies and practices of the organization and thereby communicates and explains these practices. It constitutes a framework for developing and putting into effect reward policies, practices and processes that ensure that people are rewarded for doing the things that increase the likelihood of the organization's business goals being achieved. As Helen Murlis (1996) points out: 'Reward strategy will be characterized by diversity and conditioned both by the legacy of the past and the realities of the future.' All reward strategies are different, just as all organizations are different. Of course, similar aspects of reward will be covered in the strategies of different organizations but they will be treated differently in accordance with variations in their contexts, business strategies and cultures. But the reality of reward strategy is that it is not such a clear cut process as some believe. It evolves, it changes and it has sometimes to be reactive rather than proactive.

### **2.2. Empirical Review**

Nick (2010) studied the relationship between pay factors and employee satisfaction. This study focused on how different pay factors influence the perceived employee rewards satisfaction and motivation and on how these two perceptions relate. Using policy capturing data obtained from 26 students, this study found a positive relation between satisfaction and pay factors. Furthermore, employee reward satisfaction and motivation were strongly related to the manner of payment. This study also found that the character traits risk aversion, self efficacy and locus of control, mostly did not seem to influence the preference regarding either performance based pay or fixed pay, tangible rewards or non-tangible rewards, skill based pay or job based pay and rigid benefits or flexible benefits Cotterell (2013) examined the relationship between employee turnover reduction and extrinsic rewards of Groove Oy .

The aim of this study was to discover applicable methods of reducing the employee turnover rate of Sales groove Oy through improving certain aspects of its human resource practices. The study objectives were to develop rewards, compensation and satisfaction strategy for the company that would help it identify and thereafter assist in retaining talented employees around which it can continuously build an efficient sales force which would ultimately lead to an increase in the organization's overall performance. A qualitative research method was chosen for this study

because of the nature of the event being examined and the study use interview as a method of collecting data The findings of this study revealed the reason for the high employee turnover rate is lack of extrinsic motivations like inequalities of salaries and identified methods that can be used to improve the extrinsic rewards, compensation and motivation efforts of Sales groove. The retention of critical talent to Sales groove Oy begins with good salaries and payment process.

Pratik (2012)'s study on the factors driving employee salaries sought to understand the relationships between salary, non-monetary factors and job satisfaction in the labor market. It applied lessons from both economic theory and sociological research as it contextualizes and studies these different aspects of the labor market. In a regression comparing salary and non-monetary factors, only two out of 16 dummy variables were statistically significant. Both were positive work conditions, but Benefits (Positive) decreased salary and Long Hours (Positive) increased salary. In a regression comparing salary and job satisfaction, no statistical significance was found despite sociological research connecting the two aspects of work. Issues relating to limited sample size, subjective coding methodology, and the possibility of salary acting as an independent variable were discussed when explaining the lack of statistical significance. However, in line with the hypothesis and sociological research, six out of 16 dummy variables for non- monetary factors were found to be statistically significant with job satisfaction, with five of them at the 1% significance level. Opportunities for further research were identified in the use of personal employee information, the impact of management, and the distinct categories of happiness.

Helena (2013) examined the impact of performance related pay on employees using a case study of the performance incentive bonus scheme at the Motor Vehicle Accident Fund in Namibia. The objectives of the study were to survey the impact of the current MVA Fund Performance Incentive bonus Scheme on employee motivation, employee performance and organizational performance. The research used survey based data for the case study of PIBS in the MVA Fund. Sixty one respondents took part in the survey. The sample comprised 3 executives and 58 employees. The research instrument was the questionnaire. The result of the study revealed that the effect of performance-related pay on employee performance is very high and the satisfaction effect of merit pay is often supported by Performance Incentive bonus Scheme. Edward (2013) investigated the role of employee bonus on job performance.

The objectives of the study were to determine whether bonus practices in Accra Brewery Limited benefit the employees, to establish the motivational programmes employed by Accra Brewery Limited to retain its employees and to ascertain if employee bonus has a relationship with job performance in Accra Brewery. This study looked at the bonus practices in Accra Brewery Limited (ABL) from the point of view of its employees and what role bonus plays in their job performance. A sample population of thirty employees comprising of senior and junior level staff in the various departments was used. Eight out of the thirty employees representing 26.67% were satisfied with the retention practices of ABL. The study confirmed that lack of bonus, work-life balance, lack of rewards and recognition and salary and remuneration were more common reasons for departure among all employees. The findings were that feedback on employee performance is vital to building confidence in the bonus practices of the Brewery. In addition, employee value proposition as enshrined in the vision statement of the Brewery must be upheld while management should be flexible in terms of bonus strategies.

Garlick (2009) carried out an online study of 1,913 full-time employees and asked the respondents to rank in order of preference performance incentives. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, travel awards as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed.

The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all.

Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service or in increased profitability. Axelsson and Bokedal (2009) studied the rewards motivating different generations at Volvo Car Corporation. The study was based on a case study of Volvo Car Corporation in Göteborg.

Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards satisfy managers, bonuses and shares do not motivate.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

In this chapter a detailed description of methods and various techniques used in the study to collect and analyze the data are presented.

#### **3.1 Research Design and Approach**

The study was based on a descriptive research set out to assess the existing employees reward systems practice in South Addis Ababa district four selected branches of CBE. The research design for this study was descriptive survey methods that are usually collected through questionnaire. The purpose of using descriptive surveys was to collect detailed information that describes an existing phenomenon. A survey questionnaire is going to be developed from literature review to collect data for the study. The primary data were collected through this form of questionnaire and hand delivered to the target employees. The questions are going to be filled by the participating employees and returned. After that, the results were further analyzed using descriptive method to find out the practice of employee reward system.

This study follows a quantitative approach this is considered to be the most suitable research method to collect and analyze data. This is based on the assumption that quantitative method was enough to address the research problem. The intention of using the quantitative method is to analyze the data collected through questionnaires and come up with results. The respondents are expected to fill questionnaires based on that the researcher must obtain accurate and sufficient information needed to accomplish the research in such a way that could help to identify the real problem and forward suggestions.

#### **3.2 .Population, Sample Size and Sampling Technique**

##### **3.2.1. Population of the Study**

The total population of the study is all professional employees, supervisors and managers which are 142 in number found in South Addis Ababa district four selected branches of CBE. Under South Addis Ababa district four selected branches of CBE are lideta and, Balch Abanefso, Lideta Mariam and Gezahegnyilema branches are selected .The target population of the study was

professional employees, supervisors and managers of the south district of the four selected branches.

### 3.2.2. Sample Size

There are several approaches to determining the sample size. One approach is to use the entire population as the sample. Although cost considerations make this impossible for large populations, a census is attractive for small populations e.g., 200 or less (Israel, 1992). A census eliminates sampling error and provides data on all the individuals in the population. In addition, some costs such as questionnaire design and developing the sampling frame are "fixed," that is, they will be the same for samples of 50 or 200. Finally, virtually the entire population would have to be sampled in small populations to achieve a desirable level of precision (Israel,1992).

According to the district Human Resource data, the total numbers of employees is 142 and have 126 professional employees, 12 supervisors and 4 managers who are working in the selected branches have included as sample as indicates in the following table 3.

**Table 3.** Total Population of Professional Employees, Supervisors and Managers

No	Branch's Name	Number of Professional Employees, Supervisors, and Managers	
1	South Addis Ababa District four selected branches of Commercial Bank of Ethiopia(CBE)	professional employees	126
		supervisors	12
		managers	4
	<ul style="list-style-type: none"> <li>➤ Lideta branch</li> <li>➤ Balch Aba nefso branch</li> <li>➤ LidetaMariam branch</li> <li>➤ Gezahegnyilema branch</li> </ul>	Total Number of professional employees, supervisors and managers	142

Source: HRM data,2018 obtained from south district Addis Ababa

### **3.2.3. Sampling Techniques**

A population size of these four branches is small and its total populations are 142. Hence, a census sampling technique is used which mean the entire population of four branches have incorporated as sample.

### **3.3. Sources of Data**

Basically there are two sources of data namely, primary and secondary source. In this research both primary and secondary sources of data was utilized through questionnaires, literature review and document analysis. As the secondary data, HR manual, websites, journals, articles, books and works of various scholars. The primary data was collected from the responses using structured questionnaire quantitatively measured on a five point Liker scale to collect the required data

### **3.4. Data Collection Instrument**

The primary data have been collected through distributing questionnaires. The questionnaire design of the study was very simple and easy to understand. The questionnaire contains two parts. The first part is about demographic characteristics of respondents. This part consists of four items such as gender, age, educational level and work experience. The second part is related to the research questions. 29 items were developed on a five-point Likert Scale. Respondents were requested to choose their level of agreement on a given item as follows. 1=Strongly Disagree, 2 =Disagree, 3 =neutral, 4 =Agree, 5 =Strongly Agree and. Questionnaires were administer by the researcher and finally of the total distributed 142 questionnaires, 138 were returned in time. It implies response rate of 97.2%.

Concerning the secondary data collection, the data have been collected through Published and unpublished data from HR manual, journals, articles and books were used.

### **3.5. Procedures of Data Collection**

The researcher has made preliminary contacts with the bank employees to explain the rational for the study. And then the researcher gathered data from HRM of the district about the total number of employees before distributing the questionnaire. The questionnaire develops from review of related literature and to ensure maximum response rate, the researcher fixed a time to collect questionnaire. So the questionnaire delivers to employees of the bank to reflect on the given

statement. Therefore, data was collected from respondents who were willing respond to the study questions.

### 3.6. Pilot Testing

The researcher conducted a pilot test on four of CBE's branch by distributing 15 questionnaires. Based on the pilot test, improvements were made by consulting my advisor and the overall Cronbach's Coefficient Alpha test result shows a high reliability score of 0.897. The result indicated that the collected data are highly reliable with Cronbach's alpha coefficient as shown in the following table 4. According to Nunnally (1978), Acceptable levels of Cronbach Alpha for attitude scales is 0.7 and above. This implies that the data is qualified for further analysis.

**Table 4.** Reliability outputs of the questionnaire

Reliability Statistics	
Cronbach's Alpha	N of Items
.897	29

Source: own survey (2019)

### 3.7. Method of Data Analysis

In data analysis process used was frequency statistics to analyze information on all variables including respondent personal information. Quantitative methods of data analysis was used for the study. The data gathered through questionnaire was entered into computer, analyzed and presented by using Statistical Package for the Social Sciences (SPSS). The data that were collected from employees through questionnaire was analyzed by the help of SPSS software version 20. First, demographic information about the participants in this study was reported; it included the frequency distribution of all demographic variables in this study such as gender, age, education level and work experience. Second, Cronbach's alphas were calculated for testing the reliability of the scales used in this study. Third, frequency statistics were calculated to get information about the sum and frequency for each of the variables of interest. Fourth, through the data the researcher tried to give answer for the research questions.

### **3.8.Ethical Consideration**

Respondents who have completed the questionnaire were informed about the data collected and purposes of the study. Respondent's privacy and dignity highly maintained and any confidential information of the bank has never been disclosed the purpose of the data collected was for study only.

## CHAPTER FOUR

### DATA ANALYSIS AND INTERPRETATION

This chapter deals with analysis and interpretation of the data by categorizing into two parts. The first part presents the characteristics and background of the total population involved in the study in terms of gender, age, educational level and work experience of employees. The second part deals with the analysis and interpretation of the data obtained from the respondents on the employees reward system practice.

#### 4.1. The Response Rate

The study has been conducted by having 142 sample sizes to which the questionnaires were distributed. Accordingly, 138 questionnaires were appropriately filled and returned which gives a 97.2% return rate that is assumed to be suitable for further analysis. The detail is presented as follows;

**Table 5. The Response Rate of the Questionnaire Distribution**

Questionnaire statuses	Frequency	Percentage
Questionnaire returned	138	97.2
Questionnaire unreturned	4	2.8
Total	142	100%

Source: own survey

#### 4.2. Personal Information of Respondents

The first part of the questionnaire consists of four items about demographic information of the respondents. It covers the personal data of respondents, such as gender, age, educational level, and work experience. The following table reveals the total demographic characteristics of the respondents.

**Table 6. Personal Information of Respondents by Gender, Age, Educational Level and Work Experience.**

Respondent Information	Category	Frequency	Percent
Gender of Respondents	Male	65	47.1
	Female	73	52.9
	Total	138	100
Age of Respondents	20-30	82	59.4
	31-40	52	37.7
	41 years and above	4	2.9
	Total	138	100
Educational Level of the Respondents	Diploma	7	5.1
	First degree	115	83.3
	Masters degree and above	16	11.6
	Total	138	100
Work Experience of the Respondents	1-5 years	59	42.8
	6-10 years	62	44.9
	11-15 years	12	8.7
	16-20 years	2	1.4
	21 years and above	3	2.2
	Total	138	100

Source: Questionnaire survey data 2019

The personal information result of the study indicates that 65 (47.1%) were male and the remaining 73 (52.9%) were females. From this one we can understand that there are a greater number of female employees in the organization. Regarding the respondents` age category the number of respondents 82(59.4%) were between the range of 20-30, 52(37.7%) of respondents were within the range of 31-40 years and 53(29%) were between 40-50 and also 4 (2.9%) of respondents are above 41. This implies that the majorities of respondents were productive & have desire to satisfy their needs. As a result they might want more motivational scheme so as to

stay longer. The above Table six also consist the educational level of the respondents. Accordingly, 7(5.1%) of respondents had diploma, 115 (83.3%) of the total respondents were holders of first degree and the remaining were 16 (11.6%) of respondents were fall under MA degree. This shows that the majority of employees had sufficient educational background and academic maturity so as to provide sufficient information for this research.

As it shown in the above Table six, 59 (42.8%) of the participants have year of experience from 1-5 years, 62(44.9%) respondents with having work experience from 6-10 years and the other 12(8.7%) fall under the category of having year of experience from 11-15 years. The remaining 2(1.4%) and 3(2.2%) respondents have year of experience 16-20 years and above 21years respectively. This shows that the respondents have enough experience the rewarding system practice in the organization.

### **4.3. Analysis of Collected Data**

The analysis and interpretation of the data collected through the use of questionnaires. The crucial emphasis of the research was to study the financial reward system such as of salary, increment, bonus, health care, paid absence, social service, employee's service and social security. Primary data was collected from the employees of the bank using questionnaire.

The collected data were described and analyzed using statistical tools: The analysis was done by the help of SPSS version 20 and presented using descriptive statistics. Eight tables are used to provide information on the variables. Interpretation is made on the frequency and percentage of data. A total of 142 population were distributed and a total of 138 employees completed and returned the questionnaire properly for the purpose of collecting data. The total number of statement was 29 and below is the analysis of the collected data.



## Salary

**Table 7. Respondents' View on Salary**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
1	My salary is sufficient in relation to what I perform	5	3.6	17	12.3	32	23.2	66	47.8	18	13.0
2	CBE provides equitable salary to all employees	3	2.2	25	18.1	43	31.2	55	39.9	12	8.7
3	CBE salary is competitive as compared to other industry	2	1.4	21	15.2	43	31.2	65	47.1	7	5.1
4	My salary is based on the current labor market	2	1.4	13	9.4	33	23.9	80	58.0	10	7.2
5	The salary I receive is adequate to satisfy my basic need	1	0.7	11	8.0	50	36.2	63	45.7	13	9.4

Source: Questionnaire Survey Data 2019

As shown in the Table seven, the item one implies that majority of them disagree on the existence of salary. In terms of frequency and percentage about 84 (60.8%) of the total respondents disagree, 32(23.2%) of the total respondents do not know about the raised issue and the remaining 22(15.9%) of respondents are agree on the issues. This implies that the existing salary is not sufficient in relation what they perform. This results unproductively of employees to their organization.

Item number two of the Table seven, shows that about 67 (48.6%) of the total respondents do not agree on the provision of equitable salary of employees in the company. Contrary to this 28 (20.3%) of the total respondents agree as there is provision of equitable salary of employees in company. However, the remaining 43(31.2%) of employees do not know about the issue raised. This implies that there is no equitable pay system of employees in the company. And this unfairness of pay system results the failing of further engagement of employees in the bank.

Item number three of Table seven, indicates that 72 (52.2%) of the respondents claims that the company's salary is not competitive as compared with other industry. Contrary to this 23(16.6%) of the total respondents agree on the competitiveness of salary. The remaining 43(31.2%) of the total respondents do not have any idea on the point. The result shows that majority of the respondents disagree on the company's salary competitiveness. Therefore it is very important to know the pay system of competitors other ways the bank will lose its employees who are the means to reach its objectives.

As depicted in the Table seven, item four, about 15 (10.8%) have agreed that the salary of the company is based on the current labor market. About 90 (65.2%) were disagree on the issue and the remaining 33 (23.9%) respondents do not know about the issue at all. This implies that the salary of the employee has not consider the current market meaning employees are not satisfied with their current salary scale.

As shown in the Table seven, item five, about 12 (8.7%) of the total respondents are agree that the salary is adequate to satisfy their basic need. Contrary to this, 70 (55.1%) of the respondents do not agree on the raised issue. However, 50(36.2%) of respondents do not know about the raised point. This implies that the existing salary is not adequate to full fill their basic need. This results for turnover, absenteeism and dissatisfaction.

The general implication of the response is employees of the bank are not satisfied with the existing salary. This leads to employees not to motivate to do their job.

Salary is ever-present in the employment relationship, thereby significantly influencing the behaviour of employees. This is because salaries satisfy both physical (clothing, houses and food) and psychological (status and self-esteem) objectives or needs of human beings (Luthans, 2005).

## Increment

**Table 8. Respondents' Opinion on Salary Increment**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
6	Salary increment are made based on performance	1	0.7	5	3.6	36	26.1	79	57.2	17	12.3
7	Salary increment would motivate employees for better performance	13	9.4	63	45.7	34	24.6	22	15.9	6	4.5
8	Annual salary increment is fair and consistent	2	1.4	12	8.7	31	22.5	76	55.1	17	12.3

Source: Questionnaire Survey Data 2019

As shown in the Table eight, the item six implies that majority of them disagree on the salary increment regardless of their performance. In terms of frequency and percentage about 96 (69.5%) of the total respondents disagree. Other 6(4.3%) of the respondents agree on the issue. The remaining 36 (26.1%) of the total respondents do not know about the raised issue. This indicates that the companies do not provide salary increment based on performance. This may not attract new employees and also may not retain high performers.

In the above Table eight, the item number seven, about 76 (55.1%) of the respondents agree that salary increment would motivate employees for better performance. And about 28 (20.4%) of the total respondents reflects their disagreement on the issue raised. The remaining 34 (24.6%) of the total respondents do not know about the raised issue. This indicates that salary increment have a great contribution to their performance. Therefore the company better emphasize on salary increment to be more productive. In the above Table eight, the item number eight, indicates annual salary increment is fair and consistent, 14(10.1%) of respondents stated that annual salary increment is fair and consistent. On the other hand, there are 93(67.4%) respondents who said that the annual salary increment is not fair and consistent. Similarly, 31(22.5%) respondents were neutral as regards the fairness and consistence of the annual salary increment. This implies that majority of the respondents said that there is no fair and consistent annual salary increment .And

this unfairness of the of salary increment results the failing of further engagement of employees in the bank.

As can be seen from Table eight, majority of the respondents ensure that as there is no salary increment based on performance and the increment is not fair and consistent. These results employees inspire to leave the bank.

## Bonus

**Table 9.Respondents' Attitude on Bonus**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
9	Bonus is given according their efforts and contributions	7	5.1	25	18.1	62	44.9	35	25.4	9	6.5
10	The bonus scheme of CBE is motivate employees to perform better	13	9.4	41	29.7	37	26.8	42	30.4	5	3.6
11	The bank's bonus payment is based on extra ordinary performance	5	3.6	14	10.1	58	42.0	55	39.9	6	4.3

Source: Questionnaire Survey Data 2019

In the above Table nine, the item number nine, indicates bonus is given according their efforts and contributions, 32 (23.2%) of the total respondents who said that bonus is given according their efforts and contributions. On the other hand 44 (31.9%) of the total respondents stated that it is not according their efforts and contribution. However, 62 (44.9%) indicates that most of the respondents have neutral response towards the issue raised. This implies that the majority of respondents do not have any idea on the procedural implementation of bonus. This lack of transparent results confusion among employees.

As can be seen in the item number ten of Table nine, about 54 (39.1%) of the total respondents agree that the bonus scheme of CBE is motivate employees to perform better. Contrary to this 47(34%) of respondents do not agree on the bonus scheme of CBE is motivate employees to

perform better. Whereas 37(26.8%) of respondents do not know (neutral) on the issue raised. Therefore the result indicated that majority of the respondents needs bonus plan that encourages to perform better.

As depicted in the Table nine, item eleven, about 61(44.2%) of respondents do not agree on the bank bonus payment is based on extra ordinary performance. 19 (13.7%) of the respondents agreed that the bank bonus is based on extra ordinary performance. Similarly 58(42%) of respondents do not know on the issue raised. This indicates that majority of the respondents believe that the bank bonus payment is not based on extra ordinary performance. From this can deduce high performers are not well motivated. This results high performer become inefficient if they were not motivated by their organization.

As shown in the above Table nine, Majority of the respondents do not have knowledge about the issue. This implies that there is no clear communication on the subject matter due to absence of procedural implementation in the bank.

Agwu (2014) concurs that a bonus is performance related and is given to employees for individual or group achievements such as reaching set targets or quotas for a particular task or project.

## Health care

**Table 10. Respondents' Outlook on Health Care**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
12	The health benefit provide to employees are appropriate	23	16.7	44	31.9	43	31.2	26	18.8	2	1.4
13	There is fair and equitable health care policy in the organization	21	15.2	49	35.5	35	25.4	30	21.7	3	2.2
14	Health benefits are easily accessible	19	13.8	47	34.1	36	26.1	31	22.3	5	3.6
15	CBE provides satisfactory health care service	14	10.1	56	40.6	42	30.4	22	15.9	4	2.9
16	Health care will help to retain employees in the organization	14	10.1	47	34.1	50	36.2	22	15.9	5	3.6

Source: Questionnaire Survey Data 2019

Table ten, indicates the health care benefit of the employees. As shown in Table ten, item number twelve, concerning whether the health benefit provide to employees are appropriate or not, 28 (20.2%) stated that it is not appropriate. On the other hand, there are 67 (48.6%) respondents who said that it is appropriate. Similarly, 43(31.2%) respondents were neutral as regards the appropriate or non- appropriateness of the health benefit provided to employees. Moreover, whether there is fair and equitable health care policy in the organization or not, 70 (50.7%) respondents which are the majority stated that it is fair and equitable whereas 33 (23.9%) respondents stated that it is not fair and equitable. Moreover, 35 (25.4%) of the respondents being neutral as to the health benefit is fair and equitable or not. The majority of the respondents 66 (47.9%) who said that the health benefits are easily accessible. Contrary to this, only 36 (25.9%) of the respondents stated that the health benefit are not easily accessible. Those respondents who are neutral are 36 (26.1%).

Concerning whether CBE provides satisfactory health care service or not, 70 (50.7%) respondents who said that CBE provides satisfactory health care service. On the other hand, there are 26 (18.8%) of respondents stated that it is not satisfactory. The remaining 42 (30.4%) respondents were neutral as to CBE provides satisfactory health care service or not. About 61(44.2%) of the total respondents agree that health benefit helps to retain employees in the organization. Contrary to this 27(19.5%) of respondents stated that health benefit not help to retain employees in the organization. Those respondents who are neutral are 50 (36.2%).

The data collected from respondents implies that most respondents satisfied with the provision of health benefit to employees. The respondents stated that the implementation health care policy in the organization is fair and equitable and suggested that their health benefit are easily accessible this helps them to save their time and energy. This implies that the contribution of health benefit helps to retain employees in the organization.

### **Paid Absence**

**Table 11.Respondents' Opinion on Paid Absence**

Items	Statement	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
17	The organization provides annual leave to refresh employees mind	13	9.4	28	20.3	46	33.3	44	31.9	7	5.1
18	CBE implements the maternity leave based on the organization policy	23	16.7	41	29.7	36	26.1	36	26.1	2	1.4
19	When employees face a problem, the management tries to understand in different aspect.	2	1.4	21	15.2	40	29.0	68	49.3	7	5.1

Source: Questionnaire Survey Data 2019

According to Table eleven, item seventeen, 51(37%) of total respondents have said that the organization not provide annual leave to refresh employees mind. Contrary to this 41 (29.7%) of the total respondents reflects their agreement on the raised issue. Similarly 46 (33.3%) of the

respondents do not know on the issue raised. This implies that the majority of employees at CBE received annual leave in limited way. From this, it is possible to realize that the employees are not satisfied. This is because employees are on the way to leave the organization when time allows.

As shown in the Table eleven, item eighteen, about 64 (46.3%) of the total respondents agree that CBE implements the maternity leave based on the organization policy. On the other hand 38 (27.5%) of respondents do not agree on the raised issue. Those respondents who are neutral are 36 (26.1%). This indicates that CBE applies the maternity leave based on the organization policy. Therefore such practices lead them to stay in the organization.

As depicted in Table eleven, Item nineteen, about 75 (54.4%) of the respondents reflects their idea that the management of the bank do not understand when employees face a problem. Contrary to this 23 (16.6%) of the total respondents agree on the issue raised. Similarly 40 (29.0%) of the respondents do not know about the raised issue. This implies that the management do not understand when employees face a problem. This results for unproductively of employees to their organization.

As indicated in table eleven, majority of the respondents agreed that when employees face a problem the management do not understand easily. This implies that no motivation that makes employees to commit to their job. Therefore, this results the bank is losing its resource.

Ekermans, Moerdyk, Schoombee, Swanepoel and Aardt (2006), stated that the law makes it compulsory for all organisations to grant employees a certain number of days for vacation leave.



## Social Service

**Table 12. Respondents' Familiarity on Social Service**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
20	The service provide to employees are appropriate	6	4.3	21	15.2	58	42.0	44	31.9	9	6.5
21	The service provide by CBE to employee is comparable to that of similar organization	5	3.6	17	12.3	56	40.6	55	39.9	5	3.6
22	The service motivates me to contribute to the success and effectiveness of the organization	4	2.9	23	16.7	45	32.6	56	40.6	10	7.2

Source: Questionnaire Survey Data 2019

The above Table twelve indicates the social service of the respondents. Accordingly, 27 (19.5%) of the total respondents agree that the service provide to employees are appropriate. On the other hand 53 (38.4%) respondents do not agree on the service provide to employees are appropriate. Similarly 58 (42.0%) of the total respondents do not know about the issue raised. Therefore, the result reveals that the majority of respondents become neutral. This shows that there is lack of awareness on the service given to employees.

Besides, as indicated in the above Table twelve, about 22 (15.9%) of the total respondents agree that the service provide by CBE to employee is comparable to that of similar organization. Whereas, majority of respondents 60 (43.5%) stated that the service provide by CBE to employee is not comparable to that of similar organization. However, 56 (40.6%) of the respondents do not know about the raised issue.

Moreover, whether CBE's social service has motivational effect to contribute to the success and effectiveness of the organization or not. 27 (19.6%) respondents reply that it has motivational

effect to contribute to the success and effectiveness of the organization. Contrary to this, majority of the respondents 66 (47.8%) said that it has no motivational effect to contribute to the success and effectiveness of the organization. Those respondents who are neutral are 45 (32.6%).

The result reveals that most respondents disagree with the issue raised. This generally shows that a lot is remaining to enhance the existing social service providing to employees so as to motivate employees in their work.

## Employees Service

**Table 13. Respondents' Perception on Employees Service**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
23	CBE covers all transport expense	12	8.7	37	26.8	39	28.3	44	31.9	6	4.3
24	CBE provide subsidiary cafeteria service	1	0.7	34	24.6	53	38.4	40	29.0	10	7.2
25	The service given to employees helps to attract new employees	3	2.2	26	18.8	55	39.9	47	34.1	7	5.1
26	Iam satisfied with the service I receive	2	1.4	20	14.5	50	36.2	53	38.4	13	9.4

Source: Questionnaire Survey Data 2019

Table thirteen, indicates employees service. As shown in Table thirteen, concerning whether CBE covers all transport expense or not. 50 (36.2%) stated that transport expense is not covered by the organization. Whereas, 49 (35.5%) respondents said that it covers all transport expense. Similarly 39 (28.3%) of the total respondents do not know on the issue raised.

As indicated in the above Table thirteen, whether CBE provide subsidiary cafeteria service or not. 35(25.3%) of the total respondents agree on the provision of subsidiary cafeteria service. On the other hand 50(36.2%) respondents do not agree on the provision of subsidiary cafeteria

service. However, Majority of the respondents 53 (38.4%) do not have any idea on the raised issue.

Moreover, whether the service given to employees helps to attract new employees or not.29(21.0%) the total respondents agree that the service given to employees helps to attract new employees. Contrary to this, 54 (39.2%) of respondents do not agree on the issue raised. Similarly, Majority of the respondents 55(39.9%) do not have any idea on the raised issue.

In item twenty six, about 22(15.9%) respondents satisfied with the service given to employees. Whereas, majority of the respondents 66(47.8%) are not satisfied with the service given to employees. However, 50(36.2%) of the respondents do not know about the raised issue.

The general implication of the response is Commercial Bank of Ethiopia employees are not satisfied with current employee service. From this, it is possible to realize that employee service is not satisfactory. This inspires employees to leave the organization.

According to Aswegen(2012) postulates that employee services involve the provision of facilities that are not mandatory in the employment relationship. In addition, employee services allow employees to deal with a variety of problems that may affect their performance.

## Social Security

**Table 14. Respondents' Opinion on Social Security**

Items	Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
27	The retirement policy implemented fairly and equitably	9	6.5	19	13.8	72	52.2	33	23.9	5	3.6
28	The retirement benefit is motivational for employees	5	3.6	20	14.5	59	42.8	41	29.7	13	9.4
29	The retirement benefits are as good as other organization offer	5	3.6	24	17.4	54	39.1	41	29.7	14	10.1

Source: Questionnaire Survey Data 2019

According to Table fourteen, 28 (20.3%) of total respondents agreed that the retirement policy of the organization is implemented fairly and equitably. On the other hand, 38 (27.5%) of the total respondents said that the retirement policy is not implemented fairly and equitably. Similarly, majority of the respondents 72 (52.2%) do not have any idea on the raised issue.

As indicated in the above Table fourteen whether the retirement benefit is motivational for employees or not. About 25(18.1%) of the total respondents agree that the retirement benefit is motivational for employees. Whereas,54(39.1%) of the total respondents said that the retirement benefit is not motivational for employees. However, the majority of the respondents 59 (42.8%) do not know about the raised issue.

The general implication of the response indicated that the company is not good enough to provide understanding on the pension. From this we can say that the company is not continuously assessing employees attitude regarding retirement benefit. Therefore, unknowingly employees may not inspire to put their effort to accomplish organizational goal.

As depicted in Table thirteen, Item twenty nine, about 29 (21%) of the respondents agreed that the retirement benefits are as good as other organization offer. On the other hand, majority of the respondents 55 (39.8%) reflects their idea that the retirement benefits are not as good as other organization offer. Similarly, about 54 (39.1%) of the respondents do not know about the raised issue.

According to Yousaf, *et al.* (2014), pension relates to deferred income that employees gather during their working lives and is entitled to them after a defined or specific duration.

## CHAPTER FIVE

### FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

In this chapter, summary of the major findings, conclusion and recommendations originated from the analysis, discussion and interpretation of the data that collected through questionnaire based on reward system practice in CBE selected south Addis Ababa district branches are presented.

#### 5.1 Summary of the major findings

Based on the analysis and interpretation of the data the researcher presented the summary of the major findings as presented below.

- According to the finding obtained from this study employees are not satisfied with the current salary, no equitable pay system, the company's salary is not competitive as compared with other industry. Salary is not only considered as motivator but also as a means of reinforcing employee retention because pay plays a significant role in fulfilling the basic necessities of life such as food, shelter, safety and security.
- The salary increment in CBE shows that no increment regardless of their performance, lack of consistency and unfair. However, employees of the organization agree that salary increment would motivate employees for better performance. Salary increment is powerful in encouraging employees to engage in positive behaviours that impact on organizational outcomes.
- The implementation of bonus in CBE shows that lack of transparency, not based on extraordinary performance. However, bonus scheme encourages employees to perform better. Bonus is a form of appreciation for the employee's effort and contribution to the success of the organization.
- According to the assessment result obtained from CBE it is found that there is appropriate, fair and equitable, easily accessible and satisfactory health care service. This implies that the contribution of health benefit helps to retain employees in the organization. Being health benefit protects employees from financial disaster in the event of a serious illness.
- Employees of CBE believe that the annual leave provided is limited and even the management of the bank do not understand when employees face a problem. However, most respondent agree that CBE implements the maternity leave based on the

organization policy. In most organization paid absence such as annual leave, maternity leave, sick leave and so on are an indirect benefits.

- The assessment result shows that the social service provided to employees not appropriate and most of them are not awarded on the service given, not comparable to that of similar organization and poor motivational effect. Employees receive their benefits either wholly in cash or as cash plus benefits. For example hall for wedding and access to financial service. Such benefit saves resource, minimizes resource wastage and results in a more motivated work force.
- According to the finding obtained from this study employees are not satisfied with transport allowance, no awareness on the cafeteria service and do not have any idea whether the service attract new employees or not. The general implication of the response is Commercial Bank of Ethiopia employees are not satisfied with current employee service. Employee services include variety of in kind employee payments or benefits which aim to increase loyalty and continued employee motivation.
- Most respondents do not have any idea that the retirement policy of the organization whether implemented fairly or equitably, whether the retirement benefit is motivational for employees or not and whether the retirement benefit better than similar organization or not. This indicates that the company is not continuously assessing employees attitude regarding retirement benefit. An employee is entitled to pension when he/she reaches a certain age.

## **5.2 Conclusions**

Based on the finding of the study, the following main conclusions are drawn.

According to the finding, employees of the bank believe that the reward provided is not transparent. The main reason for this is lack of employees participation, lack of accessing opportunity for improvement, etc. From this one can deduce that employees can have minimum sense of ownership over the bank and can stay working until they can get other alternative job that enable to support their relatives.

In most cases, employees are not motivated with reward system carried out in the organization. The main reason for this is employees are not satisfied with the current salary; the banks pay system is not competitive as compared with other similar industry.

With regard financial reward system practice of the bank, all employees will get the bonus regardless of their performance, not based on extra ordinary performance. This will develop negative perception among employees. These results high performers become inefficient if they were not motivated by their organization.

The reward provided to CBE employees is insufficient and not equitable. Besides, employees have felt that the reward system is not competitive with similar organization. The finding also shows that the reward provided to employees is not consistent, unfair and no reward in the form of increment regardless of their performance result. From this, one can conclude that employees are not satisfied with the current reward system.

The financial system of the bank particularly the indirect financial reward such as health care is found to be acceptable by majority of the employees. Therefore, the study shows that the indirect financial reward system retains employees of the bank. However, the financial reward system is not encouraging employees to further stay in the bank.

### **5.3 Recommendations**

Based on findings and conclusions of the study, the researcher has proposed the following recommendations.

- According to the finding of the study, the financial reward is no attractive as compared with other banking industry. Therefore, the researcher recommends that the bank should modify the financial reward system based on the current labor market, cost of living index and its financial ability.
- The study shows that employees are dissatisfied with the practice of reward system in CBE. Thus, to minimize such employees dissatisfaction the bank pay system should be equitable, consistent and fair.

- The study finding shows that, it is found that no financial reward is provided for high performers. In order to motivate high performer and retain them the bank should design reward mechanism for extra ordinary performance.
- Employees of the bank believe that the reward provided is not transparent. Therefore, to create sense of belongingness the bank should encourage employees participation in the design of compensation system.
- As per the finding of the study, it is found that the paid absence provided to employees is inadequate. Therefore, in order to refresh employees adequate paid absence time should be provided to employees.
- According to the finding of the study, employees of the organization believe that the social service provided to employees not appropriate. Hence, CBE should create a forum where by employees participation in the design of social service that best address the employees and the bank.
- Employee services aim to increase loyalty and continued employee motivation and helps to attract new employees. According to the finding obtained from this study the service provided to employees are not sufficient. In this regard in order to support living standard of the employees the employees service such as cafeteria and transport should be revised in line with the current economic condition.
- The study findings showed that employees have a no opinion towards retirement benefit. Therefore, the researcher recommends that the bank should create awareness and establish that every employee of the organization has a clear understanding of retirement benefit.

#### **5.4 Limitation of the Study**

Although the research is believed to reach its aim, the researcher has faced some problems. Some of the employees were not willing to fill the questionnaire and some respondents failed to complete the questionnaire on time. However, the questionnaire were returned to make study. In addition to this the researcher has not employed a qualitative research method since the willingness of the top managers to give interviews are poor due to the work overload they have and this might affect the results of the study.



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**Appendix - I**  
St. Mary's University

School of Graduate Studies

**Questionnaire to be Filled by CBE Employees**

The objective of this questionnaire is to gather information about the employee reward system practice in CBE. Based on your response, the researcher will conduct a study for academic purpose. To achieve this you are kindly requested to answer the questions honestly. You do not need to write your name. Finally, I would like to thank you very much for your cooperation and sparing your valuable time for my request.

**Part 1. Personal Information of the Respondents**

**Instruction:** Please provide information about yourself by ticking (√) the appropriate response

1. Gender

Male  Female

2. Age

20-30 years  30-40 years

41 years and above

3. Educational Level

Certificate  Diploma

First Degree  Master Degree and above

4. Working Experience

1-5 years  6-10 years

11-15 years  16-20 years

21 years and above

## Part-2: Employees opinion related to reward system

The following statements are presented on a five point Likert scale. If the item strongly matches with your response choose 5 (Strongly Agree), if you moderately agree on the idea choose 4 (Agree), if you do not have any idea or information on the point choose 3 (Neutral), if you moderately disagree with the point choose 2 (Disagree) and if you completely disagree with the point choose 1 (Strongly Disagree).

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

No	items	Rating scale				
		5	4	3	2	1
	<b>Salary</b>					
1.	My salary is sufficient in relation to what I perform					
2	CBE provides equitable salary to all employees					
3	CBE salary is competitive as compared to other industry					
4	My salary is based on the current labor market					
5	The salary I receive is adequate to satisfy my basic need					
	<b>Increment</b>					
6	Salary increment are made based on performance					
7	Salary increment would motivate employees for better performance					
8	Annual salary increment is fair and consistent					
	<b>Bonus</b>					
9	Bonus is given according their efforts and contributions					
10	The bonus scheme of CBE is motivate employees to perform better					
11	The bank's bonus payment is based on extra ordinary performance					
	<b>Health Care</b>					
12	The health benefit provide to employees are appropriate					
13	There is fair and equitable health care policy in the organization					
14	Health benefits are easily accessible					
15	CBE provides satisfactory health care service					
16	Health care will help to retain employees in the organization					
	<b>Paid Absence</b>					
17	The organization provides annual leave to refresh employees mind					
18	CBE implements the maternity leave based on the organization policy					
19	When employees face a problem, the management tries to understand in different aspect.					
	<b>Social Service</b>					
20	The service provide to employees are appropriate					
21	The service provide by CBE to employee is comparable to that of similar orgnization					

22	The service motivates me to contribute to the success and effectiveness of the organization					
	<b>Employees Service</b>					
23	CBE covers all transport expense					
24	CBE provide subsidiary cafeteria service					
25	The service given to employees helps to attract new employees					
26	Iam satisfied with the service I receive					
	<b>Social Security</b>					
27	The retirement policy implemented fairly and equitably					
28	The retirement benefit is motivational for employees					
29	The retirement benefits are as good as other organization offer					

## **DECLARATION**

The researcher hereby declares that the thesis work entitled “**employees reward system practice in the case of Commercial Bank of Ethiopia**” is my original research work under the guidance of my advisor Asst.Prof. ShoaJemal. This research has not been submitted for any degree in other universities. All sources of materials used for this project have been duly and acknowledged.

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ADEBABAI HALEFOM EYOB



## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

**ShoaJemal(Asst.Prof)**\_\_\_\_\_

Advisor

Sign & Date

**ST. MARRY`S UNIVERSITY, ADDIS ABABA**

**MAY, 2019**