



ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES

**EFFECT OF REWARD PRACTICES ON EMPLOYEES'
PERFORMANCE: A CASE STUDY ON ZEMEN BANK S.C**

BY: -

ESETE MESKOB

DECEMBER, 2019

ADDIS ABABA, ETHIOPIA

**EFFECT OF REWARD PRACTICES ON EMPLOYEES'
PERFORMANCE: A CASE STUDY ON ZEMEN BANK S.C**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE
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By: -

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ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION
EFFECT OF REWARD PRACTICES ON EMPLOYEES'
PERFORMANCE: IN THE CASE OF ZEMEN BANK S.C

By: Esete Meskob

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Chair of Department or Graduate Program Coordinator

STATEMENT OF DECLARATION

I, Esete Meskob, declare that the thesis entitled “**Effect of Reward practice on employees’ performance: The Case of Zemen Bank Share Company**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Solomon Markos(PhD). Any other contributors or sources used for the study have been appropriately acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

Esete Meskob: _____

Signature

Date

STATEMENT OF CERTIFICATION

This is to certify that Esete Meskob has carried out her research work on the topic entitled **“Effect of Reward practices on employees’ performance: The case of Zemen Bank Share Company”**. The work is original in nature and is suitable for the award of Master Degree in Business Administration (MA in BA).

Advisor: Solomon Markos, PhD

Signature _____ Date _____

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Abstract

Rewarding employees is critical in organizations in this era of competition to ensure, growth, survival and development. Consequentially, reward has become an issue of strategic importance. The purpose of this research was to examine the effect of reward practices on employees' job performance in the case of Zemen Bank S.C. Data was gathered from Head Office and selected Addis Ababa city branches. The research is quantitative research approach using Cross sectional survey method and the researcher have used sample size determination table and random sampling method was employed to make the sample more representative of the population. Descriptive and inferential statistics of correlation and regression analysis were used to analyze the empirical data. Questionnaire were used for the primary data collection and document evaluation as of secondary data. Primary data were collected using five Point Likert-Scale questionnaires 161 responses were properly filled and returned. SPSS was used to analyze empirical data collected through the close ended questionnaire. Hypotheses were developed to see the effect of the independent variables (salary, bonus, training, Promotion, working environment, responsibility and recognition) on the dependent variable employees' job performance. Descriptive statistics was used to summarize the data. The findings obtained indicated that reward practices have a positive influence on employee performance. Furthermore, it provided suggestions to overcome the problems to improve employees' performance.

Keywords: Reward, Intrinsic Motivation, Extrinsic Motivation and Employees' Job Performance

CHAPTER ONE

Introduction

1.1 Background of the Study

In this skill needed business environment, business should retain and attract skillful employees, one of the system to retain and attract those employees is providing rewards, benefits and incentives for those skilled labors. Employees reward is about how people rewarded in accordance with their value to the organization. It is concerned with both financial and non-financial rewards and the philosophies, strategies, policies, plans and process used by the organization to develop and maintain reward system. (Armstrong, 1996).

Reward management takes place within the context of the internal (corporate) and external environments. Reward policies cannot be considered, designed or operated Independently of their context. The approach to reward between organizations differs considerably and there are no universally effective or ineffective reward practices. Armstrong, (2007) With regard to these, the benefit of human resource is measured to be one of the most important advantages of any organization; and in order to acquire the results with the highest efficiency and effectiveness from human resource, reward of employee is very essential. In fact, employees will do their highest when they feel or hope that their hard work are to be rewarded by their managers. The task of developing a strategic rewards framework for organizations is usually challenging but necessary to survive in the competitive and changing market place it is evident that motivation directs people towards specific goals. Especially, performance of workers in organization is highly influenced by the motivational practices of the organization. The reason for studying motivation of employees is, due to the desire to secure or maintain optimum employees' performance.

Employee performance refers to the efficiency and effectiveness of employees in achieving organizational objectives (kootz et al., 1990). As well, it can be seen as a function of the individual's ability, knowledge and motivation (willingness to perform). The more

acquiring of ability and knowledge of employee, can't guarantee that the employee will put forth his/her best effort. There is another operating factor in the situation, namely motivation which finally determines the effort which can reasonably be expected from such employee (Ivancevich, 1989, 144). Employee performance can be evaluated by considering the level of absenteeism, quality of reports, and time of reporting for and leaving for duty (Kootz et al., 1990).

The motivational force is aroused as a result of needs, which have to be satisfied (Kootz et al., 1990). Motivation of employees is an important inter control tool and should therefore be adhered to in order to attain advantages like increased employee commitment, increased productivity and efficiency. Motivation emphasizes result oriented management through setting of smart objectives and effective communication systems in an organization.

It is essential that managers have a basic understanding of work motivation because highly motivated employees are more likely to produce a superior –quality product or service than employees who lack motivation.

This research paper tempts to examine the impact of reward practices on employees' performance with special reference to Zemen Bank S.C, Addis Ababa, Ethiopia and this study will help the bank to draft strong reward policy to retain and attract its employees.

1.2 Back ground of the Organization

Zemen bank is one of the private bank based in Addis Ababa, Ethiopia since 2008 GC. After being operational on October, 2008, Zemen bank has brought innovative & new dynamism to the financial & banking sector in Ethiopia. It is the first Bank in Ethiopia to introduce multi-channel banking as well as service of excellence in the banking industry and unique to the Ethiopian banking industry with its offering of segmented service for customers which means, Zemen bank was a single branch strategy supported by its high technology.

The bank targets corporate clients and high net worth individuals The Bank introduced innovative products and services tailored to the need of the customer with superior customer

service. It has got its license from the National Bank of Ethiopia on June 27, 2008 to engage in banking business and officially started operation on Monday, October 2nd, 2008.

The initial paid-up capital of the Bank was approximately Birr 95 million which currently reached more than 300 million. Now a day the bank single branch strategy has been changed to multi branch strategy the very reason of shifting from single to multi banking branch system was the new national bank directive which state that each private banks have to increase their branches by 25% of the base year (Directive No. NBE/40/2016).

1.3. Statement of the problem

Increasingly, organizations are realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees. reward system is an important tool that management can use to channel employee performance in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components including people processes rules and decision making activities involved in the allocate of compensation and benefits to employees in exchange for their contribution to the organization.

It is widely observed that Organizations design and adopt financial and non-financial rewards as a means to motivate and retain employee. Yet managing reward is largely about managing expectations, it means that what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. Expectations are built into the employment relationship, the starting-point of which, from the reward point of view, is an undertaking by an employee to provide effort and skill to the employer, in return for which the employer provides the employee with a salary or a wage. Mirza. (2003).

According to the researcher preliminarily informal interview of some employee's, response shows that the bank, employees are not involved in designing rewards. Employees are not invited

to discuss what they feel about reward scheme or what their attitude is toward the same. Reward scheme is not tailored with employee need or expectation.

Stredwick (2005) stated that money can motivate up to a certain level but this differs greatly between individuals. To this end, encouraging the employee to adopt the behaviors exhibited by high performers is a more coherent and useful approach to achieving improved employee performance. In connection with these, Armstrong stated that the formal reward systems in organizations must be aligned with the strategic goals for the organization. Again, most organizations view reward as only the monetary compensation given to employees to compensate them for their performance, whereas rewards should include non-financial rewards such as recognition, learning and development opportunities and increased job responsibility that goes into motivating the individual employee to give out his best Armstrong (2010).

However, there are a few problems inherent in the operation of reward systems by organizations. According to the researcher preliminarily informal interview of response shows that the bank does not give much attention for non-financial reward for the bank employees

Moreover, simple preliminary interview result shows there is practical problem in the bank. To illustrate the problem using an example, for the last two years, the rate of bonus was decrease from three months to two months and the Gross salary (Base payment) of bankers did not increased while the increase has been done only on the cost of living (allowance). When there is such kind of increase on the Gross salary will still be the same whereas allowance payment will increase.

These observations and results from the preliminary survey, derived the researcher to conduct a research to determine the impact of reward management system on employee performance at Zemen Bank S.c. Therefore, it is essential to generate relevant evidence through a detail study highlight solution to improving the performance of employees. This research was tried to describe the impact of reward management on employees' performance in Zemen Bank in Addis Ababa city. Specifically, it tries to determine the effect of salary, bonus, training, promotion, working environment, responsibility and recognition on individual performance. Secondly, this study was drawn some recommendations and indicate directions for further research. This

research also tries to fill this gap by considering the issue of expectation of the employees and organization's reward design practices.

1.4 Research Questions

The study tried to answers following research questions:

- What kind of reward system Zemen Bank has been practicing?
- What are the influences of intrinsic reward management practice on employee performance?
- What are the influences of extrinsic reward management practice on employee performance?
- What is the relationship between reward management practice and employee performance?
- Does the reward management system practiced by the Bank meet the expectation of employees?

1.5 Objective of the study

1.5.1 General objective

The main objective of the study is to investigate the impact of reward practices on employees' performance in case of Zemen Bank S.C in Addis Ababa city branches.

1.5.2 Specific Objectives

In line with the above general objective, the key specific objectives of the research are as follows:

- To assess the current reward management system practices of the Zemen Bank.
- To investigate the effect of Intrinsic rewards on employee performance?
- To investigate the effect of extrinsic rewards on employee performance?

- To determine the relationship between selected reward management practice and employee's performance.

1.6 Significance of the Study

In view of the study objectives, this study will help Zemen Bank S.C to realize more appropriate ways of rewarding Systems to induce high performance, as well as forming policies or decision schemes to motivate employees in order to have increased performance within the company. Company's profit, growth and high performance are the main goals for Zemen Bank S.C which could achieve through appropriate Reward Management System. Therefore, employee motivation will be a condition necessary to achieve these goals. The associated merits and demerits that accompany reward systems will be examined. The findings of this study would go a long way to create awareness about the weaknesses in the implementation of this system and the suggested way forward. It is thereby hoped that this study will contribute constructively towards increasing the bank as well as the employees understanding and acceptance of the impact of reward systems on employee performance in the Zemen Bank S.C

This work will equally assist in facilitating further studies by other researchers who are interested to know much on the link between Reward Management and performance. Furthermore, it will also assist practicing managers at Zemen Bank as well as students to obtain a broader knowledge on Rewarding System at work. This research intends to show the link between Reward Systems and performance within Zeman Bank S.C and how this knowledge can be useful within other companies or organizations.

The main objective of this research is to analyze how well the current Rewarding System can help enhance employee performance at Zemen Bank S.C Also, to understand the different Rewarding Systems that Zemen Bank S.C Uses can motivate its workers. Furthermore, to establish the various aspects that could be further developed and improved in order to increase employee's performance. In understanding that the dream of most managers today is to have a

greater market share when they are in business, better performance within their company would be very necessary to achieve this goal.

1.7 Scope of the Study

The geographical scope constitutes employees of the bank working in branches in Addis Ababa only, those are head office and main branch, bole banking center, bisrat gebriel banking Center, wollo sefer banking center, and bole medhanialem banking center. This research does not include employees who work in regional branches. This study conceptually has delimited to examining the effect of reward practices on employee performance by considering selected financial and non-financial types of reward practices and by testing the hypothesis formulated to prove as to which the factors proposed have effect on performance of the employees and to see whether there is a link between the reward practices and performance of employee. In addition, the study is limited to one point of data collection through cross-sectional survey.

1.8 Limitations of the study

The scope of the study is restricted to branches that are only found in Addis Ababa. The time assigned to complete this study was not sufficient, so it was a bit difficult for the make a thorough investigation in the area with short period of time, budget and availability of other resources. Because of these limitations the study is forced to limit the size of sample selected as a result it may be tricky to generalize the findings to other branches that are found outside of Addis Ababa, despites they follow similar Reward Management Practices. There was lack of awareness and willingness of the employees regarding, filling out the questionnaires or providing the required data with care and being unable to return the questionnaire on time basis.

1.9 Definition of Terms

- **Reward;** deal with the strategy, policies and process required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. Armstrong, (2007).
- **Intrinsic Rewards;** Intrinsic rewards are the non-physical rewards. They cannot be seen or touched but are emotionally connected with the employees. In other words, intrinsic rewards can be defined as the feeling of contentment one finds in the completion of any task.
- **Extrinsic Rewards;** An extrinsic reward is a tangible and visible reward given to an individual or an employee for achieving something. They usually have monetary value such as a salary hike, bonus, award, or public recognition.
- **Salary;** salary is the regular payment by an employer to an employee for employment that is expressed either monthly or annually, but is paid most commonly on a monthly basis
- **Bonus;** A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient.
- **Training;** Training refers to the teaching and learning activities carried on for the primary purpose of helping members of an organization acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization.
- **Promotion;** promotion refers to the advancement of an employee's rank or position in a hierarchical structure.
- **Working Environment;** surrounding conditions in which an employee operates
- **Recognition;** is the acknowledgment of a company's staff for exemplary performance.
- **Responsibility;** Responsibility is the state or fact of being accountable or to blame for something; a duty or task that you are required or expected to perform; something you should do because it is morally right, legally required, etc; reliability, dependability.
- **Employees' performance;** means employee productivity and output as a result of employee development. (Oroh, Lapian, & Pandowo, 2014).

1.10 Organization of the study

The study is organized into five chapters. The first chapter is dealing with introduction, statement of the problem, the research objective, Significance of the study, scope of the study, limitation of

the study. The second chapter deal with review of the related theoretical literature and empirical evidences on the subject matter pertinent to the research. The third chapter cover the research methodology such as research design, source of data, sample, sample size, sampling technique, and data collection instruments and data analysis. The fourth chapter portray major findings of the study, and the fifth chapter deals with summary, findings and conclusion of the study.

CHAPTER TWO

Literature Review

Introduction

Human resource is one of the most important resources of gaining competitive advantage over competitors for a firm. And this resource can be retained and optimally utilized through motivating it using different techniques among which reward is of significance importance. In order to maximize the performance of the employees organization must make policies and Procedures and formulate such reward system under those policies and procedures which Increase employee satisfaction and performance Hafiza, et.al (2011). Human resource management is the organizational function that deals with issues related to People such as compensation, hiring, performance management, organization development, Safety, wellness, benefit, employee motivation, communication, administration and training Gang, (2008).

2.1. Theoretical Concepts

2.1.1 Reward

The idea of managing reward in organizations is crucial to all employers, and consequently, many definitions have been proposed, which are now introduced. Armstrong and Helen (2005) Stated that reward management is concerned with the formulation and implementation of Strategies and policies that aim to reward people fairly, equitably and consistently in Accordance

With their value to the organization. Reward is the compensation which an employee receives from an organization for his or her Service. It is not simply contains direct currencies and other forms which can convert to Currencies, but also a comfortable office, favorable interpersonal relationship inside the Organization, having access to decision-making involvement, the challenge and sense of Achievement, preferable growth opportunities and so forth these kinds of forms which is difficult To measure in various currencies but they are also rewards. Reward is the compensation which an employee receives from an organization (mainly refer to Enterprises) for his or her service. It not simply contains direct currencies and other forms which can convert to currencies, but also a comfortable office, favorable interpersonal relationship Inside the organization, having access to decision-making involvement, the challenge and sense of achievement, preferable growth opportunities and so forth these kinds of forms which is Difficult to measure in various currencies Zhou Jiang, (2009). A reward can be anything that attracts an employee's attention and stimulates him to work. It is the benefit that workers receive by performing a task and discharging a responsibility. Rewards is also defined as one of the important elements to motivate employees for contributing their best Effort to generate innovation ideas that lead to better business functionality and further improvise company performance both financial and non-financially Aktar, et.al (2012). Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization. Reward may be broke up in to two categories; intrinsic and extrinsic Mottaz et.al (2012). Intrinsic rewards are derived from ‘the content of the task itself and include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities and sufficient feedback regarding the effectiveness of one's efforts. Extrinsic rewards on the other hand comprise promotions, Private office space and the social climate. Other examples include competitive salaries, pay raises, merit bonuses and time-off’ Hatice, (2012).

2.1.2 Reward Management

Reward Management is the development, implementation, maintenance, communication and evaluation of reward process. These process deals with the assessment of relative job values, he design, and management of pay structures, performance management, paying for performance, competency or skill (contingent pay), the provision of employee benefits and pension, and the management of reward procedure Armstrong and Helen(2005).Reward management Armstrong, (2010), Reward management is concerned with the strategies, Policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. It is about the design, Implementation and maintenance of reward systems (interrelated reward processes, practices and procedures) that aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. These systems will include arrangements for assessing the value of jobs through job evaluation and market pricing, the design and management of grade and pay structures, performance management processes, schemes for rewarding and recognizing people according to their individual performance or contribution and/or team or organizational performance, and the provision of employee benefits.

Rewards management is now one of the strapping features that organizations use to attract and retain its most valuable and worthy assets, the employees. This includes both financial and non-financial rewards. Direct compensation (financial) comes in the form of wages, salaries, incentives, bonuses, commissions and so on. Indirect compensation or non-financial benefits include features such as paid vacation, annual leave entitlement, medical and hospitalization benefits, employer provident fund (EPF) contribution and etc. Productivity and efficiency are important performance indicators in any organization. In order to increase the productivity, members in the organization must perform well in their job. Job performances are relatively higher if the workers are fully motivated. Thus, rewards may affect job performance and workers'' motivation level. Mansor et.al, (2012)

Armstrong, (2010), Reward management is fundamentally about people. It is stakeholder orientated, integrated, Strategic and evidence based. Reward management is concerned with people – especially the employees who are rewarded for their efforts, skills and contribution but also the directors, managers and reward specialists who plan, manage and administrate rewards. People are assessed according to the contribution they make to achieving organizational goals

and rewarded accordingly. Having defined expectations, reward management can provide for people to be rewarded in line with the degree to which people meet them. Managers should be aware of the results expected from people and the behavior needed to achieve these results and to support the organization's values. The reward system should ensure that the results and behavior are valued and recognized.

Aims of Reward Management; The aims of reward management according to (Armstrong,

2010) are to:

- A). Reward people according to the value they create;
- B). align reward practices with business goals and with employee values and needs;
- C). reward the right things to convey the right message about what is important in terms of behaviors and outcomes;
- D). Help to attract and retain the high-quality people the organization needs;
- E). motivate people and obtain their engagement and commitment;
- F). Develop a high-performance culture.
- G). support the achievement of business goals through high performance;
- H). Develop and support the organization's culture;
- I). define what is important in terms of behaviors and outcomes;
- J). reward people according to what the organization values;
- k). Win the engagement of people.

The aims of reward management are achieved by developing and implementing strategies, policies, processes and practices that are founded on a philosophy, operate in accordance with the principles of distributive and natural justice, function fairly, equitably, consistently and

transparently, are aligned to the business strategy, fit the context and culture of the organization, are fit for purpose and help to develop a high performance culture. Importance of Reward management; Reward management supports the achievement of business goals by helping to ensure that the organization has the talented and engaged people it needs. It contributes to the achievement of high performance by ensuring that the reward system recognizes and encourages it. Reward management can define expectations through performance management and contingent pay schemes. Armstrong, (2010) Reward management policies in association with HR policies can help to create a working environment that provides for the just, fair and ethical treatment of employees. These are policies about treating people properly and avoiding the creation of unacceptable reward practices that reflect badly on the organization.

2.1.3 Employees Reward

Employees Reward is how people rewarded in accordance with their value to the organization. It is concerned with both financial and non-financial rewards and the philosophies, strategies, policies, plan and process used by organization to develop and maintain reward system Armstrong (1996).

2.1.4 Reward Process

These consist of the ways in which policies are implemented and practices carried out; for example, how the outcomes of surveys are applied and how managers manage the pay adjustment and review process.

2.5.1 Internal and External Environment

The analysis of these provides the information required to help in the formulation of the strategic agenda for the organization and for human resource management strategy. The internal analysis also influence reward philosophy

2.5.2 Business Strategy

It is the direction in which the organization is going in relation to its environment in order to achieve its objectives.

2.5.3 HRM Strategy

This flow from the corporate strategy and is concerned with the key areas of resourcing, skills acquisition and development, performance and quality management, rewards and employees relation. The aim is to make strategies in each of these areas mutually supportive.

2.5.4 Reward Strategy

This define the intention of the organization on the reward policies, process and practice required to ensure that it has the skilled, competent, and well-motivated people it need to achieve its business goals. It will flow from the business and human resource strategy of the organization and, like them, will be affected by environmental factor. Those preparing reward strategy essentially find out where the business intends to go and then take step to help it get there. Reward strategy strongly influence reward policy and largely determine the form of pay practice, structures and procedures. Reward strategy defines what an organization wants to do about reward in the next few years and how it intends to do it. It leads to the development of a reward system that consists of the interrelated processes and practices that combine to ensure that reward management is carried out to the benefit of the organization and the people who work there. This is strategic reward, an approach based on the beliefs that reward and business strategy should be integrated and that it is necessary to be forward looking – to plan ahead and make the plans happen.

2.5.5 Reward Policies

According to Armstrong and Helen (2005), reward policies provide guidelines for the implementation of reward strategies and the design and management of reward process. They will be influenced by the reward philosophy of the organization. The reward policies will concerned with;

- The level of reward

- The relative importance attached to market rate and equity
- The relationship of rewards to business performance
- The scope for the use of contingent rewards related to performance, competency or skill.
- The degree of flexibility required in the system
- The need to involve employees in the design of reward system.
- The need to communicate reward policies to employees.
- Transparency; the publication of information on reward values, structure and process to employees.

2.5.6 Reward Practice

Financial and non-financial rewards, job evaluation, external bench marking, pay structures, performance management and employees benefits.

2.6 The Psychological Contract

This term is highly inter-related to reward because managing reward is largely about managing expectation what employees expect from their employers and what employers expect from their employees (Armstrong and Helen, 2005) Therefore this expectation tied up by psychological. Psychological contract can be defined as it implies that there is unwritten set of expectation operating at all time between every member of an organization and the various managers and others in organization schein, E. (1965). Rousseau and wade-benonzi (1994) defined as It refers to beliefs that individuals hold regarding promises made, accepted and relied upon between themselves and others. Because psychological contract represent how people interpret promises and commitment, both parties in the same employment relationship (employer and employee) can have different view regarding specific term.

2.7 Reward System

According to Nathaniel H, Geraldo C. & Marie P. (2010) a reward system is defined as a structured method of evaluating and compensating employees based on their performance. The compensations and rewards are known as incentives to the employees. The incentives can be

bonuses in pay or added vacation or sick days, among other things. Reward systems can help to boost company morale, as well as productivity levels which increase overall revenue for the company. However, there are a lot of negatives that can come with reward systems if not implemented correctly. Sometimes, instead of helping with the company morale, it can hurt it by making some employees feel insignificant if the same people are being rewarded over and over again. Reward systems can be tricky if not implemented and carried out correctly, but when used effectively can have great positive impacts on the company and its employees.

There are three main types of reward systems commonly used by most companies:

- 1) **Management by Objective (MBO)**; Management by Objective defines the specific skills and actions of a certain job. The defined skills and actions need to be as clear and specific as possible. An advantage to using this method is that it engages the employee in the evaluating process; therefore they learn and understand the entire process. A disadvantage of this particular method is that it is extremely time consuming. In large companies, this might not be the best method to use because it would take the supervisor conducting the evaluations away from his or her other job responsibilities. Another disadvantage is that the goals can be too vague to make it clear enough to quantify any results. MBO is the most popular among most companies.
- 2) **Behaviorally Anchored Rating System (BARS)**; Behaviorally Anchored Rating System, is a rating scale system that uses categories such as “very poor” to “excellent” to evaluate the employees’ performance. It consists of two columns. One column has the rating scale and the other one is where the anchor statement is written by the person evaluating the employee. The anchor statements reflect the category given for the Particular area in question. One major downfall to this method can be the anchor Statements if they are not specific enough. If the statement is too vague, it will not be of Much help to the employee. However, the best part about this method of evaluating is that it focuses on specific areas ad behaviors that can be chosen so that it does not necessarily have to be about every single aspect of the job. The comments and ratings then given back to the employee are specific to the questions being asked.

- 3) **Multi-Rating Assessment.;** The Multi-Rater Assessment is a type of ranking method that utilizes other employees, supervisors, managers, and sometimes even customers to rate the employee. The assessment itself is a questionnaire that targets all aspects of the job. The employee also takes the same questionnaire as a way of comparing the results from the other people to his or her own. One of the major benefits from using this type of assessment is the range of results that the employee gets. The employee has a chance to see how his or her performance is doing from all different levels in the company. However, this method is extremely time consuming and need to be done professionally. It needs to be done professionally in order to ensure the right questions are being asked in order to achieve the most useful results.

2.8 Types of reward

Intrinsic Reward; According to Mansor, (2012) an intrinsic reward is defined as acts of doing an activity for its inherent satisfaction rather than for some separable consequence. It fulfills employee's intrinsic factors or motivators, thus motivating him. Examples include by giving challenging task, getting involved in decision making process, giving a higher rank in hierarchy. All these rewards do not require any increase in salary but the employee is still being motivated, feeling a sense of satisfaction of being given the opportunity of working at a higher management rank. An intrinsically motivated individual will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. Intrinsic rewards that are self-initiated rewards, pride in one's work, and a sense of accomplishments, or enjoying part of a work team. Job enrichment, for instance can offer employees intrinsic rewards by making work seem more meaningful Decenzo, (2007). According to Thomas, (2009), the following are descriptions of the four intrinsic rewards and how workers view them:-

A. Sense of Meaningfulness: This reward involves the meaningfulness or importance of the purpose you are trying to fulfill. You feel that you have an opportunity to accomplish something of monetary or non-monetary value and something that matters in the larger scheme of things. You feel that you are on a path that is worth your time and energy, giving you a strong sense of purpose or direction.

B. Sense of Choice: You feel free to choose how to accomplish your work, how to use your best judgment to select those work activities that make the most sense to you and how to perform them in ways that are appropriate. You feel ownership of your work, believing in the approach you are taking and finally feeling responsible for making it work.

C. Sense of Competence: You feel that you are handling your work activities well that your performance of these activities meets or exceeds your personal standards, and that you are doing good, high-quality work. You feel a sense of satisfaction, pride, or even artistry in how well you handle these activities.

D. Sense of Progress: You are encouraged that your efforts are really accomplishing something. You feel that your work is on track and moving in the right direction. You see convincing signs ahead that things are working out well, giving you the confidence in the choices you have already made now and in the future.

According to Gilley, et.al (2009), an intrinsic reward is a self-administered motivational stimulus. In short, it is a reward that comes from inside the employee, and is thus experienced by the employee as a natural by-product of performing certain tasks/jobs. Intrinsic rewards are valued emotional states experienced in relationship to the job itself. Intrinsic motivation and rewards are affected primarily via job design and ongoing career development. Specific intrinsic rewards include feelings of competence, personal development, and autonomy. Intrinsic Rewards are derived from the workplace itself and are valued internally by the employee. These include opportunities for personal growth, quality of work life, job satisfaction, challenges, personal and professional development opportunities, a sense of belonging, freedom to act, visionary leadership. Intrinsic reward is a self-generating outcome such as personal esteem and fulfillment derived from say

undertaking 'interesting' or 'useful' work. Extrinsic reward is reflected in more tangible monetary and non-monetary payments in the guise of wages or fringe benefits provided by others, usually the employer. Stephen B. (2005).

Extrinsic Reward

Extrinsic rewards are defined as those remuneration factors that are external to the job such as pay, work condition, security, benefits, promotion contract of services and work environment. It also refers to the core organizational reality, as equitable rewards distribution does drive employee's morale. Extrinsic rewards drive employee's morale and the rewards distribution has always loomed large in corporations with performance appraisals in present eras of globalization. An extrinsic reward in fact fulfills employees' extrinsic factors or hygiene factors, invariably discouraging him from thinking of leaving the company. They are called extrinsic because they are external to the work itself and other people control their size and whether or not these are granted. Extrinsic rewards and resource investment have been seen as necessary tools to motivate employee's creativity, especially in formalized tasks. Extrinsic rewards played a dominant role in earlier years, when work was generally more routine and bureaucratic, and when complying with rules and procedures were paramount Mansor, et.al (2012) extrinsic reward – in the form of salary, incentive pay and benefits serves the purpose of directly recognizing the comparative value of organizational roles and the contribution individuals may make in performing them. Extrinsic employee benefits and perks delivered in a non-cash form (e.g. company cars, paid holiday and health care), or deferred remuneration (e.g. predefined occupational pension benefits or equity share-based rewards that may be financially realized at a future Date), may reflect managerial efforts to keep rewards competitive, intended to Recruit and retain sufficient employees of the right caliber, and to secure work accomplishment for the organization. Benefits may also reflect an employer's interest in employee wellbeing. The nature and combination of extrinsic reward is dynamic: for example, present-day contributions to an employee's 'portable' retirement income fund may be offered in place of a company pension, reflecting the increasingly flexible employment relationship. Stephen J& Geoff W. (2011).

Financial Rewards

One research result show that there are different factors that affect the performance of employees which can be classified into two categories; financial and non-financial rewards.

Although financial rewards are important for employee motivation in third world countries because where the inflation rate is so high that people are struggling hard to retain their social status. Saira Y,Madiha f, Sumaira A and Anam (2014)

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

Base Pay

According to Armstrong (2010), many organizations use two base pay categories, hourly and salaried. Hourly pay is the most common means of payment based on time; employees who are paid hourly are said to receive wages, which are payments directly calculated on the amount of time worked. In contrast, people who are paid salaries receive payments that are consistent from period to period despite the number of hours worked. Base pay should be value-added and competitive with the market in general, for which it is common to use individual rates, ranges, spot rates and broadband. When setting pay levels, ability to pay is paramount, supported by an examination of market rates, which may also be supported by a job evaluation database Armstrong, (2010). Henderson (2006) stated that pay rates must be equitable and competitive. Internal equity refers to the pay relationships among jobs within a single organization. This are translated into practice by the basic techniques, job analysis, job evaluation, and performance appraisal. External competitiveness refers to comparisons of the organization's pay relative to the pay of competitive organizations. Equitable and competitive base pay is seen as a key requirement if key talent is to be recruited and turnover reduced Henderson, (2006). The payment systems that employee view as being fair and proportionate with their skills and expectation is called pay. Employees are offered a financial reward for

their services called pay which is a foremost stipulation in human resource management. Pay must be closely linked to the performance according to high achievers.

Employees who do their best want reasonable pay that satisfies their needs. An equitable pay makes them feel appreciated so they expect to pay according to their efforts because they don't want to be unacknowledged for their services. Money is ranked at the top for creating because people require money to fulfill the basic necessities of life so it motivates the employees more than any other incentive. Others believe that money is influential for fulfilling their non-monetary needs such as authority, rank and belongingness with preferred groups. It is believed that people who have more money are more powerful in society as compared to those who have lesser money. So it is easier for them to have things their way. That's why money is often viewed as a sign of personal triumph and accomplishment Saira (2014). According to Robbins et al (2003 P. 260), employees seek pay systems that are perceived as just. The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. It may be varied according to the grade of the job or the level of skill required Armstrong, (2010).

Variable Pay

In contrast to base pay, variable pay changes relative to the performance level or results achieved, making it a more flexible and responsive method that rewards key measures of Success. Many companies have moved to variable pay to reward different contribution, impact on profit, and increased performance based on the premise that what is measured and rewarded is likely to be demonstrated in greater amounts by employees Armstrong and murlis (2005). However, variable pay does not look the same in every organization, and the way it is structured and operates is heavily dependent upon the organization's culture and the relationships between it and other elements of the reward programs Armstrong and murlis (2005)). Thus, variable pay comes in several forms: Individual performance-related pay -increases in base pay or cash bonuses are determined by performance assessment and rating; Competence-related pay - this is determined by the level of competence achieved by the individual; Contribution-related pay this relates pay

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

Contingent pay;

Contingent pay – planning and managing schemes that provide for pay progression related to performance, contribution, competence, skill or length of service. Armstrong (2009)

Bonuses

When employees reach certain standards and quotas to achieve the objectives of certain organization they are given bonuses. A bonus is an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company Saira. Et.al (2014).

Allowances

Allowances are costs by the employers to their employees in order to cover some cost of employees this may include transportation allowance, mobile allowance, Deseret allowance etc federal Negarit News Paper, (2008).

Profit-related Pay

Profit-related pay is a type of group performance-related pay scheme where a part of the employee's remuneration is linked to the profits of the organization. If the company's profits hit a pre-determined threshold, a bonus will be paid to all members of the scheme. Typically the bonus will be a percentage of the basic pay. The bonus may be paid during the year in question; for example, quarterly, or it may be deferred until some later date, such as the retirement of the staff. Bratton and Gold, (2007)

Non-Financial Rewards

Given the amount of time spent at work, it is unsurprising that people want more than pay from their job. Hence, the importance of non-financial rewards (sometimes called intangible, relational, and/or non-monetary) is growing. Intangible rewards are crucial in helping an organization stand out as a top employer, and also have the dual impact of increasing engagement among employees Henderson (2005). The following section provides a brief overview of the most important elements from this category of rewards.

According to Peter K (2014) The findings of his study revealed that majority of the respondents was more exposed to the use of non-financial rewards such as recognition, training, opportunities to handle greater responsibilities, employee promotion and participation in key decision making and challenging jobs to motivate exemplary performers.

According to Armstrong (2009) Non-financial rewards focus on the needs people have to varying degrees for recognition, achievement, personal growth and acceptable working conditions. They include the non-financial recognition of achievements, the design of fulfilling jobs, giving people the scope to develop their skills and careers and offering a work environment that provides a high quality of working life and an appropriate relationship between work and private life (work–life balance) Non-financial rewards can be extrinsic, such as praise or recognition, or intrinsic, associated with job challenge and interest and feelings that the work is worthwhile. Some of non-financial rewards are;

Recognition

Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad Njanja,et.al (2013) Recognition is one of the most powerful methods of rewarding people. They need to know not only how well they have achieved their

objectives or carried out their work but also that their achievements are appreciated Stredwick, (2005)

The recognition should be meaningful, but also stay within established program boundaries: For example, recognition should be given only for performance considered over and above established standards. Recognition rewards usually are relatively small and are given at the time of achievement Ruddy, (2007)

The most common strategies of recognition programs according to Ruddy, (2007) are:

- i. Rewarding employees for making exceptional contributions above and beyond their daily job functions.
- ii. Strengthening employee morale.
- iii. Increasing retention.
- iv. Tying performance to the company's mission.

According to Shore & Shore (1995) cited in Khan, Shahid, & Nawab, (2013) employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for.

Promotion

Promotion is an important feature of employee's life style and occupation, affecting other job experience levels and can have an obvious impact on other job aspects like job attachment and responsibilities. Additionally, promotion can influence the instrument of exerting better attempts, if employees put an important value on it. If not, the companies would focus on pay increase to reward high effort and productivity. Indeed, the employees may be worth the promotions since they make an increase in job services Gohari,et.al (2013).

Working Conditions

The physical environment in which the work is performed is described here. Adverse environmental conditions such as noise, heat, and fumes are detailed along with the frequency of exposure. Most professional and executive job descriptions do not include this section because work is assumed to be performed under normal office conditions. If it is not, the section should be included. Ruddy, (2007) Working conditions is defined by criteria like Physical effort, Working environment, Sensory attention & Physical risks.

Praise

At the most fundamental level, non-financial recognition can be as simple as personal

Acknowledgement by managers to employees that they have performed well .perhaps the most obvious benefit of this approach is that a simple, informal ‘thank you’ doesn’t cost anything. However, good management practice suggests that this should occur anyway, regardless of any scheme.

Vouchers

An increasing number of organizations are finding voucher schemes are particularly liked Because they give employees a certain element of choice. Moreover, unlike a cash award, vouchers cannot be absorbed in to the employee’s salary and quickly forgotten. Vouchers can also be seen as a double reward, that is, one reward when they receive the voucher and another when they spend it. In actually selecting a voucher scheme, there are several issues for organization to consider. It’s all too easy for organizations to simply choose for the voucher which provides the most competitive discount without really considering the wishes of employee who will receive it. Organization should aim to suit individual taste and provide enough choice to do this. In addition, the organization must take account of the utility of the voucher, the time frame employees have to use their vouchers and employees ability to spend it (for examples, whether there is a branch /store in the local vicinity) It is sensible therefore for organizations to involve employees in the design of the scheme. This can be done through employee surveys and focus groups to ascertain employee preferences. Attention also needs to be paid to the internal promotion and marketing of the scheme. There are various vouchers available on the market. Some of these are specific to a particular store and these offer the advantage of associating the organization and its employees with aspirational brands that are held in high regard. Alternatively, there are some vouchers on the market which are much more flexible. For instance, some voucher companies offer vouchers that can be redeemed in over 50 different high street stores. 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 philosophy can be communicated to employees so that they understand the Background to the reward 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;
- Devolving more responsibility for reward decisions to line managers.

2.9 The Multi-Dimensionality of Reward

Reward is a broad construct that can include 'anything an employee may value and desire that an employer is able or willing to offer in exchange for employee contribution. A conceptual distinction can be made between the three main constituents of reward type, system, and criterion Chiang & Birtch, (2006) Reward type refers to the nature of the reward itself (e.g., financial and

non-financial; extrinsic and intrinsic). Reward system represents the method or mechanism (e.g. Seniority-based, performance-based) by which organizations determine employee reward outcomes (e.g., pay increases). Systems can be either performance or non-performance oriented. Reward criterion then, refers to the basis of allocation (i.e. individual or group) used to determine the reward Chiang & Birtch, (2006).

2.10 Employment Performance

Employee performance means a performance comprises an event in which normally one group of people the performer or performers act in a particular way for another group of people Chaundry & Sharma, (2012). It refers to employees' efficiency at work, How well employees perform on the job and assignments assigned to them measured against the generally accepted measure of performance standards set by their companies Torrington,(2008).Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. An organization must carefully set the rewards system to evaluate the employee's performance at all levels and rewarding them whether visible pay for performance of invisible satisfaction. The concept of performance management has given a rewards system which contains; needs and goals alignment between organization and employees, rewarding employee both extrinsically and intrinsically Aktar, Sachu, & Ali, (2012) A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performance hence end up accomplishing the organizational goals and objectives. A reward system that is given for high performance is more effective in inducing high performance in the future than a reward that is not dependent on performance. According to Njanja, et.al (2013), many writers in human resource management suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of loyal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives Hakala, (2008). This buttresses the need to measure

individual performance of employees as a way of weighing the effect the reward system has on the workforce and by extension, the organization. In addition, it is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central Torrington, et.al, (2008).

Ways of Measuring the Performance of the Employees;

1-The Amount of the Effort: It refers to the amount of the physical or mental energy that the individual spends in a specific period of time in the work, in addition to the speed in performance.

2- The Quality of the Effort: It refers to the level of the quality of the done work and the degree of matching between the done work and some specific standards. Some kinds of work are not measured by the amount or the speed of performance; but rather by the degree of error-free performance and matching between the production and the required standards.

3- Manner of Performance: It is the way in which the work duties are done. For example, Performance can be measured through the manner of performance, measuring problem-solving strategies or in problem detecting.

4-Rates of Performance: It refers to the process in which the evaluator increases the employee's productivity in order to determine the efficiency, the quality and the amount of the employee's work in a specific period of time. Then, he compares the employee's done work with the specified rate Al-Rabayah (2003).

2.11 Employees' Benefits

Employee benefits refer to compensation other than hourly wage or salary. Three fundamental roles characterize benefits: protection programs (income and health, respectively), paid time-off, and accommodation and enhancement benefits. Protection programs provide family benefits, promote health, and guard against income loss caused by catastrophic factors like unemployment, disability, or serious illnesses. Paid time-off policies compensate employees

when they are not performing their primary work duties, such as during vacation, holidays, and bereavement. Accommodation and enhancement benefits promote opportunities for employees and their families. There is a wide variety of programs, including stress management classes, flexible work schedules, and tuition reimbursement. (Stone & Stone-Romero, 2008) The employee benefits include:-

a) Fringe Benefits - this can include a variety of options. Sick leave, paid vacation time, health club memberships, daycare services Ingham, (2007)

b) Health Benefits - most organizations provide health and dental care benefits for employees. In addition, disability and life insurance benefits are offered Ingham, (2007)

c) Flexible benefit - this benefit schemes allow employees to decide on the make-up of their benefits package within certain limits Armstrong, (2010)

Fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership Mathis and Jackson, (2003). Benefits constitute an important part of the remuneration package. They are an addition to other forms of cash payment like wages and salaries that are intended to improve the quality of work life for employees and increase their cooperation and productivity. Employee benefits are provided for a number of reasons which include:

- To reward and promote employee loyalty to the organization
- To discourage unionization
- To make the remuneration package attractive and competitive enough to both attract and retain competent workers.
- To provide for employees personal welfare in line with the paternalistic belief that employees cannot provide for their personal needs.
- To provide employees remuneration that is not heavily taxed (i.e. tax-efficient remuneration package) as most benefits are not taxed.
- To provide employees with accumulated tax free investment returns (e.g. deferred compensation).

- To satisfy legal requirements (e.g. social security retirement system)

Types of Employee Benefits

- Pay for time not worked for (e.g. sick leave, vacation, maternity leave etc). _ Insurance benefits (e.g. job –related accidents and illness benefits).
- Retirement benefits (e.g. pensions, profit sharing plans)
- Employee service benefits (e.g. counseling, subsidized childcare, transport, meals etc).

Employee benefits can be mandatory and non-mandatory. Mandatory benefits are those required by law e.g. pensions, workers' compensation Edwinah et.al (2013)

2.12 Incentives

By definition, incentives are an external persuading factor that encourages the motive which positively directs the individual into working harder, matching the required performance in the institution, as to get the incentive. Incentives are also defined both as methods used by institutions to encourage employees to work with high spirits and also as concrete and moral methods of satisfying the individuals' moral and material desires. Palmer (2012) defines incentives as the external temptations and encouraging factors that lead the individual to work harder; they are given due to the individual's excellent performance since he will work harder and produce more effectively when he feels satisfied in the institution. In addition to this, incentives can also be defined as the consideration of the excellent performance, assuming that the salary is enough to make the worker appreciate the value of the job that also satisfies his basic needs in life Palmer, (2012).

The Importance of Incentives

The idea of incentives triggers much consideration especially from the beginning of looking for qualified employees who are able to efficiently achieve the institution's goals; it is because incentives play a major role in the employees' productivity. The importance of incentives originates from the need for the employee to be recognized and appreciated for his or her efforts. Actually, appreciating people for their efforts by giving them incentives is a very significant

factor in satisfying the internal desires of an individual. The individuals' own skills are not enough to let them work with high productivity unless there is an incentive system that encourages their internal motives and then leads very hardworking efforts Locke and Braver,(2008).

2.2 Empirical Studies

Every employee has his or her own set of needs and motivators. Therefore, organizations should carefully select the right rewards that respond to individual needs. Some are motivated by money, while others motivated by recognition, increment of pay. Career advancement or personal growth; which is not direct or instant material benefits. Thus, it is wrong to assume that everyone shares the same motivator and needs (Lai, 2009)

Deferent scholars and researchers conducted study to assess what factors affect employees' job performance in order to discharge their responsibilities in the case of different nations and sectors of industries. Mostly, the they focused on factors such as training, motivation, reward in specific manner, age, experience, marital status etc that has effect on job performance. We can summarize this all individual factors in to three categories like individual related factors, work related factors and organization related factors. Thus, in this section the researcher tries to discuss some specific factors that have a numerical result of relationship and effects on employees' job performance.

The result of Farooq and Aslam (2011) study depicts the positive correlation between training and employee performance as $r=.233$ sig=.000. Thus, we can predict from this finding that it is not possible for the firm to gain higher returns without best utilization of its human resource, and it can only happen when firm is able to meet its employee's job related needs in timely fashion. Training is the only ways of identifying the deprived need of employees and then building their required competence level so that they may perform well to achieve organizational goals.

Moreover, the result of the study of Sultana (2012) conducted in service sector of telecom Pakistan, states the R^2 as 0.501 which means that 50.1% of variation in employee performance is brought by training programs. Further, the T-value was 8.58 that explain training is good predictor of employee performance. As depicted by the work of Harrison (2000), learning

through training influence the organizational performance by greater employee performance, and is said to be a key factor in the achievement of corporate goals. However, implementing training programs as a solution to covering performance issues such as filling the gap between the standard and the actual performance is an effective way of improving employee performance (Swart, 2005).

According to Rashid Saeed et. al. (2013), in their journal found out that working environment is positively correlated with employees' performance at the value of 0.000. In this study, personal problems are also correlated with employees' performance at the value of 0.000. In regard to, manager's attitude is correlated with employees' performance at the value of 0.000 which was significant. Lastly, financial rewards found that significant at the level of 0.002. Therefore, in this study employees' performance is correlated with organizational culture, manager's attitude, financial rewards and personal problems.

A recent research conducted by Nina Munira Naharuddin and Mohammad Sadegi, (2013): aims to investigate the effect of workplace environment's factors towards employees' performance in which the researchers revealed that work environment has strong positive and significant relationship with employees' job performance with the correlations of 0.828.

Aktar, Kamruzzaman & Ali (2012) researched the effect of Reward management on the employee performance of Commercial banks in Bangladesh. Specifically, the objective of the study is to find out the relationship between rewards and employee performance. It was hypothesized in the study there is direct relationship between Extrinsic and intrinsic rewards and employee's performance. And, there is indirect relationship between extrinsic and intrinsic rewards and employee performance. The key findings of the study were a significant correlation between dependent variable and independent variables which mean employees' performance 70.2% depend on intrinsic and extrinsic reward. Here also shows that there was a strongly significant correlation between extrinsic and intrinsic rewards.

Waruni, Ayesha & Edirisooriya (2014) investigated the effect of rewards on employee performance and the study was conducted at Electrico, a public-sector service oriented organization established in 1968. The study explores, it is demonstrated that there is a very strong

relationship between pay and employee performance. It proves that most of the employees in Electrico highly prefer monetary rewards irrespective of their position. Money is a measurement of employees 'accomplishments. Issues involved in public procurement in Ghana and analyses the potential impact of this reform on public procurement organizations performance. The study also shows that there is recognition proves to have the strongest relationship to employee performance when compared to other intrinsic variables. Recognition is a powerful motivation factor because it helps employee to know how well they have achieved their objectives and whether their achievements are appreciated.

Therefore, from above all empirical research discussion we can observe that job performance of employees can be affected by numerous factors. Among that factors which are included in this research such as training, motivation, leadership, organizational culture and work environment have positive and significant relationship with employees' job performance. This helps us to conclude that a positive change in one of the above factors may offer positive significant effect on job performance of employees.

2.13 Research Hypothesis

Hypothesis is simply an educated—and testable—guess about the answer to your research question. A hypothesis is often described as an attempt by the researcher to explain the phenomenon of interest. Hypotheses can take various forms, depending on the question being asked and the type of study being conducted. A key feature of all hypotheses is that each must make a prediction. Those hypotheses are the researcher's attempt to explain the phenomenon being studied, and that explanation should involve a prediction about the variables being studied. These predictions are then tested by gathering and analyzing data, and the hypotheses can either be supported or refuted (falsified) on the basis of the data. Two types of hypotheses with which one should be familiar are the null hypothesis and the alternate (or experimental) hypothesis. The null hypothesis always predicts that there will be no differences between the groups being

studied. By contrast, the alternate hypothesis predicts that there will be a difference between the groups (Geoffrey Marczyk, 2005). Usually a research hypothesis must contain, at least, one independent and one dependent variable.

The hypotheses assume that employees' job performance are affected by and dependent on multiple factors including salary, bonus, training, promotion, working environment, responsibility and recognition.

This study aims to figure out the effect of above-mentioned variables on the performance of employee in which it based on and adopted from the journal (Le Tran, 2002). Based on the problem and the research questions of the study, the following hypotheses were developed and tested.

- H1: Salary has a significant and positive relationship with employees' job performance.
- H2: Bonus has a significant and positive relationship with employees' job performance.
- H3: Training has a significant and positive relationship with employees' job performance.
- H4: Promotion has a significant and positive relationship with employees' job performance.
- H5: Working environment has a significant and positive relationship with employees' job performance.
- H6: Responsibility has a significant and positive relationship with employees' job performance.
- H7: Recognition has a significant and positive relationship with employees' job performance.

2.3 Conceptual Framework

The research is mainly based on the conceptual framework which adopted from the journal (Le Tran, 2002) and some modification is taken as depicted in figure below. Based on the conceptual framework, the earlier hypothesis was developed. This research study has mainly seven independent variables namely salary, bonus, Training, promotion and working environment,

responsibility, recognition and one dependent variable i.e. Employee performance. The purpose of the study as mentioned above was to find out the impact of reward management system on employees' performance and to see relationship between independent variables and dependent variable. Moreover, to see to what extent selected independent variables affect employees' performance in Zemen Bank S.C. and which factor contribute significantly.

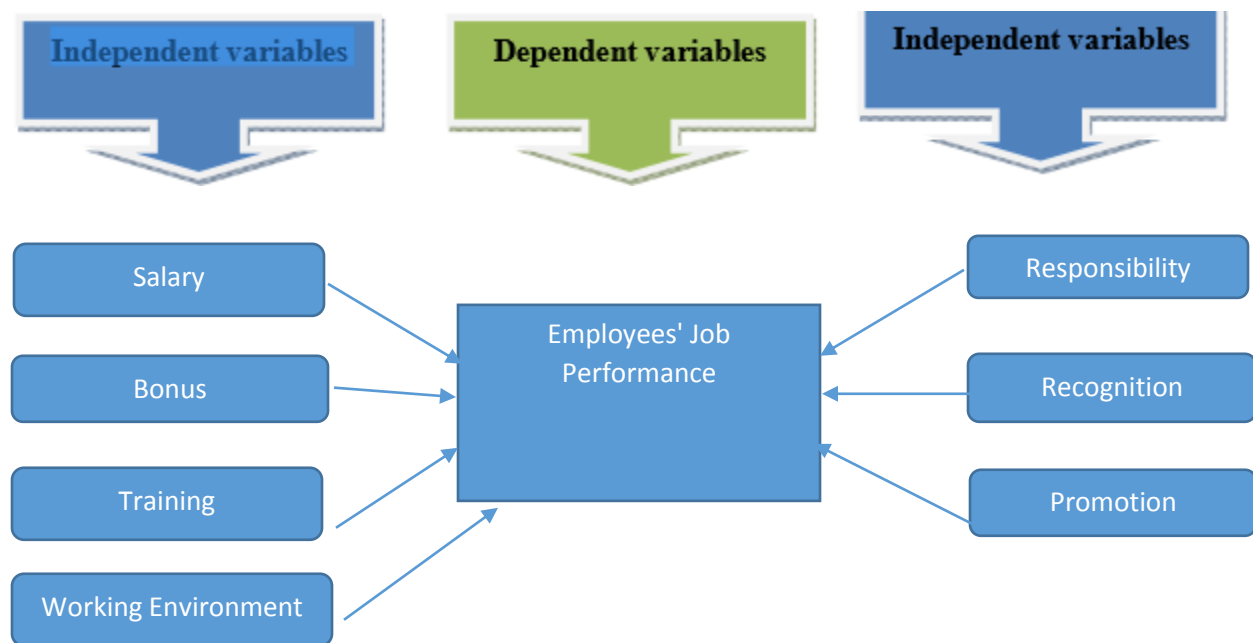


Figure 1.1: Conceptual Framework, adapted and modified from Le Tran (2002, P-5)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter Presents the discussion on the research design and methodology of the study, the subjects, Sampling technique, Research instruments, Procedure of data gathering, and statistical treatment that will be uses for accurate data analysis and interpretation.

3.2 Research Design and Approach

Research Design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the problem research. The design is divided into three broad categories as per their purpose; Exploratory, descriptive, and explanatory (Mark, S., Philip. L, & Adrian, T.2009). A research design is a framework that has been created to find answers to research questions. For the purpose of this research, the researcher chose to adopt quantitative approach with Explanatory research design because the researcher wants to identify the impact of reward Practices on employees' job performance. Quantitative approach helps researchers to test relationships between variables (Creswell, 2012). The researcher believes that this kind of research approach provides relevant data about the research topic, and supportive to meet the research objective since it can involves collecting and analyzing numerical data and applying statistical tests. Furthermore, the study aimed at obtaining information from a representative selection of the population and the researcher was able to generalize the findings to a larger population. The study employed a Cross sectional survey method administered through structured questionnaires. Survey was used in order to generalize from a sample to population.

3.3 Population of the study

The target population of the study were employees of the Zemen Bank located at Addis Ababa City and those Branches were head office and main branch, bole banking center, bisrat gebriel banking Center, wollo sefer banking center, and bole medhanialem banking center who are working at different job position with a size of 304 employees out of the total population (Zemen Bank S.C Human Resource Database, June 2019).The target population is selected as in consideration of the easy access to data, cost effectiveness and easy manageability of the study.

3.4 Sample and Sampling technique

A sample is defined as a smaller set of data that is chosen and/or selected from a larger population by using a predefined selection method. These elements are known as sample points, sampling units or observations. According to Israel (2013), there are different strategies to

calculate sample size. These include using census for small population, using a sample size of similar study, using published tables that is given based on the number of the population without doing any calculation to get the sample size and using formula to calculate sample size. (Mugenda and Mugenda, 2003). The study use probability i.e. random sampling technique for the selection of staffs in Zemen Bank S.C while conducting the study. As of June, 30, 2019 the bank has 304 (three hundred four) employees in selected branches, therefore based on this population the study uses a formula suggested by (Kothari, 2004)

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

Where, P = sample proportion, e= acceptable error q = 1-p; Z = value on standardized normal distribution curve corresponding to the level of significance.

N = number of total population n = sample size required; C.R. Kothari (2004)

The researcher assumes 95% level of confidence and 5% acceptable error which means z=1.96
 And p=0.5 q=1-p q=0.5 N=304

$$n = \frac{1.96^2 \cdot 0.5 \cdot 0.5 \cdot 304}{0.05^2 (304-1) + 1.96^2 \cdot 0.5 \cdot 0.5}$$

n= 170 (approximately)

Therefore, a sample of 170 employees were selected from the Total target population located at head office and Addis Ababa city Banks.

Table 3.1: List of Sample size

| Branches | population | percentage | Proportional sample size |
|----------------------|------------|------------|--------------------------|
| Head office and main | 196 | 64.47 | 110 |

| | | | |
|---------------------------------|-----|------|-----|
| branch | | | |
| Bole banking center | 34 | 11.2 | 19 |
| Bisrat gebriel Banking Center | 25 | 8.22 | 14 |
| Wollo sefer banking center | 25 | 8.22 | 14 |
| Bole medhanialem banking center | 24 | 7.89 | 13 |
| TOTAL | 304 | 100 | 170 |

Source: Zemen Bank S.C HR Database, 2019

3.5 Data Collection methods and Instruments

3.5.1 Primary Data

Primary data refers to the data that are original and not yet published which are always called fresh data that one collects directly from the field. In order to realize the target, the study uses well-designed questionnaire as best instrument. A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents (Foddy, 1994). The questionnaire is adopted from different sources which is found to be appropriate for the study. The questionnaire method as instrument of data collection used because it provides wider coverage to the sample and also facilitates collection of a large amount of data. The questionnaire will contain closed ended questions with 5 Likert Scale from “Strongly Disagree” =1 to “Strongly Agree” =5 and it will be administered by the researcher.

Employees of the bank will be taken to serve as the main source of primary data. And, it will fulfill by the selected Addis Ababa city branches and Head office staffs.

3.5.2 Secondary Data

Secondary data on the other hand refers to data that has been collected that can be published or unpublished but are already exists. Secondary data is reviewed mainly from company's records, reference books, journals, and company's Annual report and websites to give the study a complete picture.

3.6 Data Analysis Method

Data from questionnaires is analyzed through both descriptive and inferential statistics using SPSS software version 20 (Statistical Package for Social Science). To assess the existing reward practice of the company frequency distribution, percentile, minimum, maximum, mean and standard deviation were employed which helped the researcher to examined the general level of job performance and the selected determinant factors of performance. On the other hand, to examine the relationship between the independent and dependent variable of the study. Pearson correlation coefficient was used. And, to determine the extent to which the dimension of reward management practice influence employee's performance, the researcher used regression analysis

3.7 Validity and Reliability

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

Discussion with other researchers was also conducted since it is another way of checking the appropriateness of questions. Discussing with peers, the bank managers and persons who graduated in masters also conducted and their response took in to account. Moreover, copies of the questionnaire was distributed to fifteen respondents as a pilot test. This was done to find out whether the developed instruments measures what it intends to measure & also to check the clarity, length, structure and wording of the questions. This test also helped the researcher to get

valuable comments to modify some questions. The valuable comments, corrections, suggestions given by the researcher's supervisor assisted the validation of the instrument.

3.8 Reliability of the Instrument

According to Kothari (2004), a measuring instrument is reliable if it provides consistent results. Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument, Cronbach's Alpha was calculated to test the reliability of the research instrument.

According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

Thus, as shown in table 3.1 the overall Cronbach's alphas coefficients for expected scale item are 0.938. Therefore, the expected scales used in this study demonstrate high reliability. The following Table shows the SPSS result on the Cronbach Alpha.

Table 3.2 Reliability statistics of the instrument

| Reliability Statistics | |
|------------------------|------------|
| Cronbach's Alpha | N of Items |
| .938 | 37 |

Source: Survey data, 2019

Table 3.3 Reliability instrument of Dependent and Independent variables

| | Constructs | Cronbach Alpha | No of Items |
|-------------------|------------|----------------|-------------|
| Extrinsic rewards | Salary | 0.950 | 6 |
| | Bonus | 0.824 | 4 |
| | Training | 0.878 | 7 |

| | | | |
|-------------------|---------------------|-------|---|
| | Promotion | 0.964 | 3 |
| | Working Environment | 0.807 | 4 |
| Intrinsic rewards | Responsibility | 0.800 | 3 |
| | Recognition | 0.837 | 3 |

Source: Survey data, 2019

As shown in the above tables of reliability of dependent and independent variables the reliability is in good range or the statistical interpretation and depicting a strong internal consistency among the measurement items and the selected instrument can accurately measure the variables of the study.

3.9 Ethical Consideration

According to Creswell (2012) “as the researchers’ anticipate data collectors, they need to respect the participants and sites for the research”. In the study the researcher maintained objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes.

The study was conducted by considering ethical responsibility. This includes providing information to the respondents the purpose of the study and the use of the information as well. Information obtained was held in strict confidentiality by the researcher. Respondents’ anonymity was kept so that participants would feel free and safe to express their ideas.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with analysis and presentation of the data collected through questionnaire. Descriptive statistics like frequencies, percentage and mean were used to analyze the data moreover Pearson correlation also used to show the relationship between dependent Variables and independent variables. finally, regression analysis was deployed to show the effect of independent variables over the dependent Variable. The study deals with the statistical testing of

hypothesis and interpretation of the findings from the questionnaires were analyzed by using SPSS (version 23). The results from the study are presented in the form of frequency table.

4.2. Response Rate

As stated in the previous chapters of this paper, questionnaire was designed and distributed to a total of 170 employees of Zemen Bank S.C Branches located in Addis Ababa city. Accordingly, 161 questionnaires were appropriately filled and returned which gives 94.71% return rate. Even though, some variation is showed between expected and actual sample size. But, a total of 161 employee respondents' responses were collected successfully. So, the response rate is enough to carry out the analysis. The detail is summarized in table 4.1 below.

Table 4.1: Response Rate

| Branches | Expected Sample Size | Actual Responded | Percentage |
|-------------------------------|----------------------|------------------|---------------|
| Head Office and Main Branch | 110 | 107 | 97.27% |
| Bole Banking Center | 19 | 18 | 94.74% |
| Bisrat Gebriel Banking Center | 14 | 12 | 85.71% |
| Wollo Sefer Banking Center | 14 | 14 | 100.00% |
| Bole Medhanialelem | 13 | 10 | 76.92% |
| Total | 170 | 161 | 94.71% |

Source: Sample Survey, 2019

This chapter mainly comprises the demographic characteristics of respondents, the descriptive statistics; and the inferential statistics including correlation analysis and regression analysis.

4.3. Demographic Characteristics of Respondents

The first part of the questionnaire consists of six items about the demographic information of the respondents. It covers the personal data of respondents, such as gender, age, educational qualification, marital status, year of service and current job position. This demographic information of the respondents was not used to understand their relationship with the dependent variable which is employees' performance. Rather they are just used to understand the

composition of the bank staffs as it is. The following tables depicted each demographic characteristic of the respondents.

Table 4.2: Respondents' Demographic Profile

| | | Frequency | Percent |
|----------------------------------|----------------|------------------|----------------|
| Gender | Male | 97 | 60.2 |
| | Female | 64 | 39.8 |
| | Total | 161 | 100.0 |
| Age | 18-26 years | 86 | 53.4 |
| | 27-30 years | 50 | 31.1 |
| | 31-35 years | 11 | 6.8 |
| | 36-40 years | 2 | 1.2 |
| | 41-45 years | 8 | 5.0 |
| | >45 years | 4 | 2.5 |
| | Total | 161 | 100.0 |
| Marital status | Single | 124 | 77.0 |
| | Married | 35 | 21.7 |
| | Divorced | 2 | 1.2 |
| | Total | 161 | 100.0 |
| Educational Qualification | Diploma | 2 | 1.2 |
| | Degree | 132 | 82.0 |
| | Masters | 27 | 16.8 |
| | Total | 161 | 100.0 |
| Positions | Managerial | 6 | 3.7 |
| | Non-Managerial | 155 | 96.3 |
| | Total | 161 | 100.0 |
| Experiences | < 1 year | 10 | 6.2 |
| | 1-3 Years | 56 | 34.8 |
| | 3-6 Years | 72 | 44.7 |
| | 6-10 Years | 9 | 5.6 |
| | >10 Years | 14 | 8.7 |
| | Total | 161 | 100.0 |

Source: Sample Survey, 2019

As it is shown in Table 4.2, the demographic data for gender shows that, out of the 161 respondents there were 97 males and 64 females. Table 4.2 shows that the male respondents formed majority of the target population with a percentage of 60.62%, while female respondents were representing 39.37%.

The study further established respondent's age distribution categorized in a certain range. Table 4.3 indicate that 86(53.42%) of respondents are between 18 to 26 years. This indicates that Zemen Bank S.C. have young and energetic employees that are productive and can contribute for the achievement of company objectives. The next higher group was 50(31.06%) fall under age categories of between 27.30. The remaining groups 11(6.88%), 2(1.25%), 8(5%) and 4(2.50%) were under the age categories of 31-35, 36.40, 41.45 and above 45 years respectively.

Table 4.2 also indicates, single respondents dominated which covers 124 (77.02%), followed by married respondents which stands second highest number 35 (21.7 %) and the remaining 2(1.2%) are divorce participate as a respondent in the research.

It can be seen from table 4.2 that respondents hold a range of educational qualification from Diploma to master's degree. The majority of the sample group holds a first degree which accounted 132 (82.0 Percent), 2 (1.2 Percent) out of 161 respondents were college diploma holders and 27 (16.8 Percent) of the respondents hold a master's degree.

Again Table 4.2 illustrate that majority of the respondents 155 (96.3%) are categorized under non-managerial Positions. And the remaining 6 (3.7%), are fall under the Position category of Managerial Position.

This data indicated that almost all employees of the Zemen Bank S.C were involved in the study, and this might give a good result of study and full representation of respondents.

Finally, Table 4.2 shows that the respondents have served in Zemen Bank S.C. from one year up to above 10 years. From the respondents, 14 (8.7 %) of them have worked more than 10 years in the Bank. The majority of the respondents have served the company between 3 and 6 years which consists 72 (44.7 %) of the study group. The other 56 (34.8%) respondents worked between 1 - 3 years while respondents who have served for less than a year followed with a

frequency of 10 representing 6.2%. and there are less number of respondents working 6 - 10 years 9(5.6 %) in the organization. According to this figure, employees of the bank are largely dominated by workers who have been working in the bank for less than six years. Since most of the respondents are youngsters they have few years of work experience.

4.4 Perception on Reward system and Job Performance

In any organization, Reward system exists with the intention to motivate the employees and encourage them to perform better and work towards achieving strategic goals, which are set by business entity. Reward management is not only concerned with pay and employee benefits but it is equally concerned with nonfinancial rewards such as recognition, training, development and increased job responsibility as well as job security. A good manager can encourage an employee to work harder and better from time to time, but a reward can go a long way toward building employee Performance. With this into consideration, several statement related to reward management practices were constructed and employees were asked to rate on a scale of 1 to 5 (1- strongly disagree and 5 strongly agree) confirmatory factor analysis was carried out by clubbing the various into factor and descriptive statistics was calculated using SPSS software. In this section various statistical data analysis tools such as mean, standard deviation, frequency and percentile are used to analyze the collected data.

According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated by Comparison bases of mean of score of five point Likert scale instrument. Thus, detail of the analysis is presented as follows:

4.4.1 Perception on reward management practice

Table 4.3: perception on reward management practices

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|-------|-------------------|----------|---------|-------|----------------|------|---------|
| | % | % | % | % | % | | |
| | | | | | | | |

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-------------|---------|
| The rewards distributed at the bank have a positive effect on the work atmosphere or environment | 5.0 | 7.5 | 14.3 | 49.7 | 23.6 | 3.7950 | 1.04354 |
| The rewards at the bank are distributed fairly | 7.5 | 5.0 | 18.6 | 53.4 | 15.5 | 3.6460 | 1.04529 |
| The rewards distributed matches with my work effort | 17.4 | 24.8 | 37.9 | 13.0 | 6.8 | 2.6708 | 1.11678 |
| The reward Practices employed by the company takes employees need in to consideration | 21.7 | 30.4 | 21.7 | 18.0 | 8.1 | 2.6025 | 1.23632 |
| Immediate rewarding of employees for achieving best performance will help to repeat that performance in the future | 3.7 | 6.2 | 12.4 | 56.5 | 21.1 | 3.8509 | .95007 |
| I am satisfied with the quality (appropriateness, distributive and procedural justice) of the rewards | 5.6 | 11.2 | 15.5 | 49.1 | 18.6 | 3.6398 | 1.08139 |
| Average | 10.14 | 14.18 | 20.08 | 39.96 | 15.63 | 3.37 | |
| Over All Average Mean= 3.37 , Disagree= 24.33%, Agree= 55.59% Undecided= 39.96% | | | | | | | |

Source: Sample Survey, 2019

Table 4.3 shows that the majority of the respondents has agreed that the rewards distributed at the bank have a positive effect on the work atmosphere or environment by 73.3 percent. respondents were also asked whether the rewards at the bank are distributed fairly and 68.94 percent of the respondents agreed that the rewards at the bank are distributed fairly and it is validated by the mean score of 3.64. We can also see from the above table 6.83 percent of the respondents strongly agree and 13.04 percent agree that the rewards distributed matches with my work effort and the reward practice at the institute focuses on the real needs of employees. When this is compared to those who say that the rewards distributed matches with my work effort and

the reward practice at the institute focuses on the real needs of employees (42.24 percent combined), it is clear that the majority disagree with the statement. This implies that the rewards given to staff members have an impact on the levels of performance. It's important that management should consider paying its workers according to work done and it should focus on the real needs of employees for better results.

In addition to that, 26.09 The reward practice employed by the company takes employees need in to consideration while most of the respondents, 52.2 percent disagree with the statement and it's important as shown by the mean of 2.60. At the same time respondents are asked whether Immediate rewarding of employees for achieving best performance will help to repeat that performance in the future and 77.6 percent of the respondents has agreed that Immediate rewarding of employees for achieving best performance will help to repeat that performance in the future. and it's important as shown by the mean of 3.85

Finally, respondents were also asked whether they are satisfied with the quality (appropriateness, distributive and procedural justice) of the rewards or not in their institute and its effect on employee performance. 67.70% of respondents are agreed by the statement of satisfaction with the quality of the rewards in the institute. This is issue is also validated by mean score of 3.63.

4.4.2 Employees response on Salary

Table: 4.4 Employees response on Salary

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|--|-------------------|----------|---------|-------|----------------|------|---------|
| | % | % | % | % | % | | |
| My salary is equitable when compared with other banks | 5.0 | 16.8 | 18.6 | 47.2 | 12.4 | 3.45 | 1.06625 |
| My salary payment is satisfactory in relation to what I do | 6.8 | 13.7 | 21.7 | 43.5 | 14.3 | 3.45 | 1.10624 |

| | | | | | | | |
|--|-------------|--------------|--------------|--------------|--------------|-------------|---------|
| I am satisfied by the bank pay grade | 8.1 | 13.0 | 24.8 | 42.9 | 11.2 | 3.36 | 1.09859 |
| My salary is in accordance with my work experience and increases on fair manner | 6.2 | 12.4 | 14.3 | 47.8 | 19.3 | 3.61 | 1.11838 |
| Salary adjustment or increment is made on reasonable time period | 6.8 | 8.1 | 18.0 | 49.1 | 18.0 | 3.63 | 1.08218 |
| The Pay System of the bank has effect on my job performance | 8.1 | 13.0 | 15.5 | 39.8 | 23.6 | 3.58 | 1.21264 |
| Average | 6.83 | 12.84 | 18.84 | 45.03 | 16.46 | 3.51 | |
| Over All Average Mean= 3.51 , Disagree= 19.67%, Agree= 61.49% Undecided= 18.84% | | | | | | | |

Source: Sample Survey, 2019

According to the study majority of the respondents agreed that their institute salary payment is satisfactory in relation to what they do and in relation to the industry by 59.6 % and 57.8% respectively. The mean score of 3.45 implies that the institute pay system in relation to what they do and in relation to the industry is considered as moderate which focuses on the real needs of employees executing their performance. at the same time respondents are asked whether their salary is in accordance with their work experience and increases on fair manner and Salary adjustment or increment is made on reasonable time period. 67.1% of respondents have agreed their salary is in accordance with their work experience and increases on fair manner and increment is made on reasonable time period. They have also asked if they are satisfied by the bank pay grade. 54.03% of the respondents agreed that they are satisfied by the bank pay grade and 21.1% are disagreed and the remaining 24.8% and undecided. Finally, respondents were asked the Pay System of the bank has effect on their job performance. In this regard, 63.4 % of respondents has agreed.

In general, the results of descriptive statistics presented in the above table indicate that reward management practices, which is Salary Payment in the organization has shown a majority 61.49% of the respondents agreed that salary payment which is given by the bank improve their job performance while 19.67 % are disagreed and the remaining 18.84% are undecided (neutral).

The Overall average mean score of 3.51 which is considered as moderate implies that the existing Salary payment has a good opportunity in order to improve staff job performance. When an employee is satisfied with the salary, it has a direct impact on their work for all the employees reason to work is basically the salary that they earn.

4.4.3 Employees response on Bonus

Table: 4.5 Employees response on Bonus

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|---|-------------------|--------------|--------------|--------------|----------------|-------------|---------|
| | % | % | % | % | % | | |
| The bank pay Competent bonus in the Market | 22.4 | 27.3 | 21.7 | 17.4 | 11.2 | 2.6770 | 1.30193 |
| Distribution of bonus to all level (both Managerial and Non-Managerial) is fair | 8.7 | 11.8 | 16.1 | 44.1 | 19.3 | 3.5342 | 1.18338 |
| Bonus payment and Profit of the bank are matched (Bonus based on Profitability of the bank is Matched) | 18.6 | 33.5 | 18.6 | 19.3 | 9.9 | 2.6832 | 1.25709 |
| The Bonus system of the bank has effect on my Performance | 2.5 | 5.6 | 13.0 | 52.8 | 26.1 | 3.9441 | .91685 |
| Average | 13.04 | 19.57 | 17.39 | 33.39 | 16.61 | 3.21 | |
| Over All Average Mean= 3.21 , Disagree= 32.61%, Agree= 50.00% Undecided= 17.39% | | | | | | | |

Source: Sample Survey, 2019

Table 4.5 shows that 49.7% of respondents strongly disagreed that The bank pay Competent bonus in the Market, 28.6% disagreed with that statement, and 21.7% are neutral. These results suggest that majority (49.7%) of Zemen banks employees are not satisfied with the current bonus level. They have also asked whether distribution of bonus to all level (both Managerial and Non-Managerial) is fair.63.4 percent has agreed, 20.5 percent disagreed and 16.1 percent are neutral. At the same time respondents are asked bonus payment and profit of the bank are matched (bonus based on Profitability of the bank is Matched) In this regard, 52.2 % of respondents (the mean value of 2.68) under the study disagreed and emphasized bonus payment and Profit of the bank are not matching (Bonus based on Profitability of the bank is not matched). Finally, respondents were also asked whether the bonus system of the bank has effect on their

Performance. 78.9% of respondents are agreed by the statement The Bonus system of the bank has effect on their Performance.

The Overall average mean score of 3.21 which is considered as low implies that the existing Bonus payment is not motivating enough for the staff. more over the aim of bonus which is motivating employee have not been meet which creates dissatisfaction among them. We recommend for the bank to set the expectation of their employees as per the standard of the bank so that they will have a clear expectation from the bank and they will be satisfied when they get that otherwise if the expectation of the employee is very high it will be hard to meet them.

4.4.4. Employees response on Training

Table: 4.6 Employees response on Training

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev | Max |
|--|-------------------|----------|---------|-------|----------------|--------|---------|-----|
| | % | % | % | % | % | | | |
| The necessary training is given to ensure job effectiveness. | 3.7 | 6.8 | 14.3 | 46.0 | 29.2 | 3.9006 | 1.01983 | |
| In-service/on-the job training adequately addresses the skill gaps. | 1.2 | 5.0 | 12.4 | 26.7 | 54.7 | 4.2857 | .95150 | |
| Incompetent employees are identified and provided with the necessary Support | 5.6 | 31.7 | 28.0 | 23.6 | 11.2 | 3.0311 | 1.10918 | |
| Professional employees participate in identifying their training needs | 9.3 | 22.4 | 30.4 | 27.3 | 10.6 | 3.0745 | 1.13772 | |
| Training Leads the employee reduce their mistakes | 7.5 | 16.8 | 21.7 | 44.7 | 9.3 | 3.3168 | 1.09214 | |
| The bank follows employee's performance after training | 8.1 | 10.6 | 26.7 | 41.6 | 13.0 | 3.4099 | 1.09814 | |
| Trainings that provide are enables to boost and affect positively the employees' performance | 5.0 | 8.1 | 13.7 | 46.6 | 26.7 | 3.8199 | 1.07173 | |

| | | | | | | | |
|---|------|-------|-------|-------|-------|------|--|
| Average | 5.77 | 14.46 | 21.03 | 36.65 | 22.09 | 3.55 | |
| Over All Average Mean= 3.55 , Disagree= 20.23%, Agree= 58.74% Undecided= 21.03% | | | | | | | |

Source: Sample Survey, 2019

From the above table majority of the respondents 75.2Percent agreed that their institute is giving necessary training to ensure job effectiveness. At the same time respondents are asked that In-service/on-the job training adequately addresses the skill gaps. [81.4 %] of respondents have agreed that In-service/on-the job training adequately addresses the skill gaps and it’s important as shown by the mean of 4.28. respondents were also asked whether Incompetent employees are identified and provided with the necessary Support. 34.8 percent of the respondents in total agree, 28.0 Percent neutral and 37.3% of respondents are disagreed by the statement Incompetent employees are identified and provided with the necessary Support. This is issue is also validated by mean score of 3.03. the other question the respondents who participated in the study were asked whether Professional employees participate in identifying their training needs. Out of 161 respondents who participated in the study 51(31.7%) were disagreed that they are not participating in identifying their training needs,49(30.4%) are neutral ,61(37.9%) are agreed by the statement Professional employees participate in identifying their training needs. The respondents again who participated in the study were asked Training Leads the employee reduce their mistakes and 54.0% of the respondents are agreed by the statement. moreover, they asked the bank follows employee's performance after training 54.7 percent of respondents agreed by the statement. Finally, respondents were also asked whether Trainings that provide are enables to boost and affect positively the employees’ performance 73.3percent of the respondents has agreed.

The Overall average mean score of 3.55 which is considered as moderate implies that the existing employee response on training has a good opportunity in order to improve staff job performance. We Recommend if the training trend is done more often.

It’s known that through National Bank, all banks are forced to invest their 2% income on training of their staff but the training need to be done not out of obligation from National Bank only, rather but the bank need to take time to have a training need analysis of their employees.

4.4.5. Employees response on Promotion

Table: 4.7 Employees response on Promotion

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|--|-------------------|--------------|--------------|--------------|----------------|-------------|---------|
| | % | % | % | % | % | | |
| Everyone has an equal chance to be promoted | 11.8 | 20.5 | 25.5 | 30.4 | 11.8 | 3.0994 | 1.20522 |
| The institute 's promotion policy is clearly communicated to all Employees | 9.9 | 24.2 | 22.4 | 26.7 | 16.8 | 3.1615 | 1.24950 |
| The existing Promotion motivate employees for high level of performance | 13.0 | 16.8 | 23.6 | 38.5 | 8.1 | 3.1180 | 1.17993 |
| Average | 11.59 | 20.50 | 23.81 | 31.88 | 12.22 | 3.13 | |
| Over All Average Mean= 3.13 , Disagree= 32.09%, Agree= 44.10% Undecided= 23.81% | | | | | | | |

Source: Sample Survey, 2019

As shown in Table 4.7 42.2Percent of the respondents agreed that in their institute Everyone has an equal chance to be promoted, 32.3 Present disagreed and 25.5 were neutral and its mean score is shown by 3.09. Again, at the same time respondents are asked that The institute 's promotion policy is clearly communicated to all Employees. 43.5% of respondents have agreed 34.2 Present disagreed and 22.4 were neutral and its mean score is shown by 3.16. Finally, respondents were also asked whether the existing Promotion motivate employees for high level of performance. 46.6% of respondents are agreed by the statement the existing Promotion motivate employees for high level of performance. This is issue is also validated by mean score of 3.11.

The Overall average mean score of 3.13 which is considered as low implies that the existing employee response on Promotion is unsatisfactory which implies that the promotion system and strategy in the bank is not creating a positive impact. We recommend for the bank to give them a

clear strategy of promotion so that employees will work hard to get promoted rather than doing their job out of survival only.

4.4.6 Employees response to working Environment

Table: 4.8 Employees response to working Environment

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|--|-------------------|--------------|--------------|--------------|----------------|-------------|---------|
| | % | % | % | % | % | | |
| I am provided with adequate facilities and resources to do my job effectively | 6.8 | 9.9 | 21.1 | 48.4 | 13.7 | 3.5217 | 1.06705 |
| The working condition like space, seating arrangement, ventilation, refrigerator, lighting etc helped me to do my duties in better way | 3.7 | 6.8 | 22.4 | 49.7 | 17.4 | 3.7019 | .96076 |
| The bank provides flexible work hours to accommodate my personal needs | 18.0 | 29.8 | 16.1 | 31.7 | 4.3 | 2.7453 | 1.20561 |
| All in all I am satisfied with the working condition of the bank | 5.6 | 11.2 | 19.3 | 52.2 | 11.8 | 3.5342 | 1.02488 |
| Average | 8.54 | 14.44 | 19.72 | 45.50 | 11.80 | 3.38 | |
| Over All Average Mean= 3.38% , Disagree= 22.98%, Agree= 57.30% Undecided= 19.72% | | | | | | | |

Source: Sample Survey, 2019

The respondents who participated in the study were asked whether they are provided with adequate facilities and resources to do their job effectively and the working condition like space, seating arrangement, ventilation, refrigerator, lighting etc helped them to do their duties in better way. Majority of the participants has agreed by the statement by 61.2 % and 67.1%. The mean score of 3.52 and 3.70 implies that the institute working environment are executing their performance. At the same time respondents are asked that the bank provides flexible work hours

to accommodate my personal needs. 47.8% of respondents have disagreed that The bank provides flexible work hours to accommodate my personal needs and it's important as shown by the mean of 2.74. Finally, respondents were asked All in all they are satisfied with the working condition of the bank to improve their performance more. In this regard, the majorities 64.0 % of respondents (the mean value of 3.53) under the study agreed and emphasized creation of conducive working environment encourage high performers to improve their performance more.

The Overall average mean score of 3.38 which is considered as low implies that the working environment for the employees is not conducive atmosphere. Taking into consideration the parameters of measuring the working environment it has shown us that the employees are dissatisfied. The working environment is very crucial in order to make the employees love their work so the bank need to give this thing a priority in terms of making the bank conducive for the employees.

4.4.7. Employees response to Responsibility

Table: 4.9. Employees response to Responsibility

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|--|-------------------|--------------|--------------|--------------|----------------|-------------|---------|
| | % | % | % | % | % | | |
| Employees have clear job responsibilities in our institute | 5.6 | 16.8 | 16.8 | 49.1 | 11.8 | 3.4472 | 1.07762 |
| Employees participate in decisions making that has a positive effect on their work performance | 23.0 | 30.4 | 24.2 | 16.1 | 6.2 | 2.5217 | 1.18894 |
| I perform my duty with full autonomy and freedom | 6.2 | 9.9 | 19.3 | 50.3 | 14.3 | 3.5652 | 1.05346 |
| Average | 11.59 | 19.05 | 20.08 | 38.51 | 10.77 | 3.18 | |
| Over All Average Mean= 3.18% , Disagree= 30.64%, Agree= 49.28% Undecided= 20.08% | | | | | | | |

Source: Sample Survey, 2019

As shown in table 4.9. the respondents who participated in the study were asked whether Employees have clear job responsibilities in their institute. Out of 161 respondents who participated in the study 98(60.9%) agreed by the statement and it is validated by the mean score of 3.44. At the same time respondents asked whether Employees participate in decisions making that has a positive effect on their work performance 53.4% were not agreed that by the statement Employees participate in decisions making that has a positive effect on their work performance and it is validated by mean score 2.52. finally, they were asked whether they perform their duty with full autonomy and freedom, majority of the respondents has agreed by 64.6 percent (the mean value of 3.56).

The Overall average mean score of 3.18 which is considered as low implies that the employee response to responsibility is week. If an employee doesn't feel responsible for the responsibility which is given unto him or her there will be a huge gap in the work effectiveness. No one will be willing to be questioned and take full ownership for their work to be fulfilled unless and otherwise they will feel responsible for the responsibility which they have on their hand. The bank need to work on their attitude so that they will take the full ownership and be responsible for their work.

4.4.8. Employees response to Recognition

Table: 4.10 Employees response to Recognition

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev |
|--|-------------------|----------|---------|-------|----------------|--------|---------|
| | % | % | % | % | % | | |
| I get credit for what I do | 20.5 | 27.3 | 26.7 | 19.9 | 5.6 | 2.6273 | 1.17697 |
| I receive constructive criticism(positive feedback)about my work | 18.0 | 24.8 | 28.6 | 21.7 | 6.8 | 2.7453 | 1.18469 |
| The existence of recognition for good work, has given me an opportunity to Perform well. | 8.1 | 14.9 | 21.7 | 42.2 | 13.0 | 3.3727 | 1.13369 |

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|-------------|-------------|--|
| Average | 15.53 | 22.36 | 25.67 | 27.95 | 8.49 | 2.92 | |
| Over All Average Mean= 2.92% , Disagree= 37.89%, Agree= 36.44% Undecided= 25.67% | | | | | | | |

Source: Sample Survey, 2019

The Overall average mean score of 2.92 which is considered as low implies the employees didn't get enough recognition. It's known that one of the need of all employee is being recognized of what they are doing so that they will feel that their work matters for the bank. We recommend that the Bank will always recognize those who are working hard for the growth and successfulness of the bank so that all other employees will follow their foot step and work hard for the successfulness of the bank and to get recognized by the bank.

4.4.9. Employees response to Performance

Table: 4.11. Employees response to Performance

| Items | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | St. Dev | Min | Max |
|---|-------------------|----------|---------|-------|----------------|--------|---------|-----|-----|
| | % | % | % | % | % | | | | |
| I strictly follow the policies and procedures of the bank (for example dressing code, moral and ethical standards, rules of | 3.1 | 6.8 | 21.7 | 31.7 | 36.6 | 3.9193 | 1.06639 | | |

| | | | | | | | |
|--|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| conduct etc.) | | | | | | | |
| I effectively use resources including time and materials | 4.3 | 5.6 | 19.3 | 30.4 | 40.4 | 3.968 9 | 1.1035 3 |
| I try my best to avoid lateness and absence from my job | 6.8 | 8.1 | 13.7 | 58.4 | 13.0 | 3.627 3 | 1.0357 4 |
| I receive regular job performance feedback. | 6.2 | 44.7 | 36.0 | 6.8 | 6.2 | 2.621 1 | .93504 |
| I effectively work with other employees | 1.2 | 2.5 | 25.5 | 50.9 | 19.9 | 3.857 1 | .80512 |
| Employee's job performance is affected by the current motivational practice (like salary, bonus, Training, recognition, promotion, etc.) that the bank is trying to offer | 5.6 | 31.7 | 15.5 | 41.0 | 6.2 | 3.105 6 | 1.0931 7 |
| I receive good performance rates during my Performance evaluation | | 3.7 | 20.5 | 48.4 | 27.3 | 3.993 8 | .79449 |
| Average | 4.55 | 14.73 | 21.74 | 38.24 | 21.38 | 3.58 | |
| Over All Average Mean= 3.58% , Disagree= 19.28%, Agree= 59.63% Undecided= 21.74% | | | | | | | |

Source: Sample Survey, 2019

The above table 4.11 result shows 59.63 % of the respondent agree that perform their specific task following banks' procedures, use resource effectively and avoiding lateness and absence but still respondents of 19.28% disagree while the remaining 21.74% are neutral. We can also understand from the mean value 3.58 which shows that employees have good level of job performance because the mean value is considered as moderate. Therefore, we can conclude that employees' of Zemen Bank S.C have an average level job performance.

The Overall average mean score of 3.58 which is considered as average implies that the employee performance is average. We recommend for the bank to use various software's and solutions in order to measure the performance of their employee continuously. Based on the result of each performance report the bank will reward and punish in various way so that the performance of their staff will increase. More than the reward and punishment the bank also need

to work continuously in empowering their employee in the vision of the bank so that they will work hard to make the vision fulfilled.

4.5 Relationship between Reward and Job Performance

The hypotheses discussed in the first chapter aimed to investigate the relationship between independent variables (Salary, Bonus, Training, Promotion, working environment, Responsibility and Recognition) and dependent variable (employees' job performance) in Zemen bank S.C. Correlation analysis is done to examine this relationship.

The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012).

Table 4.12 below clearly shows that the relationship between two variables will be negligible, low, moderate, substantial, or very strong.

Table 4.12 Correlation Coefficient

| Correlation coefficient(r) | Strength of the correlation |
|----------------------------|-----------------------------|
| From 0.01 up to 0.09 | Negligible association |
| From 0.10 up to 0.29 | Low association |
| From 0.30 up to 0.49 | Moderate association |
| From 0.50 upto 0.69 | Substantial association |
| From 0.70 and above | Very strong association |

Source: Joe W. Kotrlik, J. C. Atherton, A. Williams and M. KhataJabor. (2011)

Determining the degree of association between the selected internal factors (Salary, Bonus, Training, Promotion, working environment, Responsibility and Recognition) and employees' job

performance is the main purpose of conducting an analysis using Pearson correlation. So, in this section the first seven hypotheses were tested based on the correlation result.

Table 4.13 Correlation Analysis between Independent variables and Dependent Variable

| Correlations | | Performance |
|----------------|---------------------|-------------|
| Salary | Pearson Correlation | .507** |
| | Sig. (2-tailed) | .000 |
| | N | 161 |
| Bonus | Pearson Correlation | .219** |
| | Sig. (2-tailed) | .005 |
| | N | 161 |
| Training | Pearson Correlation | .443** |
| | Sig. (2-tailed) | .000 |
| | N | 161 |
| Promotion | Pearson Correlation | .300** |
| | Sig. (2-tailed) | .000 |
| | N | 161 |
| Workingenv | Pearson Correlation | .687** |
| | Sig. (2-tailed) | .000 |
| | N | 161 |
| Responsibility | Pearson Correlation | .194* |
| | Sig. (2-tailed) | .014 |
| | N | 161 |
| Recognition | Pearson Correlation | .128 |
| | Sig. (2-tailed) | .106 |
| | N | 161 |
| Performance | Pearson Correlation | 1 |
| | Sig. (2-tailed) | |
| | N | 161 |

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

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

Source: Sample Survey, 2019

The result on the above table 4.13 shows that the salary payment of the bank ($r = .507$, $p < 0.01$) is Substantial positive relation and statistical significantly. This means an increase in Salary will bring an increment in employees' job performance.

As indicated in the above table 4.13 the correlation coefficient result for Bonus in Zemen Bank is ($r = .219$, $p < 0.01$). This implies the presence of low positive relationship between bonus and employees' job performance in the Bank which is statistically significant.

Again, from the above table 4.13 it can be seen that Training practice ($r = 0.443$, $p < 0.01$) is positively correlated with employee performance. This implies the presence of moderate association between Training practice and employees' job performance in the Bank which is statistically significant. Therefore, an increase in Training Activities will bring an increment in employees' job performance.

From the above table 4.13 it can be seen that Promotion practice ($r = 0.300$, $p < 0.01$) is positively correlated with employee performance. This implies the presence of moderate association between Promotion and employees' job performance in the Bank which is statistically significant. And change in Promotion given to employees has a corresponding effect on job performance of employees.

It can also be seen from the above table 4.13 that, working condition ($r = 0.687$, $p < 0.01$) is positively correlated with employee performance. This implies the presence of Substantial relationship between working condition and employees' job performance in the Bank which is statistically significant at 99 %. And change in working condition given to employees has a corresponding effect on job performance of employees.

Responsibility is also ($r = 0.194$, $p < 0.01$) is positively correlated with employee performance. This implies the presence of positive relationship between responsibility and employees' job

performance in the Bank and responsibility given to employees has a corresponding effect on job performance of employees.

From the above table 4.13 it can be seen that Recognition practice ($r=0.359$, $p<0.01$) is positively correlated with employee performance. This implies the presence of moderate association between Recognition practice and employees' job performance in the Bank which is statistically significant. And change in recognition given to employees has a corresponding effect on job performance of employees.

Thus, we can conclude from the correlation results any corresponding change in the independent variables (Salary, bonus, training, promotion, working environment, responsibility and recognition) will have a positive, moderate and substantial relative impact on the dependent variable of employees' job performance.

4.6 Effect of Reward Practice on Employee Job Performance

Multiple linear regression is the most common form of linear regression analysis. Multiple linear regression attempts to model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data. Every value of the independent variable x is associated with a value of the dependent variable y .

Table 4.14 Model Summary

| Model Summary | | | | | |
|---------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .757 ^a | .573 | .553 | .44857 | 1.694 |

a. Predictors: (Constant), Recognition, Bonus, Workingenv, Responsibility, Salary, Training, Promotion

b. Dependent Variable: Performance

Source: Sample Survey, 2019

The value of adjusted R squared 0.553 was an indication that there was variation of 55.3 percent on employee performance due to changes in independent reward predictors at 95 percent confidence interval. This shows that 55.3 percent changes in employee performance in Zemen

Bank S.C could be accounted to both predictors of intrinsic rewards, and extrinsic rewards. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the Table 4.14 is notable that there exists strong positive relationship between the study variables as shown by 0.757. Besides that, the coefficient of determination (R square) can help us in explaining variance. The R square figure of the all independent variables is 0.573. These also mean that all independent variables can explain 57.3% of the variation in dependent variable (employee performance). However, it is still leaves 42.7% (100% - 57.3%) unexplained in this research. In other words, there are other additional variables that are important in explaining employee performance that have not been considered in this research.

Table 4.15 Analysis of Variance (ANOVA^a) table

| ANOVA ^a | | | | | | |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 41.255 | 7 | 5.894 | 29.290 | .000 ^b |
| | Residual | 30.786 | 153 | .201 | | |
| | Total | 72.041 | 160 | | | |

a. Dependent Variable: Performance

b. Predictors: (Constant), Recognition, Bonus, Workingenv, Responsibility, Salary, Training, Promotion

Source: Sample Survey, 2019

Based on (ANOVA), the p-value is 0.000 which lesser than alpha value 0.01. Therefore, the model is a good descriptor of the relation between the dependent and predictor variables. Thus, all the independent variables can significantly explain the variance in perceived employability. The following table 4.16 shows the regression coefficients of all the independent variables (reward predictors)

Table 4.16 Multiple Regression Coefficient

| Coefficients ^a | | | | |
|---------------------------|-----------------------------|---------------------------|---|------|
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| | | | | |

| | B | Std. Error | Beta | | |
|----------------|------|------------|------|-------|------|
| 1 (Constant) | .595 | .176 | | 3.386 | .000 |
| Salary | .230 | .052 | .221 | 4.435 | .003 |
| Bonus | .156 | .039 | .198 | 3.973 | .031 |
| Training | .165 | .075 | .181 | 2.209 | .041 |
| Promotion | .194 | .046 | .232 | 4.222 | .000 |
| Workingenv | .271 | .044 | .296 | 6.136 | .000 |
| Responsibility | .015 | .041 | .018 | .367 | .007 |
| Recognition | .118 | .056 | .135 | 2.096 | .039 |

a. Dependent Variable: Performance

Source: Sample Survey, 2019

The regression analysis results support that seven variables were positively related to employee performance in the same direction. As depicted in the above table when salary increases by one percent, employee performance also increase by 0.230. when bonus increase by one percent, employee performance will increase by 0.156. when training increase by one percent, employee performance will increase by 0.165. when promotion increase by one percent, employee performance will increase by 0.194. similarly, when working environment increase by one percent, employee performance will increase by 0.271. when responsibility increase by one percent, employee performance will increase by 0.015. finally, when recognition increase by one percent, employee performance will increase by 0.118.

we can also easily compare the relative contribution of each of the different variables by taking the beta value under the standardized coefficients. The higher the beta value, the strongest its contribution becomes. Accordingly, working environment (Beta=.296) and salary (Beta=.221) makes the strongest unique contribution to explaining the dependent variable in which the results revealed that, a one-unit increase or positive change in "working environment" and "salary" would lead to a 0.271 unit and 0.230 unit increase the level of employees' job performance and followed by promotion (B=.232), training (B=.181) then recognition (B=.135). On the other hand, responsibility contributor to explaining the dependent variable with beta values of 0.018respectively.

Salary payment has a good opportunity in order to improve staff job performance. When an employee is satisfied with the salary, it has a direct impact on their work for all the employees reason to work is basically the salary that they earn. And The working environment is very crucial in order to make the employees love their work so the bank need to give this thing a priority in terms of making the bank conducive for the employees.

Further, the study established that When we see the statistical significance of each variable from the above coefficients table 4.22, training, (sig.= 0.041) recognition (Sig. = .039), bonus (Sig. = .031), responsibility (Sig. = .007), and salary (Sig. = .003) have a statistically significant contribution (Sig<.05) for the prediction of the dependent variable

As we shown from correlation and regression results that working environment has significant positive relation and positive significant effect on employees’ job performance in Zemen bank S.C. organization without supportive, pleasant full working environment internally, would fail to provide employees with frequent opportunities to practice and enhance their capabilities, which ultimately affect the performance of employees. And also from the statistical analysis the researcher found that salary has a significant positive relationship with and as well as significant positive effect on employees’ job performance in the bank. Thus, we can conclude that a positive change in salary payment can bring positive improvement on employees’ job performance.

Finally, from the above table, the study established the fitted regression equation:

$$\text{Employee Job Performance} = 0.595 + 0.230\text{salary} + 0.156\text{bonus} + 0.165\text{training} + 0.194\text{promotion} + 0.271\text{working environment} + 0.015\text{responsibility} + 0.118\text{ recognition}$$

From the results of this study, working environment and salary payment contributed more to the Employee performance in Zemen Bank S.C

| 4.7. Summary of Hypothesis Testing | | |
|--|---|-------------|
| Table 4.17 Summary of Hypothesis Testing | | |
| No. | Developed Hypothesis | Test Result |
| H1 | Salary has a significant and positive relationship with employees’ job performance. | Accepted |

| | | |
|-----------|--|----------|
| H2 | Bonus has a significant and positive relationship with employees' job performance. | Accepted |
| H3 | Training has a significant and positive relationship with employees' job performance. | Accepted |
| H4 | Promotion has a significant and positive relationship with employees' job performance. | Accepted |
| H5 | Working environment has a significant and positive relationship with employees' job performance. | Accepted |
| H6 | Responsibility has a significant and positive relationship with employees' job performance. | Accepted |
| H7 | Recognition has a significant and positive relationship with employees' job performance. | Accepted |

Source: Sample Survey, 2019

CHAPTER FIVE

SUMMARY, CONCLUSSION AND RECOMMENDATION

5.1 Introduction

In this chapter the conclusions derived from the findings of this study on the impact of reward management practices on employee performance at Zemen Bank S.C are described. The conclusions were based on the purpose, research questions and results of the study. The implications of these findings and the resultant recommendations will also be explained. Recommendations were based on the conclusions and purpose of the study.

5.2 Summary of Major Findings

The focus of this study was to investigate the effect of reward management practices on employees' performance in Zemen Bank S.C. The specific objectives of the study included Identifying to assess the current reward management practice of the institute, to determine the relationship between reward management practice and employee performance, to investigate the effect of extrinsic and intrinsic rewards on employee performance. The data analyzed using descriptive statistics, correlation and regression major findings were presented below in a summarized as follows:

From the arithmetic mean values generated by the descriptive statistics, it shows that bonus (mean=3.21), promotion (mean=3.13), responsibility (mean 3.18) and recognition (mean 2.92) are below the average cut-off point of 3.39 While other factors such as salary (mean=3.51), training (mean=3.55) and working environment (mean=3.38) are above average and closer to average mean respectively. From this we can understand that employees of Zemen Bank S.C are moderately agreed or satisfied with the internal factors practice. Still these practices need improvements so that employees will bring the better result that as the bank expects from its employees. Especially bonus payment of the bank, promotion and recognition which have the lowest mean values, are in need of greater attention. And, job performance of employees in the bank under this study is good since the mean score for job performance is 3.58 which are greater than cutoff value and closer to agreement in the likert scale.

The values generated in the Pearson correlation for salary ($r=.507$, $P<0.01$) and the regression result which shows salary i.e. (Beta=0.230) with (Sig. = .003) are significantly and positively correlated with employees' job performance. Therefore, the null hypothesis (H0) is rejected.

Bonus has Pearson correlation coefficient ($r= 0.219$, $p<0.01$) which show positive relation with employees' job performance. And, when we see the regression result ($Beta=0.156$) with ($Sig. = 0.031$) which can infer that bonus has positive and significant effect on employees' job performance. Thus, the null hypothesis (H_0) is rejected.

On the other hand, training has a correlation result ($r=0.443$, $p<0.01$) and regression result ($Beta=0.165$) with ($Sig. = 0.041$) in which we can conclude that training has positive and significant relationship and high contribution to explaining the dependent variable of employees' job performance. Consequently, the null hypothesis (H_0) is rejected.

Promotion has ($r=0.300$, $p<0.01$), which implies that there is positive moderate relationship with employees' job performance as well as ($Beta=0.194$) with ($Sig. = 0.000$) which infer that there is positive effect and significant effect on employees' job performance. Hence, the null hypothesis (H_0) is rejected.

Additionally, working environment has the Pearson coefficient ($r=0.687$, $p<0.01$) which shows a positive correlation with employees' job performance. This implies the presence of Substantial relationship between working environment and employees' job performance in Zemen bank S.C the regression result ($Beta=0.271$) with ($Sig. = 0.000$) shows high level of contribution among other practices of the bank Thus, the null hypothesis (H_0) is rejected

Responsibility has the Pearson coefficient ($r=0.194$, $p<0.01$) which shows a positive correlation with employees' job performance. This implies the positive relationship between responsibility and employees' job performance in Zemen Bank S.C. Even though, the regression result ($Beta=0.015$) with ($Sig. = 0.007$) of low level of contribution in which statistically insignificant but as we understand from correlation value in which we can conclude that a positive change in responsibility has a corresponding positive change in performance of employees' job. Thus, the null hypothesis (H_0) is rejected.

Recognition has the Pearson coefficient ($r=0.359$, $p<0.01$) which shows a positive correlation with employees' job performance. This implies the presence of Substantial relationship between recognition and employees' job performance in Zemen bank S.C and the regression result

(Beta=0.118) with (Sig. = 0.039) which infer that there is positive effect and significant effect on employees' job performance. Hence, the null hypothesis (H0) is rejected.

5.2 Conclusion

The study, after doing different analyses that the research objectives need, arrived and based on the major findings, the following conclusions were made:

Determinant internal factors examined in this study, especially bonus payment, promotion, and recognition in Zemen bank S.C are not being implemented properly as they have to be put into effect. That means there are still limitations in implementing these practice. Regardless of, moderately well implementation of the banks' practices, the job performance of employees is not bad. But the bank still not get utilize the full potentials of its human recourses due to the above limitations in implementing the human resource management practices properly.

As we shown from correlation and regression results that working environment has significant positive relation and positive significant effect on employees' job performance in Zemen bank S.C. organization without supportive, pleasant full working environment internally, would fail to provide employees with frequent opportunities to practice and enhance their capabilities, which ultimately affect the performance of employees.

From the statistical analysis the researcher found that salary has a significant positive relationship with and as well as significant positive effect on employees' job performance in the bank. Thus, we can conclude that a positive change in salary payment can bring positive improvement on employees' job performance.

Additionally, promotion has a positive relationship and significant effect on employees' job performance. Based on the result we can infer that there is promising chance to alleviate the current employees' job performance because it has greater contribution next to working environment and salary than other internal factors in this study.

As we shown from correlation and regression results that training has significant positive relation and positive significant effect on employees' job performance in Zemen bank S.C. organization

without viable training programs would fail to provide employees with frequent opportunities to practice and enhance their capabilities, which ultimately affect the performance of employees.

On the other hand, the chance of employees being responsible for a job well done is very high since the findings from the study indicates that the practice of responsibility for a successful job performance in the respective institute is good. But it needs to be carried out in a way that is favorable for the employees in order to improve their performance level.

Moreover, the overall bundles of determinant factors incorporated in this study have positive effect on employees' job performance

5.3 Recommendations

From the finding of the study The researcher makes the following suggestions to the case company to make suitable alterations in their reward system and achieve their reward objective.

- Firms should consider employee Input in reward system design since Participation-based rewards positively affect employees' as well as firm's performance. Employees with one another vary individually, according to physically and mentally. without employees' involvement the possibilities of tailoring reward according to employee need is difficult. So, bank's society must identify their different types of needs and fulfill them which is preferred by the workers and should design and adopted appropriate rewards system. However, managers should also be careful of how much input they allow employees in determining their rewards and goals.
- Results indicate that the existing Bonus payment is not motivating enough for the staff. more over the aim of bonus which is motivating employee have not been meet which creates dissatisfaction among them. It is recommending for the bank to set the expectation of their employees as per the standard of the bank so that they will have a clear expectation from the bank and they will be satisfied when they get that otherwise if the expectation of the employee is very high it will be hard to meet them.
- Moderate Result on Training implies that the existing employee response on training has a good opportunity in order to improve staff job performance. The researcher

Recommended if the training trend is done more often. It's known that through National Bank, all banks are forced to invest their 2% income on training of their staff but the training need to be done not out of obligation from National Bank only, rather but the bank need to take time to have a training need analysis of their employees.

- In the institute employees have a positive attitude towards the working condition; Taking into consideration the parameters of measuring the working environment it has shown us that the employees are dissatisfied. The working environment is very crucial in order to make the employees love their work so the bank need to give this thing a priority in terms of making the bank conducive for the employees.
- From the result we can see that the Overall average mean score for responsibility 3.18 which is considered as low implies that the employee response to responsibility is weak. If an employee doesn't feel responsible for the responsibility which is given unto him or her there will be a huge gap in the work effectiveness. No one will be willing to be questioned and take full ownership for their work to be fulfilled unless and otherwise they will feel responsible for the responsibility which they have on their hand. The bank need to work on their attitude so that they will take the full ownership and be responsible for their work.
- Undertaking a survey on employees' attitude towards rewards offered by the company in specific time period is also important measure weather the reward practices in use are efficient and resulting the outcomes which the reward program tries to aim.
- The other point that the institute must consider is that the timely offer and improvement of its reward practices in general. Even if the organizations have a good practice in providing selected types of rewards, if it doesn't get improved from time to time, it cannot address the timely needs of employees.
- Regarding the influence of independent variables on dependent variable it is indicated that the finding in this research showed that extrinsic rewards have significant contribution to employee performance. Therefore, the institute should consider more and focus intrinsic rewards to enhance employees' performance.

- Finally, in order to maximize the performance of the employee; designing sound and fitting reward scheme which is aligned with employee need and incorporate employee input is critical. Also the organizations should include both financial and non-financial rewards with appropriate mix. Because in today's competitive and challenging business environment the management must try to acquire or retain a well-educated, motivated and experienced worker by combining the financial and non-financial rewards provided to be competitive in that market and to make the organization profitable.

5.3 Suggestions for future research

The study was limited to Zemen Bank found in Addis Ababa Branches and it is only covered 5 branches. Given the key role that the sector plays, researcher recommended the future research can be done by including other regional as well us other Addis Ababa City Branches as a part of the study and incorporate a larger sample and should focus on some other variables not included in this study.

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APPENDICES

St. Mary's University

MA Program in Business Administration

Questionnaires to be filled by the respondents

Appendix 1: Questionnaire

Dear Respondents

This questionnaire aims at collection of information for the study concerning the impact of rewards on Employees Performance specifically on Zemen Bank S.C. organization in Addis Ababa region. This study is conducted in partial fulfillment of requirement for masters of Arts Degree in Business Administration of St. Mary's University. The outcome of this research will be alert to the Zemen Bank management to appropriately design the system of rewards that will adequately influence Employees performance.

The purpose of this questionnaire is to request you to express your opinion/views about the impact of rewards in employees' performance in Zemen Bank S.c in Addis Ababa region. All these information are clearly demanded for academic purposes and not otherwise hence feel free when you fill the questionnaire and the information that you provide will be treated as confidential.

Thank you for your assistance

Esete Meskob.

Instructions

Please answer all the questions by selecting the option that suit best. Also more comments where applicable.

PART ONE: Demographic Data

SECTION A: General Information about the respondent

Instruction: Please indicate your response by putting (√) mark in the appropriate box provided

1. Gender of respondent

- Male Female

2. Age of the respondents

- Below 25 25-35 36- 55 Above 55

3. Which Level of education do you possess?

- Certificate Diploma First Degree Master's Degree

Others Specify.....

4. Year of service you provided in this organization:

- 2-3 4-5 6-10 10 and above

SECTION B: Reward practice

Instruction: Kindly indicate the degree to which you agree with the following statements concerning the effect of reward practice in your organization.

Rate using a scale of 1 to 5 where 1 is strongly disagree, 2 is Disagree, 3 is neutral, 4 agree and 5 is Strongly agree

| S.No. | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
|-------|--|---|---|---|---|---|
| 1 | The rewards distributed at the bank have a positive effect on the work atmosphere or environment | | | | | |
| 2 | The rewards at the bank are distributed fairly | | | | | |
| 3 | The rewards distributed matches with my work effort | | | | | |
| 4 | The reward practice employed by the company takes employees need in to consideration | | | | | |
| 5 | Immediate rewarding of employees for achieving best performance will help to repeat that performance in the future | | | | | |
| 6 | I am satisfied with the quality (appropriateness, distributive and procedural justice) of the rewards | | | | | |

Extrinsic rewards

| No. | Questions related to Salary | | | | | |
|-------|---|---|---|---|---|---|
| S.No. | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
| 7 | My salary is equitable when compared with other banks | | | | | |
| 8 | My salary payment is satisfactory in relation to what I do | | | | | |
| 9 | I am satisfied by the bank pay grade | | | | | |
| 10 | My salary is in accordance with my work experience and increases on fair manner | | | | | |
| 11 | Salary adjustment or increment is made on reasonable time period | | | | | |
| 12 | The Pay System of the bank has effect on my job performance | | | | | |

| No. | Questions related to Bonus | | | | | |
|-------|---|---|---|---|---|---|
| S.No. | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
| 13 | The bank pay Competent bonus in the Market | | | | | |
| 14 | Distribution of bonus to all level (both Managerial and Non-Managerial) is fair | | | | | |
| 15 | Bonus payment and Profit of the bank are matched (Bonus based on Profitability of the bank is Matched) | | | | | |
| 16 | The Bonus system of the bank has effect on my Performance | | | | | |

Questions related to Training

| S.No. | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
|-------|--|---|---|---|---|---|
| 17 | The necessary training is given to ensure job effectiveness. | | | | | |

| | | | | | | |
|----|--|--|--|--|--|--|
| 18 | In-service/on-the job training adequately addresses the skill gaps. | | | | | |
| 19 | Incompetent employees are identified and provided with the necessary Support | | | | | |
| 20 | Professional employees participate in identifying their training needs | | | | | |
| 21 | Training Leads the employee reduce their mistakes | | | | | |
| 22 | The bank follows employee's performance after training | | | | | |
| 23 | Trainings that provide are enables to boost and affect positively the employees' performance | | | | | |

| Questions related to Promotion | | | | | | |
|---------------------------------------|--|---|---|---|---|---|
| S.No | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
| 24 | Everyone has an equal chance to be promoted | | | | | |
| 25 | The institute 's promotion policy is clearly communicated to all Employees | | | | | |
| 26 | The existing Promotion motivate employees for high level of performance | | | | | |

| Questions related to Working Environment | | | | | | |
|---|--|---|---|---|---|---|
| S.No | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
| 27 | I am provided with adequate facilities and resources to do my job effectively | | | | | |
| 28 | The working condition like space, seating arrangement, ventilation, refrigerator, lighting etc helped me to do my duties in better way | | | | | |
| 29 | The bank provides flexible work hours to accommodate my personal needs | | | | | |
| 30 | All in all I am satisfied with the working condition of the bank | | | | | |

| Questions related to Responsibility | | | | | | |
|--|--|---|---|---|---|---|
| S.No | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree =5 | 1 | 2 | 3 | 4 | 5 |
| 31 | Employees have clear job responsibilities in our institute | | | | | |
| 32 | Employees participate in decisions making that has a positive effect on their work performance | | | | | |
| 33 | I perform my duty with full autonomy and freedom | | | | | |

| Questions related to Recognition | | | | | | |
|---|--|---|---|---|---|---|
| S.No | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree=5 | 1 | 2 | 3 | 4 | 5 |
| 34 | I get credit for what I do | | | | | |
| 35 | I receive constructive criticism(positive feedback)about my work | | | | | |
| 36 | The existence of recognition for good work, has given me an opportunity to Perform well. | | | | | |

| Questions related to Performance | | | | | | |
|---|--|---|---|---|---|---|
| S.No | Strongly disagree=1, Disagree=2, Neutral=3, Agree=4, Strongly agree=5 | 1 | 2 | 3 | 4 | 5 |
| 37 | I strictly follow the policies and procedures of the bank (for example dressing code, moral and ethical standards, rules of conduct etc.) | | | | | |
| 38 | I effectively use resources including time and materials | | | | | |
| 39 | I try my best to avoid lateness and absence from my job | | | | | |
| 40 | I receive regular job performance feedback. | | | | | |
| 41 | I effectively work with other employees | | | | | |
| 42 | Employee's job performance is affected by the current motivational practice (like salary, bonus, Training, recognition, promotion, etc.) that the bank is trying to offer | | | | | |
| 43 | I receive good performance rates during my Performance evaluation | | | | | |