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ST.MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF REWARD MANAGEMENT ON  
EMPLOYEES JOB PERFORMANCE IN HIBRET BANK  
S.C

BY: BETELHEM MENGESHA

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THE EFFECT OF REWARD MANAGEMENT  
ON EMPLOYEE PERFORMANCE IN HIBRET BANK

BY  
BETELHEM MENGESHA

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY  
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## DECLARATION

I the undersigned declare that this thesis the effect of reward managment onemployees job performance the case of united bank s.cis my original work. It has not been submitted for a degree in other university and all the materials used in this study have been duly acknowledged.

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## **CERTIFICATION**

This is to certify that Betelhem Mengeshaha properly completed her research work entitled “The effect of reward management on employee performance inHibret bank S.C” with our guidance through the time. In my recommendation, her task is appropriate to be submitted as a partial fulfillment requirement for the Degree Of Master of Business Administration .

Research Advisor

TewodrosMekonen, (Ph.d)

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\_\_\_\_/\_\_\_\_/\_\_\_\_

Date

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## **ACRONYMS/ABREVIATION**

ANOVA-Analysis of variances

SD- Standard Deviation

SPSS-statistical package for social science

VIF-variance inflation factor

## **ABSTRACT**

*The purpose of this study was “the effect of reward management on employees job performance the case of united bank s.c”. Multiple regression analysis assessed the effect on reward management in employee job performance, (monetary and non monetary reward management system ). Population of the study is 627 and sample is 244 and 228 is response so, response rate is 94%. Results indicate that four variables have significant effect and predict good proportion of variance in employee job performance. Research design Is Descriptive and explanatory type research and a quantitative and qualitative method was used, method which is cross-sectional study with deductive approach is chosen in this research. In order to collect primary data, a self-completed questionnaire designed and was randomly given to the united bank .There is positive and intermediate correlation coefficient between monetary and  $r=0.473, p < 0.01$ ), indicates that there is a statistically significant ( $p < .001$ ) linear relationship between these two variables such that the more, determines employee performance,. Furthermore, they are significantly related to one another. The relationship investigated in this study deserves further research. This may indicate that their level of effect on employee performance monetary reward was somewhat weak in the context of hibret bank o practices as compared to the other dimensions which is nonmonetary reward because the data analyzed were collected from one sector of the service industry in one country, more studies are required before general conclusions can be drawn.*

**Keywords-** *non monetary reward, monetary reward, employee job performance,*

# CHAPTER ONE

## INTRODUCTION

This chapter deals with background of the study, statement of the problem, objectives of the study, significance of the study, delimitation of the study, and organization of the study. The details of each theme are presented here under

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

Reward systems consist of the interrelated processes and practices which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there (Armstrong.M, 2010).(Bratton.J& Golg. J, 2007) mentioned that reward management is “central to the regulation of the employment relationship and is one of the central pillars of human resource management” and Similarly (Stephens.T, 2005)in a different study added to the meaning of reward management by signifying that the ultimate aim of reward management is to enable organization to achieve its strategic goals.

According To(Armstrong M and Mirlis,H, 2007) Reward system refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform. Rewards schemes may include extrinsic and intrinsic rewards. Extrinsic rewards are items such as financial payments and working conditions that the employees receive as part of the job. Intrinsic rewards relate to satisfaction that is derived from actually performing the job such as personal fulfillment and a sense of contributing something to society.

Performance management can be defined broadly as the process of taking systematic action to improve organizational, team and individual performance (Armstrong.M, 2010).It enables performance expectations to be defined and creates the basis for developing organizational and individual capability. For individuals and teams, performance management Could Be associated with both financial and non-financial rewards.

The success ,profitability and sustainability of a company is affected by different internal and external factors such as economy ,money and resources competition politics , management and employees and government policy .peoples have an affection of being appreciated remunerated for their work by the highest authority or top management and reward and incentives are one of employee and staff motivating and also acknowledging

methods by organizations .rewards are benefits that comes from performing a job or a duty well or achieving the goal . it is a prize given to employees as a recognition for there hard work and rewards are given after a completion of a job.Study that have been conducted by (Tesfaye, 2017) founded that reward attitude, organizational climate, job satisfaction, employee commitment are strongly related while employee well-being are not significantly related concluded that banks should create a means of evaluation and monitoring its reward practices by preparing reward attitude survey in order retain and attract talented employees and the aim of these study is to examine the effect of reward on employee job performance .

Banking service was introduced in our country in 1905 and the first bank was named bank of Abyssinia which was established by Ethiopian government and national bank of Egypt but bank of Abyssinia got closed and another bank opened which was called bank of Ethiopia by emperor Hailesilase after that different banks were opened but was not able to last long due to different reasons. after the change of government in 1991, and subsequent measurement taken to liberalize the economy towards a system of economy based on commercial consideration, financial market was deregulated. a proclamation number 84/94 was issued after this different private banks & insurance start to establish.

Hibret Bank was incorporated as a Share Company on 10 September 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

## **1.2 Statement Of The Problem**

In organizations whether private company or governmental companies there are different expectations among employees while achieving the intended objective. understanding these expectations and giving them the appropriate incentives and rewards encourage employees for the fulfillments of organizations' long and short term plan .There needs to be a clear link with the organizational objectives and this involves good communication of clear objectives that everyone understands.(Bratton.J& Golg. J, 2007)indicated that the purpose of rewards is for attracting prospective job applicants, retaining valuable employee's, motivating employees as well as assisting achieving human resource objectives and obtaining competitive advantage.

Since banking industry is being filled with a number of competitors now a days every bank is applying different methods to gain competitive advantage and increase profitability raising

salary, a good working environment, training and developments and also providing reward, incentives and compensation could be some of the methods.

(Topaz, 2018) in his study the role of reward and benefit management towards employee satisfaction practices which was conducted on commercial bank of Ethiopia indicated that reward system does not motivate its employees to be competitive and work to the best interest of the company given that the reward systems does not take competitiveness and performance in to account .(Deprese, 2006)) Stated that the challenge for the manager is to recognize what each employee is seeking and to identify ways to reward the employee by satisfying that need.

Hibret Bank Provides Financial Benefits Such as bonus interest free loans, interest bearing loans and non-financial benefits ,free health insurance service ,uniforms for guards ,and cleaners . Even though Hibret bank has been in the financial industry and in the market for quite a long time the bank isn't one of the top 3 private commercial banks in the country and it made the researcher curious if the reward system of the bank had something to do it, so this idea guided the researcher to conduct this research on this specific commercial bank.

### **1.3 Research Questions**

- 1 what types of reward provided to employees by hibretbank ?
- 2 what is the effect of monetary reward on employee job performance?
- 3 what is the effect of non-monetary reward on employee job performance?

### **1.4 .1General Objective**

The objective of the study was to examine the effect of reward on and employee Job Performance In Hibret Bank S.C

### **1.4.2 Specific objectives Of The Study.**

1. To identify the effect of monetary reward on the performance of employees.
2. To assess the effects of nonmonetary reward on the performance of employees.
3. To examine the linkage between company reward systems and employee performance in Hibret bank S.C

## **1.5 Significance Of The Study**

The findings of this study is assumed to be beneficial to management of Hibret bank s.c .the aim of human resource department is to develop a sustainable and comfortable working environment for workers in order to be productive . Since rewards are one of employee motivating factors this study will provide the companies strength and weaknesses for the bank and helps it to adjust the weaknesses on the basis of these motivating factors .these study will also contribute to other banks on the same scale. It could also help the management on the basis of identifying and implementing the best reward and programs. The study could also be used as a base for other researchers on same or related topics .and the study helps the researcher to broaden the researchers knowledge on the field.

## **1.6 Scope Of The Study**

The research is designed to examine the impact of reward management on employee job performance in case of Hibret bank .The study focuses on employees and human resource department of Hibret bank . In terms of population the study is conducted on south east district of Hibret Bank. Thesestudy used mixed research approach the research design is concurrent triangular method, the data is collected from primary and secondary sources are analyzed through descriptive and inferential Statistics.

## **1.7 Organization Of The Paper**

The research study is organized in to five chapters .The first chapter contains the introduction part which consists of back ground of the study , Statement of the problem, objectives of the research ,hypothesis , Significance of the Study . The Second chapter Presents the related literature reviews .In the third chapter the research methods and methodologies are stated. The fourth chapter presents the discussion of the findings and data analysis .The fifth chapter which is the last one was present conclusions and recommendations based on the findings it will also make suggestions for future research .

# CHAPTER TWO

## REVIEW OF RELATED LITRATURE

### INTRODUCTION

These Chapter covers four sub sections the Theoretical literature review ,empirical literature reviews , conceptual framework and the Hypothesis .

### 2.2 Theoretical Literatures

#### 2.2 .1 Definition of reward

Rewards are the items and experiences that employees earn for meeting goals, turning in exceptional work, being a team player or any other recognition parameters that a manager puts in place. (Torrington.D, 2009)Stated that The advocators of the expectancy theory believe that employees will change their behavior by working harder to prioritizing their actions if they know that by doing so they will be rewarded with something of value to them.(work, 2007)defined total rewards as all of the employer's available tools that may be used to attract, motivate, and retain employees. Which encompasses every single investment that a company makes in its people and everything its employees value in the employment relationship. Rewards can be In monetary or non-monetaryForms.

#### 2.2.2 Reward Management

Reward system exists with a specific end goal to motivate employees to work towards accomplishing of the essence objectives which are set by entities and incentives are Provided to Initiate for better Performance .A reward and incentives system with out good management Strategies Could Be a loss of resources and may not Contribute to achieve the Purpose .(Armstrong M and Mirlis,H, 2007)Define reward management as the process of formulating and implementation of strategies and policies that aim to reward people fairly, equitably and constantly in accordance with their value to the organization. It could also seen as a motivational tool engaged in recognizing employees on the accomplishments added to the organization.(Schneider, 1987)Stated that reward management is determined on employee and the value they create in the organization.

(Armstrong.M, 2010)Indicated that reward management is design, implementation and maintenance of reward systems (interrelated reward processes, practices and procedures)



which focus on satisfying the necessities of both the organization and its stakeholders, and to operate fairly, equitably and consistently. The goal is to assure the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. In Fact (Rose.M, 2014) argued that Effective reward management is about both the individual elements of reward and the total cost and value.

According to (Stephens.T, 2005) the Purpose of reward management are to reward people according to the value they create, align reward practices with business goals and with employee values and needs, reward the right things to convey the right message about what is important in terms of behaviors and outcomes, help to attract and retain the high-quality people the organization needs, motivate people and obtain their engagement and commitment and develop a high-performance culture.

Even Though Rewards have Same Purpose and Type They All Costs The Companies Investment . It drills in accordance with the concept of return on investment as described by (Armstrong M and Mirlis,H, 2007) it is stated as a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. So While Constructing a reward System Organizations need a good reward system in order to have a greater return of investment.

### 2.2.3 Reward Systems

Reward system are One Of The essential function of human resource management they Perform the assessment of job values the design and management of payments, performance management, contingent pay, employee benefit and pension and the management of rewards procedures. (Pitts.C, 1995) Defined reward as the benefits that arise from performing a task, rendering a service or discharging a responsibility and also specified that pay is the most significant and motivating benefit that is received in return for performing a task or service. According to (Armstrong.M, 2010) “reward systems consist of the interrelated processes and practices which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there.”

(Torrington.D, 2009) Stated that The advocates of expectancy theory believe that employees will change their behavior by working harder to prioritizing their actions if they know that by doing so they will be rewarded with something of value to them. Hume (2000,P.74) a poorly

designed reward system is likely to manifest itself in the recruitment of poor quality staff, undesirable level of employee performance, motivation , and high level of employee turnover.

The approaches to achieving the aims of reward management are achieved By Designing a feasible reward system in an organization. These Reward Systems Should be Designed Based On The Core Principles and Should Fit The Process Features Of The Firm .According To (Stephens.T, 2005)Reward System Should Consist Of :-

1, Reward strategies:- which set out what the organization intends to do in the longer term to develop and implement reward policies, practices, processes and procedures that will further the achievement of its business goals.

2, Reward policies, :- which set guidelines for decision making and action. For example, an organization may have a policy that sets the levels of pay in the organization compared with median market rates.

3, Reward practices:- That Contain the grade and pay structures, techniques such as job evaluation, and schemes such as contingent pay used to implement reward strategy and policy. For example, the policy on pay levels will lead to the practice of collecting and analyzing market rate data, and making pay adjustments that reflect market rates of increase.

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

5, Reward procedures:- which are operated in order to maintain the system and to ensure that it operates efficiently and flexibly and provides value for money. For example, a procedure will be used for conducting the annual pay review

## 2.2.4 Types Of Reward

### 2.2.4.1 Intrinsic Reward

Intrinsic reward actually fulfils employee's intrinsic factors or motivators and thus motivates him. Examples include; giving challenging task, involving in decision making process, giving

a higher rank in hierarchy etc all these rewards do not required having increased salary as well and employee may be working at higher management rank without an increase in the salary and still more motivated.

(Mansor.M,Borhannudin.N& Yusuf B.M , 2012)Defined intrinsic reward as acts of doing an activity for its inherent satisfaction rather than for some separable consequence .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.

#### 2.2.4.2 Extrinsic Reward

Extrinsic rewards are tangible rewards are salary, bonuses, safety, recognition, marginal benefits like transport.(Tarique Rafique,Faisal ShafiiqueButt,Arsian BashirKhawaja,Navid Akhatar,Atif Hussain,Muhammad Bashir, 2014) 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. An Extrinsic rewards actually fulfils employees extrinsic factors or hygiene factors and thus do not let him start thinking about leaving the company. We Could Take Examples such As pay rise, bonuses, paid leaves, annual recreational plans etc. We Could say That intrinsic rewards are mostly qualitative in nature and cannot be quantified for example more respect, recognition etc.

#### 2.2.4.3 Monetary Reward

(Armstrong.M, 2010)) Stated That , employees can be motivated through financial rewards on one side, and on the other side, the non-financial awards can be a resource of motivation for the employees and cost effective for the organizations.

Individuals value cash and in this way making money essential type of reward. Money related reward systems can be put into three fundamental classes: performance-based salary increases, short -term incentive plans, and long term incentive plans. According (Merchant, 2007)every organization gives pay increment to employees at all organizational levels. The reward that an employee values most and that provides the greatest incentive to maintain and improve performance will be one that contributes to the fulfillment of that person's strongest drive which helps for attaining the desired objective . Financial reward payment schemes includes :-

##### 2.2.4.3.1 Base pay

(Armstrong.M, 2010)Stated that 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.

#### **2.2.4.3.2 Variable Pay**

Variable-based pay, which includes the use of bonuses, stipends, and other forms of incentivized rewards, offer organizations more flexibility in implementing their compensation strategies in comparison to fixed-based pay programs (Milkovich.G.T,Newman.J.M& Grhant .B, 2011).In particular, during volatile economic times, the use of variable pay allows a company to reward individuals and teams based on current profits and productivity, without the promise or expectation that such rewards will be offered continuously. 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 M and Mirlis,H, 2007).

#### **2.2.4.3.3 Skill/Knowledge-Based Pay**

The advantage of this pay scheme is that it encourages continuous learning and allows employees to increase their pay, even when promotions are not available. Skill/knowledge-based pay, and its close derivatives called competency-based pay and values based pay, is an individual incentive system that rewards employees for skills, knowledge, and competencies, as opposed to the positions they hold .The concept behind values-based pay is that employees with better skills and knowledge are able to do the same quality work in less time, and therefore, should be paid accordingly.

#### **2.2.4.3.4 Performance Based Pay**

Performance pay systems that reward employees for their individual and oftentimes, group performance, have their roots in equity theory. A central tenet of equity theory asserts that

employees perceived contributions should be rewarded equitably in comparison to other employees contributions. Thus, if employees perceive that they are not being rewarded fairly, they may reduce their output and lower their commitment to the organization. Organization that pay based on individual performance encourages employees to work harder and if work can be easily counted, then individual merit is more likely to be successful than using a flat or hourly based pay

#### **2.2.4.3.5 Profit Based Pay**

Profit-related Pay Profit-related pay is a type of group performance-related pay scheme where a part of the employee's payment is linked to the profits of the organization. If the company's profits hit 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.

#### **2.2.4.4 Non-monetary Reward**

This is a kind of Reward that does not involve money directly and this reward normally croup-up from the work itself. These include achievement, autonomy, recognition, the scope to use for work. Others include development of skills, training and career development opportunities.

Non-financial factors have the potential to improve the competitiveness of organizations in attracting and retaining employees because they are less costly and have a long term focus especially in the case of learning and development

According to (Jaghult, 2005) when one receives a thank you from one's manager or gets appreciation from one's colleagues are the two cases of non-monetary rewards. To accomplish enduring motivation for the employees the organization must focus on both the monetary as well as the non-monetary motivators, with a specific end goal to give the best blend. s are more of a quantitative in nature. Some Of The Non Financial Rewards are :-

##### **2.2.4.4.1 Recognition**

Employee recognition, according to (Harrison, 2005) involves the timely, informal and/or formal acknowledgement of a person's behavior, effort or business result that supports the organization's goals and values, and which clearly has been beyond normal expectations. as Indicated by (Nyakundi, W.K., Karanja, K., Charles, M. & Bisobori, W.N, 2012) the aim of

employee recognition is to allow individuals to know and understand that their work is valued and appreciated, provides a sense of ownership and belongingness, improves morale, enhances loyalty and increases employee retention rate in the organization.

#### **2.2.4.4.2 Promotion**

According to (Pigors .p, C.A Myers & F.T Malm, 1971) Promotion is an advancement of an employee to Better job ,greater responsibilities ,more prestige or status greater skill and specially increased rate of salary. It is a way of rewarding employees for meeting the organizational goals. thus it serves as main of synchronizing organizational goals with personal goals.

#### **2.2.4.4.3 Working Conditions**

Employees spends a lot of time at the workplace, completing tasks of the organization and for the organization. organizations must acknowledge such attribution and reward its employees by providing a comfortable workspace. comfortable furniture, air conditioned rooms, latest models of computers, etc are some factors that contribute for an improved workspace (Thomas, 2009).

#### **2.2.4.4.4 Praise**

At the most primary 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’ does not cost anything. however, good management do suggests that this should occur anyway, regardless of any scheme.

#### **2.2.4.5 Total Rewards**

(Armstrong.M, 2010)Indicated thatthe concept of total rewards describes an approach to reward management which emphasizes the need to consider all aspects of the work experience of value to employees, not just a few such as pay and employee benefits Tangible rewards arise from transactions between the employer and the employee and include rewards such as pay, personal bonuses and other benefits. on the other hand, intangible rewards have to do with learning, development and work experiences .Total reward- typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more

intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. Some Of the Components .

### 1 Wages and Salaries

In the total rewards model, reward is viewed holistically and comprises not only base salary, but the other types of compensation that motivate employees to perform well. For example, a variable-pay system rewards employees based on performance. Once the employee achieves this level of pay, it must be earned again for each subsequent pay period.

### 2 Benefits That Go Beyond

Within the total rewards framework, employers may seek to offer benefits that go beyond the legally mandated minimum of Social Security insurance, Medicare, unemployment insurance, worker's compensation insurance and state disability insurance. Your vacation package, along with leave of absence, sick leave and bereavement leave, can attract top-notch employees. Consider offering a variety of retirement plans from simple Individual Retirement Accounts to retirement benefits plans.

### 3 Work-Life Balance

work environment should promote a healthy balance between work and personal time. When Companies Provide an atmosphere that recognizes your employees' needs to have a work schedule that allows them to get enough rest, It promote better morale. Consider offering financial counseling that includes planning for retirement and an overview of investment alternatives.

### 4 Recognizing Good Performance

Employee appreciation and recognition help to create an engaged and dedicated workforce, which in turn contributes to business growth. Offer recognition as close to the event as possible. When a person performs positively, provide recognition immediately. Because it's likely the employee is already feeling good about his or her performance your timely recognition of the employee will enhance the positive feelings.

### 5 Career Developments

When companies provide professional development, it does not only foster employee loyalty, it improve the skills of your workforce. provide tuition assistance, technology training, time off for outside seminars or mentoring programs that help employees grow in their careers.

### 2.2.5 Aims of of reward system

These are five key objectives that can be achieved by applying reward system.

#### 1 Attraction and Retention:

Organizations that give the highest rewards tend to attract and retain more people (Gerhart and Milkovich, 1992). This indicates that the better reward system can give a higher satisfaction level to employee. The higher satisfaction level will lead to a longer length of service and reduce organizational turnover rate. The organization needs to retain high performance employees and remove inefficient employees. To maintain the top performers, Companies reward system need to be compared with other organizations to ensure that its reward system is superior than its competitors.

#### 2 Motivation of Performance:

The reward system must be directly link to the effective performance. Staffs should be rewarded according to their needs. Once the staff is rewarded for their outstanding performance, they will further improve their work process. The effect of this reward system depends on the situation and the needs of people. There are three factors that can affect the motivation effect by using reward system.

**Performance-Outcome Expectancy:** Individuals expect that if they behave in a certain way, they will get certain outcomes due to their behaviors.

**Attractiveness:** Based on the perception of the staff, the outcome of the reward system will lead to different attractiveness to employees. The firm needs to understand the employee's need and select the most attractive way to retain and attract motivated staffs.

**Effort-Performance Expectancy:** The expectancy represents the individual's perception of how hard it will be to achieve certain behavior. The employees will be further discouraged if they really fail to achieve the target. However, if the firm creates a positive working environment, the staff will feel that the quota is achievable and they will be motivated to hit the target and receive the reward.

#### 3 Create Positive Organizational Culture:



Reward system can help the firm to create a positive culture. Depend on the way that reward systems are developed, administered, and managed, the organizational culture will be affected according to these factor. However if the organization rewards all staffs equally without appreciation of the individual's effort, most of the staff will tend to slack.

The individual believes that it is possible to achieve certain level of target. The firm should encourage the staff to think positively and set an achievable target for them. For example, the monthly sells quota need to be reasonable.

#### 4 Improve on Skills and Knowledge

The reward system can encourages employees continuously improve their skill sets. The firm can pay employees based on their skill levels. Staffs will be motivated to attend extra courses and improve their skill sets in order to receive more benefit.

Both organization and staffs can be benefited from this. The firm can adjust the setup of the reward system based on the requirement of the organization.. The firm can provide benefits to staffs who attend relevant courses and have outstanding customer service skills.

### **2.2.6 Benefits of rewards in the workplace**

A leadership team that incorporates rewards and incentives in the workplace can expect these benefits:

#### **Increased productivity**

Rewards and incentives help increase productivity in the workplace as every employee works harder to meet their goal and secure a reward. Sometimes it's the reward that's largely motivating, but most of the time, it's the recognition that comes with it that inspires an employee to push themselves a little more.

#### **Loyal employees**

It's important to employees that they feel their leadership team recognizes their work and values what they do. Staff members who feel appreciated and know their hard work is not in vain usually become loyal to the company and even recommend open positions to their contacts.

#### **A culture of friendly competition**

You can develop incentive programs that are team-based or individual. Either way, it's a way to introduce some friendly competition to the group. A strong team will love being able to challenge each other while having the ability to receive rewards for their efforts. Competition is motivating, and leaders may notice the hard work their team puts in to come out on top.

### **More accountability**

With team-based rewards and incentives, where a whole team has to reach certain goals or complete specific actions to get the reward, you can introduce a heightened sense of accountability. Teammates hold each other accountable so they can succeed together, and individuals hold themselves accountable so they don't let their team down. Accountability in the workplace typically equates to fewer errors, which is a major benefit for businesses.

### **Boosted morale**

Getting recognized and receiving a reward or incentive that resonates with the staff boosts morale. With the right culture in place, teammates should encourage each other to do well so they can celebrate everyone's accomplishments. Employees feel the support of their co-workers and leaders, which helps to boost team morale as everyone works toward the same goal of helping the business succeed.

### **Increased employee motivation**

When employees have something to work toward and know that in the end, they'll receive a reward or incentive that they can enjoy, it's a huge motivator. Most people are inherently competitive in that they want to stand out from their peers so leadership considers them for promotions, raises and more responsibility, and it's the same when receiving rewards. Employees become motivated to do well so they can experience the reward, but it also motivates them to make their leaders and team proud.

### **Improved collaboration**

If a leader creates rewards and incentives for the entire team as they work together on a project, or splits the group into multiple teams to tackle different facets of the task at hand, teammates should improve their collaboration. When Staff members work towards a common goal where each one has a responsibility to do their part to complete the project. It

requires that they celebrate each other's strengths, brainstorm together to figure out a problem and work through differences of opinion to move forward.

## **2.2.7 Employee Job Performance**

Performance can be viewed as a record of outcomes accomplished and an individual's achievements. Performance can be viewed as behavior the way in which organization, teams and individuals get work done. (Draft, 2003) defines corporate performance as the organization's ability to accomplish its goals by utilizing resources in an efficient and effective manner. (Armstrong, M., 2010) defines performance as the accomplishment, execution, carrying out, working out of anything ordered or undertaken. This refers to accomplishment but also states that performance is about doing the work as well as about the results achieved. The concept of performance management has given a reward system which contains; needs and goals alignment between organization and employees, rewarding employee both extrinsically and intrinsically (Armstrong, 2005). Performance management techniques can be applied at the organizational, departmental (business process), and individual levels.

1. **Organizational Level:** The primary aim of performance management at the organizational level is achievement of strategic goals and objectives. Common organization goals and objectives include increases in sales, customer satisfaction, or profits; greater community involvement; higher rankings or perceived quality compared to competing firms; and so forth.

2. **Department (Business Process) Level:** No department or division is an island-all interact with or support others. Every job interacts with others at the business process or departmental level (e.g., finance, human resources, admissions, accounts payable, etc.). Establishing goals for each process, function, and department which are consistent and supportive to the general objective collectively helps the organization meet the needs and expectations of its internal and external stakeholders.

3. **Individual Level:** Employees execute the tasks and assignments required to meet individual, departmental, and organizational responsibilities. Although the organizational and business process levels may be architectural masterpieces, if performers cannot execute efficiently and effectively, performance quality and outputs will be negatively affected. An employee's performance can also be determined as a person's ability to perform also including the opportunity and willingness to perform as well. The meaning of willingness to

perform means that the desire of the employees in putting as much effort towards their job (Eysenck, 1998).

(Ayree,S.,Chen Z,H.& Budhavar,P.S, 2004)Stated that while employee received rewards are perceived to be fairly allocated. Employees will be more willing to contribute their inputs or performance When companies face contemporary challenges and require put more attention on enhancing employees' performance .Therefore, company need to concern on recent trends in the organizational in order to enhance workers to apply there knowledge and skill to facilitate in the desired advanced economies. And also to engage in effective performance, management needs to allow employees to have more authority to design their job and roles. Thus, at the end, employees will discover their job more fit between employees' skills, needs and values.

## **2. 3 Empirical Evidence**

Now a days reward management Programs are being adopted by different firms to enhance employees performances, many Studies have been conducted on These Issue Including In Our Country In The Banking Sectors There Are Some Researches Conducted .

Kanwal K, Syed M In There assessment impact of reward system on employee performance in banking sector In Practice of Banking Sector O Karachi Pakistan (August 2017).Which Was a descriptive type based on quantitative and the statistical tools like regression through SPSS software. Convenience sampling technique was used as non-probability sampling technique and data was collected through questioner that took the employees of united bank limited, habib bank limited and national bank limited in Karachi, Pakistan as a target population. Stated that a good quality of reward makes organization effective and improves the performance of employees similarly poor reward system make organization ineffective and leads the employee performance to unproductive. So, organization use reward for improving their employee performance and their morale. Several survey and experience of HR professionals expose that the rewards increase employee motivation like benefits, pay, and incentives. overall performance of banking employees was assessed as satisfactory. This study confirmed that intrinsic and extrinsic reward increase employee performance and it has a positive impact on employee performance. It concludes that rewards are very imperative for employees in bank. Reward practice and process improve the organization efficiency and increase team and individual performance. The study shows that majority of the employees are happy with their current reward system of the bank but there is a need of improvement.

A study conducted by (Serena Aktar, Muhammad Kamruzzaman Sachu, MD Emran Ali, 2012) examines the relationship between rewards and employee performance as well as identifies the relationship between extrinsic and intrinsic rewards. The study explored factors determining extrinsic and intrinsic rewards and their impact on employee performance and actions to influence the commercial banks for a consideration of a more systematic and structured approach to acknowledge employee's efforts which would in turn prosper high performance culture in commercial banks of Bangladesh. Descriptive statistics based frequency tables and graphs were used in the study to provide information on demographic variables. There are two independent variables Intrinsic and extrinsic rewards and employee performance is the dependant variable the result indicate that there is a statistical significant relationship between all of the independent variables with dependent variables. There are two factors included in the extrinsic rewards such as basic pay and performance bonus. Basic pay is a highly significant factor which affects employee performance than performance bonus. Both are positive significant factors which affect employees' performance. There are four factors included in the intrinsic rewards such as recognition, learning opportunity, challenging work, career advancement. Among all of the four factors challenging work is a highly significant factor which affects employees' performance. And the study recommends that If commercial bank of Bangladesh keep both types of rewards for the employees than it will increase their employees' performance. Because there strong correlation between intrinsic and extrinsic rewards.

A Survey conducted by (Murphy, 2015) on the impact of reward Systems on reward Systems in case of Sandvik Mining - a Swedish manufacturing company, specializing in producing and supplying machinery for the mining sector globally. The research paper focused on the effects of reward systems on employee performance in the modern work environment and how satisfaction with rewards can lead to higher performance and better job satisfaction. The thesis examined how different types of reward systems affect that performance and attempt to establish which type of reward systems are more beneficial to the company in question and in the current business climate it operates in. Find of the research Showed that the reward system in Sandvik although comprehensive does not seem to be viewed as a structured system fit for purpose in the modern sense, and that many times positive behavior is either not rewarded at all or rewarded too late to have the desired effect. and recommended that some further study is needed on the integration of rewards systems in both performance appraisals and how that reward system and structure supports overall organizational strategy.

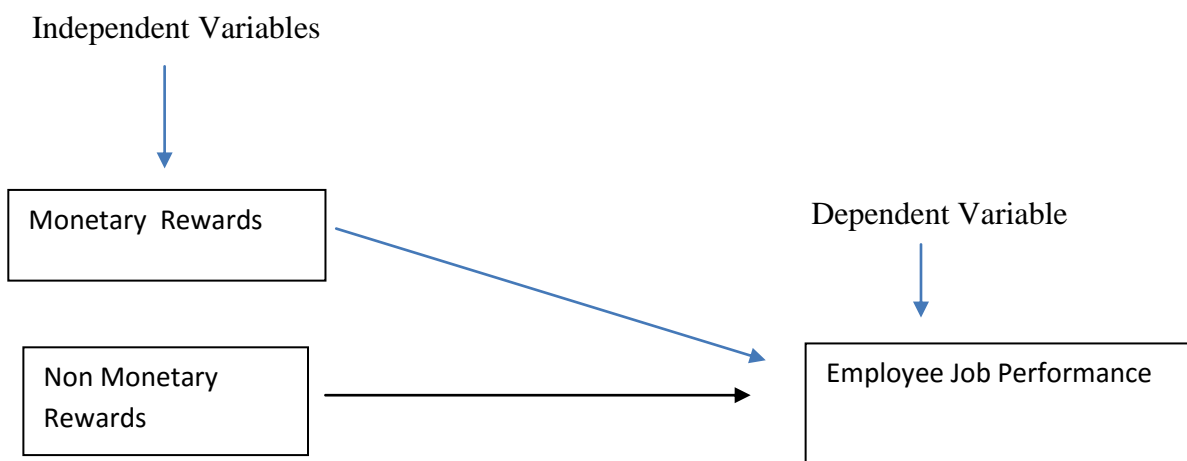
and There need To Be ways able to accurately measure performance to determine if the investment in creating and maintaining complex reward systems is economically viable.

The Research Conducted By (Netsanet.A, 2017) Which Was done on assessing the role of reward and incentives in enhancing employee's performance in the case of Bunna international Bank S.c . The Study used Structured questionnaire which was distributed to 219 sample respondents who work at different branch of Bunna International Bank in Addis Ababa. The Researcher applied non-probability sampling technique to select area banks and in order to select sample respondents, simple random sampling was used .role of incentive and reward system were taken as independent variables and performance as dependent variable for this study. data were analyzed by using different statistical techniques like descriptive statistics techniques, and regression analysis by using SPSS. The research founded that the role of incentive & reward system was important for employee performance in the case company but the importance of mixed reward system cannot be discriminated. It is also found out that basic salary was the most motivating factor in enhancing employees performance, Job security and career advancement were also found to be highly motivating factor in enhancing employees performance .

Another Study by (Solomon.K, 2019) on the effect of reward on employees' performance in the context of Abay Bank S.C. descriptive as well as explanatory research designs have been applied and mixed research approach is adopted. The populations for the study were employees of Abay Bank and the study population comprised of a total of 600 employees from various functions Since the population was very large because of this the study use simple random probability sampling techniques. and the instrument uses for data collection Were the self-administered type questionnaires where as secondary data were collected for basically different documents and manuals of the bank descriptive statistics including frequency tables and mean were used to present the results of the study. The study shown that all the benefits, incentives and reward systems are important though they have a different meaning to different groups of employees working for ABAY Bank. The study Was able to discover the different benefits, incentives and rewards have different effects on employee performance. The study found that there is a need for ABAY Bank to come up with a comprehensive reward system that can motivate employee to increase their performance.

## 2.4 Conceptual Frame Work

The conceptual framework of the study specifies the nature of the hypotheses of the study, which were depicted in the diagrammatic form of . According to the model, dependent variable is employee's performance and the independent variables are rewards , Monetary rewards and non monetary rewards . The relations of these variables are supported on the basis of review of literatures.



Conceptual Framework of the Research (Source: (Serena Aktar, Muhammad Kamruzzaman Sachu, MD Emran Ali, 2012)

## 2.5 Hypothesis Of The Study

- Hypothesis 1(H1): Monetary reward is positively impact on performance employee job performance.
- Hypothesis 2 (H2): Non-monetary reward is positively effect on performance on employee job performance

# CHAPTER THREE

## RESEARCH METHODOLOGY

### **Introduction**

This chapter deals with methodology of the study description of the study area, research approach, research design, method of data collection, sampling technique and sample size determination, method of data analysis, the details of each theme are presented here under.

### **3.1 Research Approach**

Qualitative approach is applied to find Out relationships among measured variables with the purpose of explaining, predicting and controlling phenomenon. Quantitative research approach has two strategies of inquiry. Survey design and experimental design. These approach states the research problem in very specific and set terms eliminating or minimizing subjectivity of judgment following firmly the original set of research goals, arriving at more objective conclusions, testing hypothesis, determining the issues of causality, achieving high levels of reliability of gathered data due to controlled observations, laboratory experiments, mass surveys. While adopting qualitative approach the researcher applies specific observations to draw inferences about larger and general phenomenon while personal and literary style language will be used when reporting the findings. it has five common strategies of inquiry case study, ethnography, phenomenological study, grounded theory and content analysis (Leedy PD& Ormrod JE, 2005).It focuses on phenomena that occur in natural settings in that it involves studying those phenomena in the context of complex socioeconomic settings. It is often used to generate possible leads and ideas which can be used to formulate a realistic and testable hypothesis, to gain deep insights about the phenomenon. The Shortcoming of these approach Is itsfindings may be so specific to particular context that they cannot be generalized to other context.

**Mixed Research Approach-** Mixed Research approach use all of the tools of data collection available rather than being restricted to the types of data collection typically associated with qualitative research or quantitative research. As noted in (JW, 2009)the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone. it helps to overcome the short comings the qualitative and quantitative research approaches considering the research problem and objective shown



in the first subsection and fill the gap that might occur due to usage of only one of the captioned approach, mixed research approach is appropriate for this study.

### **3.2 Research Design**

Research design is a framework that serves as a blueprint to study the research problem. Therefore, the research design that was adopted in this study was both descriptive and explanatory type research. The function of research design is to provide for the collection of relevant data with minimum expenditure of effort time and money taking in to account the research purpose (Kothari, 2014).

### **3.3 Data Sources**

The study was Use different methods to collect secondary and primary data. The secondary data was gathered from Annual Reports of the Bank documentation on Companies Human Resource Department as well as other existing relevant literature and Previous Studies Of Hibret Bank. To support the secondary sources of data, primary data will be collected using Structured open ended and Closed ended Questioner unstructured personal interview. Unstructured interview is a customized interview with no specific questions or orders to be discussed; usually starts with specific topics. Reasons for selecting these interview method Is , it gives the chance for respondent to raise as many points as they can. This form of interview was, made with human resource department Of Hibret Bank .

### **3.4 Population Sampling Size and Technique**

Hibret Bank Have 9 Districts . The East South AdisAbeba is chosen as a population to conduct these study because it has the highest financial transaction, human resources, and highest number of customers From the other 8 districts a sample is drawn to overcome the constraints of covering the entire population with the intent of generalizing the findings to the entire population. Population is a set of elements from which the sample may be taken.

A sample design is a definite plan for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn(Kothari, 2014). The sample size for this research is determined by the sample size formula. Whilst among different methods of

sample size determination formula the one which was developed by (Yemane, 1967) is used. The simplified formula of Yamane is expressed as:-

$$n = \frac{N}{1 + N(e)^2}$$

n - The sample size

N - The population size

e - The acceptable sampling error

\* 95% confidence level and  $e = 0.05$  are the accepted sampling error

The total population in this study is 627 and the researcher wants to work a 95%

Confidence level in determining the sample size. Therefore,

$$n = \frac{627}{1 + 627 * (0.05)^2}$$

$$= 244$$

### **3.5 Data Collection Instruments**

Data was Collected through questioner. A questionnaire is a research instrument consisting of a series of questions for the purpose of gathering information from respondents. They can be carried out face to face, by telephone, computer or post. A questionnaire is a list of carefully structured questions with a view to exploring a reliable response from a chosen sample (Hussey, J & Hussey, R, 1997). Questionnaires provide a relatively cheap, quick and efficient way of obtaining large amounts of information from a large sample of people. Since the research is mixed to collect both qualitative and quantitative data open ended and close ended questions will be addressed. Open questions allow people to express what they think in their own words. Open-ended questions enable the respondent to answer in as much detail as they like in their own words. Qualitative data is obtained as open questions allow the respondent to elaborate on their answer. And closed questions structure the answer by only allowing responses, which fit into, pre-decided categories. the respondent provides information which can be easily converted into quantitative data (e.g., count the number of 'yes' or 'no' answers), allowing statistical analysis of the responses. the questions are standardized. and all respondents are asked exactly the same questions in the same order.

this means a questionnaire can be replicated easily to check for reliability. Therefore, a second researcher can use the questionnaire to check that the results are consistent. Questionnaires are chosen because they encourage great honesty, possibilities of enquiring about attitudes, and opinions; they could be written for specific purposes, and within a short time, one could collect a lot of information.

### 3.6 Methods of Data Analysis

Data obtained through questionnaires was categorized and organized, analyzed and then presented using both descriptive and inferential statistical methods for quantitative data's and content analysis for qualitative data. Content analysis refers to the method of categorizing verbal or activity data to classify, summarize and tabulate the information. Descriptive statistics allow the researcher to describe the data and examine relationships between variables, while inferential statistics allow the researcher to examine causal relationships. (Geoffrey R. Marczyk, David DeMatteo, David Festinger, 2005). Data will also be analyzed by inferential statistics using Pearson correlation linear regression. Both the Pearson coefficient calculation and basic linear regression are ways to determine how statistical variables are linearly related. The Pearson coefficient is a measure of the strength and direction of the linear association between two variables with no assumption of causality. The Pearson coefficient shows correlation. Pearson coefficients range from +1 to -1, with +1 representing a positive correlation, -1 representing a negative correlation, and 0 representing no relationship. Linear regression is the next step up after correlation. It is used when we want to predict the value of a variable based on the value of another variable. The variable we want to predict is called the dependent variable (the outcome variable). The variable we are using to predict the other variable's value is called the independent variable (the predictor variable). The data are analyzed and presented in the form of charts, diagrams, and tables by using SPSS.

Descriptive analysis techniques including measures of central tendency (e.g. mean), measure of distributional shape (i.e., skewness), and standard deviation.

Inferential Analysis (e.g. correlation, regression) and the results will be discussed in detail

**Correlation:** it represents the strength of connection between a pair of variables that analyze positive (the two variables move in the same direction) and negative (the variables move in the opposite direction) correlation.

**Regression:-** describes how an independent variable is numerically related to the dependent variable and it reflect the impact of the unit change in the independent variable on the dependent variable. In this study i used multiple regression because the independent variable is more than one The regression linear equation  $Y=B_0+B_1X_1+B_2X_2+B_3X_3+B_4X_4\dots$  was used to show the extent to which themonetary reward ,non monetary reward ) explain the dependent variable (employee performance).

**Assumption tests** for multiple linear regressionswasrequired. Soi used assumption of linearity (scatterplot), assumption of independence,assumption of normality and assumption homoscedasticity and multicollinearity,The data was presented by using statistical tools like tables, figures, bar charts, line charts, pie charts and others.

### **3.7Validity And Reliability**

#### **3.7.1 Reliability**

Reliability of the data is the degree of consistency that an instrument demonstrates (Creswell, 2014) reliability is the consistency of the measurement; the result will not change every time when testing in the same way with the same subject.”A measure is considered reliable if a person’s score on the same test given twice is similar.” (Web Canter for Social Research methods 1997) Cronbach’s alpha is the most commonly used measure of reliability. In 1951 Cronbach’s generalized the original formula which was first derived by Kuder and Richardson which is for dichotomously terms (0 or 1). According to (Ho, 2006)Cronbach’salpha is a single correlation coefficient which is an estimate of the average of all the correlation coefficients of the data to be analyzed. If the alpha results 0.70 or greater, it implies that all of the tested variables are reliable and the entire test is internally consistent. However, if alpha is low, it refers at least one of the variable is unreliable.

#### **3. 7.2 Validity**

Validity is the extent to which the scores from a measure represent the variable they are intended to. Validity represents the extent to which an instrument measures what it supposes to measure (Dawson, 2002). If research has high validity, that means it produces results that correspond to real properties, characteristics, and variations in the physical or social world. In these study we are going to use content validity which identifies is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument

contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. This is also supported by (Zikmund, W.G., Babin, B.J., Carr, J.C. & Griffin, M., 2010) scales with coefficient alpha between 0.6 and 0.7 indicate fair reliability. The consistency of major dimensions namely, monetary reward, non-monetary reward and employee performance. The result of the Cronbach's alpha lay in the acceptance range which is greater than 0.69.

**Table 3.1 validity and reliability**

Variables	Cronbach's Alpha Coefficient	Number of Items
Monetary Rewards	.853	7
Non monetary reward	.834	5
Employee performance	.785	4

**Source own survey 2022**

### **3.8 Ethical Consideration**

Due consideration was given to obtain consent from each participant about their participation in the study. It was conducted on a voluntary basis. The research was done with respect to participants' right and privacy. This study uses proper citation of the copyright holders. Any confidential information of the bank or the employees was not disclosed since the main intention was to gather data for the research purpose. The findings of the research are going to be presented without any deviation from the outcome of the research.

## CHAPTER FOUR RESULT AND DISCUSSION

### 4.1 Introduction

The main objective of this study was to examine the effects of reward management on employee performance in Case Of HibretBank . In this regard, this chapter presents the results and findings of the study as collected from the sample population. The data was gathered exclusively from questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study. To enhance quality of data obtained, likert type questions were included whereby respondents indicated the level of agreement to which the variables were practiced in a five point likert scale. Coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 16, for data analysis. The data have been presented by tabulation, and some figures. The chapter covers respondents' general information based on demographic information and findings based on how the research questions/objectives the effects on employee performance and the results are presented and discussed.

### 4.2 Data Analysis

In this part of the paper, the researcher attempts to present the practically observed facts about the effects of reward management on employee performance In Case Of HibretBankas research conducted adisabebaarea Data was collected from customers and by using tools mentioned in the methodology part of chapter three. For this purpose, the researcher distributed 242 questionnaires to Respondents from which 228 of the questionnaires were filled and returned to the researcher for analysis. In this chapter the data collected through questionnaire and are submitted for presentation and analysis. Then data was presented following the relevant data collecting, coding processing, analysis and interpretation. The analysis and the interpretation were carried out based on the data collected through questionnaire and from customer Instruments that used to present data are tools like tables, percent and charts and figure are customer for data presentation purpose as discussed below

### 4.3 Demographic Characteristics of the respondents

The Survey begins with the description of the demographic characteristics of the respondents such as their gender, Educational qualifications, working experience and marital status. The details are as follows:-

Table 4.1 Demographic characteristics of respondents

**Table 4.1 Demographic characteristics of respondents**

No		Variables	Frequency	Percentage
1	Gender	Male	138	60.52
		Female	90	39.47
		Total	228	100
2	Marital Status	Married	119	52.19
		Single	99	43.42
		Divorced	8	3.5
		Widowed	2	0.8
		Total	228	100
3	Education Level	Diploma	10	4.3
		BA	188	82.45
		MBA	30	13.15
		Total	228	100
4	Work Experience	Under 2 Year	20	8
		2-5 Years	94	41.22
		5-10 Years	87	38.15
		10-15 Years	21	9.21
		Over 15 Years	6	2.63
		Total	228	100

Source: own survey 2022

From the Table 4.3 Regarding to the employee education qualification, the clearly indicated that majority of the work forces 82.45% acquired their Bachelor degree and Master degree holders constitute 13.15% of the respondent while the Remaining 4.3 % of the respondents are Diploma holders. This shows that majority of the employees are degree holders because the company recruit young fresh graduate of bachelor degree is required to join the workforce

of Hibret Bank .According to the above table, the majority 41.22% of the respondents had work experience from 2 to 5years, 38.15% of respondents had work experience from 2 to 10 years 9.21% of respondents had work experience from 10 to 15 years, 8%of res have less than 2 years' experience and 2.63% of the respondents Have More Than 15 Years' Experience .

#### 4.4 Descriptive Analysis Of Rewards on EmployeeJobperformanceMeasures

In order to see the general perception of the respondents regarding relationship marketing in the subject organization, the researcher has summarized the measures with the respective means and standard deviations. Thus, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements. The lower the mean, the more the respondents disagree with the statements. The higher the mean, the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from a single sample(Geoffrey R. Marczyk,David DeMatteo, David Festinger, 2005).The mean values are presented below, together with standard deviation values for each variable. From 1 to 1.80 represents (strongly disagree), From 1.81 until 2.60 represents (do not agree), From 2.61 until 3.40 represents (true to some extent).From 3:41 until 4:20 represents (agree).From 4:21 until 5:00 represents (strongly agree )

##### 4.4.1 Descriptive Statistics of monetary reward

Table 4.2.: Descriptive Statistics of monetary reward

Monetary Reward	N	Mean	Std. Deviation
Financial rewards schemes are provided by Hibert bank.	228	2.8333	.37350
Intrinsic ,extrinsic rewards schemes and allowances schemes are provided By Hibret Bank	228	3.0088	.40905
There is total reward approach in Hibret Bank to increase the employee performance. Salary based pay	228	2.9211	.40142
My contribution is adequately rewarded. Variable based pay /bonuses	228	3.0088	.40905
The bank has a Good monetary reward schemes	228	2.8333	.37350



Inadequate market research before setting pay scale and rewarding schemes	228	3.0088	.40905
Employee appreciation of the rewards offering of the bank	228	2.9211	.40142
Valid N (listwise)	228		

Source, own survey ,2022

Monetary Reward , recorded a mean score of 2.8333,Financial Schemes are Provided By Hebert Bank. With .37350(standard deviation). Intrinsic and extrinsic rewards Schemes and allowances are Provided Allowances by HibretBankmean score 3.and standard deviation.409 of This infers that on average the amount of variation between responses from the mean was significant and there is high dispersion to this notion among respondents according to these There is total reward approach in Hibret Bank to increase the employee performance. Salary Based Pay,mean of 2.09 and .409 the contribution is adequately rewarded. Variable Based Pay /bonuses. according to (Svensson, 2001)generally speaking individuals value cash and in this way making money essential type of reward.As shown on the above mean table the banks monetary reward schemes have a mean value of 2.833 and standard deviation of .37350 which implies that it is true to some extend it indicates thatemployees are not sure and have doubt .Money related reward systems could be put into three fundamental classes: performance-based salary increases, short -term incentive plans, and long term incentive plans. according to (Merchant, 2007)every organization gives pay increment to employees at all organizational levels. the reward that an employee values most and that provides the greatest incentive to maintain and improve performance will be one that contributes to the fulfillment of that person’s strongest drive which helps For attaining the desired objective andas we can see on the above table employee appreciation of reward offering have a mean value of 2.833 with a standard value of .375 which indicates that employees agree and appreciate the reward provisions but as we can see on Inadequate market research before setting pay scales for financial reward scores 3.0088 mean and Standard of .40905 Which implies that employees agree that there adequate market research before setting pay scales for financial rewards .

#### 4.4.2 Descriptive Statistics of non monetary reward

Table 4.3.: Descriptive Statistics of **non** monetary reward

<b>Non monetary reward questions</b>	N	Mean	Std. Deviation
The bank has clear and uniform criteria of Non monetaryrewarding employees and recognition schemes.	228	3.2018	.70467
The banks reward system gives an opportunity to improve performance through learning more skills.	228	3.2807	.67698
The bank reward management system give regular appreciation specific praise, even verbally for achievements of goal and quality Improvements.	228	3.6930	.86668
There are clear standards to evaluate high performers and Promotion	228	3.1360	1.05109
The banks reward policy and Working Condition is over due for a review	228	3.2763	1.06525
Valid N (listwise)	228		

Source, own survey ,2022

Non monetary reward has mean score of 3.2018 and standard deviation of .704 the mean score of 3.2 Indicates that the bank has clear and uniform criteria of rewarding employees and recognition and .As indicated on the above table the banks reward System gives An opportunity to improve performance which have a mean value of 3.2807 and SD.67698 . Most of employees agreed with a 3.6930 mean value and SD of .86668 that the bank reward management System give regular appreciation specific praise, even verbally or otherwise, from my superiors and the bank for achievements of goals improvements quality employee recognition is to allow individuals to know and understand that their work is valued and appreciated, provides a sense of ownership and belongingness, improves morale, enhances loyalty and increases employee retention rate in the organization. Employee appreciation and recognition help to create an engaged and dedicated workforce, which in turn contributes to business growth. offer recognition as close to the event as possible. When a person performs positively provide recognition immediately. Because it's likely the employee is already feeling good about his or her performance your timely recognition of the employee will enhance the positive feelings. Respondents agreed to some extent which have a mean value of 3.1360 that the bank have a clear standard to measure performance and give Promotion employees responded that the banks reward policy and is over due for a review with a mean value of 3.2763 and 1.06525.

### 4.4.3 Descriptive Summary of Employee job Performance

Table 4.4 Descriptive Summary employee job performance

	N	Mean	Std. Deviation
Monetary reward	228	3.1516	.69166
Nonmonetary reward	228	3.3175	.68839
Employee Performance.	228	3.4682	.97170
	228		

Source own survey 2022

The grand mean and grand standard mean is Monetary reward , Nonmonetary reward ,Employee Performance respectively 3.15, 3.317, 3.46 , and standard mean .69166,.68839,.97170, according to these none monetary is relatively high mean value than others and monetary is high standard deviation .

## 4.4 Inferential Analysis

### 4.4.1 Correlation Analysis

In order to determine the significance level of the correlation and to evaluate and measure the strength of this Relationship, a Pearson Product Movement Correlation Coefficient was conducted with the result shown in the matrix below.

Table 4.6 Interpretation of R

#### Table 4.5 Interpretation of R

Interpretation of R	Description
0.80 or higher	Very High
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very Low

As per Bartz (2009), a correlation coefficient enables to quantify the strength of the linear relationship between variables. This coefficient is usually represented by 'r' and can take only the value from -1 to +1. If  $r = +1$  there is perfect positive relationship between variable

Table 4.6 Correlation Analysis Matrix

Table 4.6 Correlation Analysis Matrix

Correlation Analysis		Performance
Performance	Pearson Correlation	1
	Sig. (2-tailed)	
	N	228
Monetary reward	Pearson Correlation	.473**
	Sig. (2-tailed)	.000
	N	228
Nonmonetary reward	Pearson Correlation	.642**
	Sig. (2-tailed)	.000
	N	228

Source: Own Survey, 2022

From the Pearson correlation analysis; employee performance was found to have a positive correlation with the non-monetary reward ( $r=0.642$ ;  $p < 0.01$ ). Moreover, there is a positive relationship between non-monetary reward and monetary reward, which is statistically significant at a 99% confidence level. This implies that non-monetary reward plays a significant role in employee performance. In Hibretbank, the correlation between monetary reward and non-monetary reward ( $r=0.473$ ,  $p < 0.01$ ) and non-monetary reward and monetary reward ( $r=0.642$ ;  $p < 0.01$ ) also implies that non-monetary reward and monetary reward play significant roles in determining employee performance. There is also a positive and intermediate correlation coefficient between monetary and non-monetary reward ( $r=0.473$ ,  $p < 0.01$ ), indicating a statistically significant ( $p < .001$ ) linear relationship between these two variables such that the more non-monetary reward, the more employee performance. From this correlation, it can be concluded that there is a positive relationship.

#### 4.4.2 Regression Analysis

Regression analysis is a systematic method that can be used to investigate the effect/impact of one or more predictor variables on a dependent variable. That is, it allows us to make statements about how well one or more independent variables predict the value of a dependent variable. Specifically, this multiple regression was conducted in order to investigate the Effects Of Reward Management On Employee Performance In Case Of Hibret Bank.

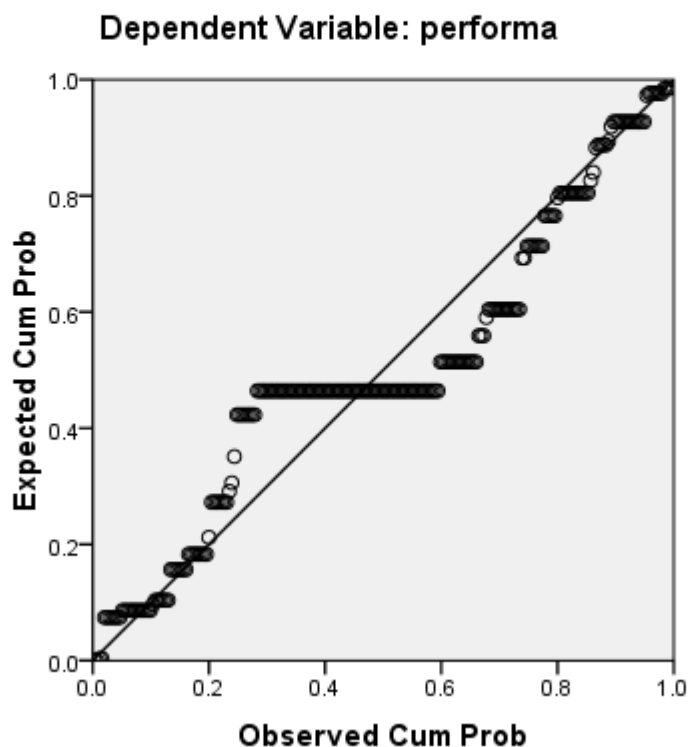
#### 4.4.2.1 Assumptions Test

According to Field (2005), multiple linear regression uses to estimate the effect of more than one independent variables over dependent variable or it estimates the coefficient of determination on the predicted one explained by the predictors. In order to have valid multiple regressions analysis, several key assumptions should be satisfied. The key assumptions of Multiple Regression that are identified as primary concern in the research include: linearity, independence of errors (Autocorrelation), normality, and multicollinearity. For this study; each assumption were defined and assumptions were tested and the results of these assumptions was briefly summarized and presented below.

**Assumption 1: The relationship between the IVs and the DV is linear.**

Some researchers argue that this assumption is the most important as it directly relates to the bias of the results of the whole analysis (Punch, 2006). Multiple regressions assume a linear relationship between the independent and dependent variables. The bivariate plot of the predicted value against residuals can help us infer whether the relationship of the predictors to the outcome is linear. Hence; using visual inspection of the scatter plot, it can be suggested about the linearity. Looking at the scatter plot of each independent variables, it appears that the relationship of standardized predicted to residuals is roughly linear around zero. Hence, we can conclude that the relationship between the response or outcome variable and predictors is around zero suggesting that the relationships between these variables are linear.

## Normal P-P Plot of Regression Standardized Residual



### Assumption 2: Multicollinearity

Multicollinearity occurs when several independent variables correlate at high levels with One another, or when one independent variable is a near linear combination of other independent Variables. If a correlation matrix demonstrates correlations of more than 0.8 among the independent variables, there may be a problem with multicollinearity. The other method is by computing tolerance values which measures the influence of one independent variable on all other independent variables and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when Tolerance is below 0.1, and the average variance inflation factor (VIF) is greater than 10

Table 4.8 Multicollinearity

Table 4.7 Multicollinearity

		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Monetary	.935	1.007
	Nonmonetary	9.935	1.007

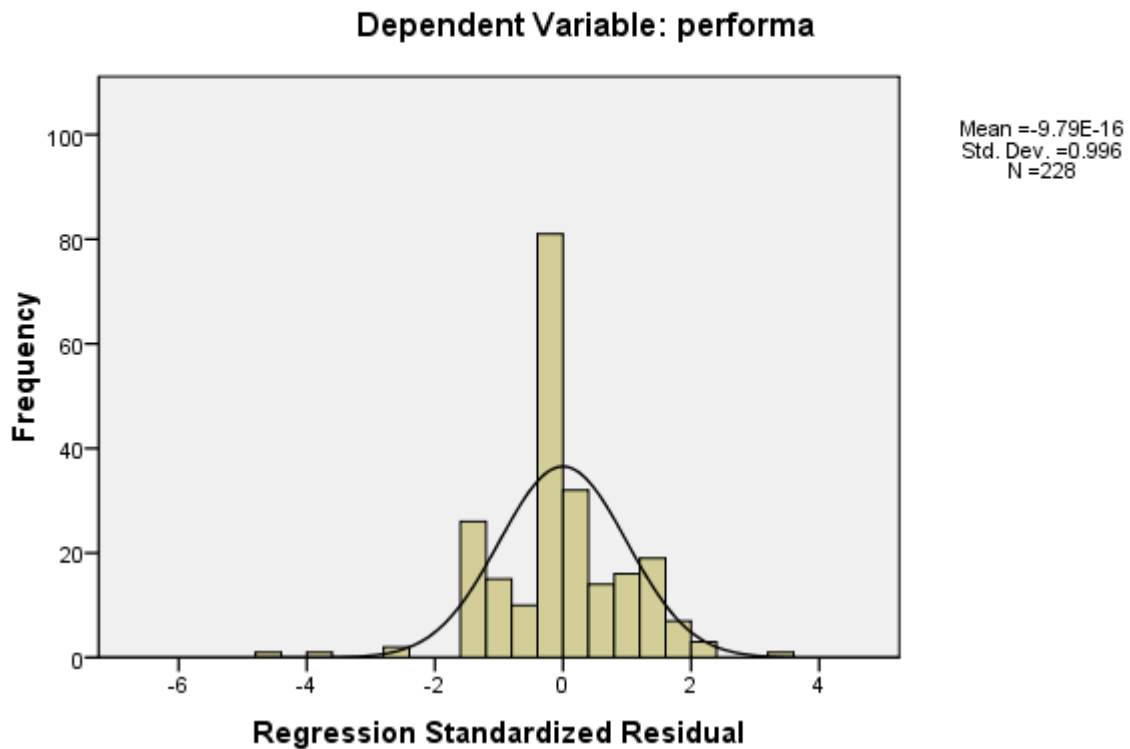
Source: Own Survey, 2022

The above displays that the multicollinearity tests by computing tolerance values and Variance Inflation Factor (VIF) for each independent variables. In this case, all the tolerance values are greater than 0.10 and VIF is less than 10. Hence, the researcher assumed Multicollinearity was not a problem

### Assumption 3: Normality

This assumption can be tested through histograms of the standardized residuals (P.Stevens, 2009). Histograms are bar graphs of the residuals with a superimposed normal curve that showed distribution. Team orientation and stability variable curves are left skewed distribution, this implies that the respondents response fall under agree and strongly agree category, whereas, the and graph showed relatively equal distribution on both sides. So, the residuals are normally distributed and the assumption was satisfied for the two independent variables.

## Histogram



### Assumption 4: Independent of Residuals (Autocorrelation)

This is basically the same as saying that the observations (individual data points) to be independent from one another (uncorrelated). The Durbin-Watson statistic is used to test for independence of residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson value is approximately closer to 2, and values below 1 and above 3 are causes for concern and may render the analysis invalid. In this case the Durbin Watson statistics showed (Durbin Watson=1.407).hence the result falls between 0 and 4 ,the researcher assumed independence of residuals is satisfied



Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Durbin-Watson
1	.830 <sup>a</sup>	.689	.686	1.407

b. Dependent Variable: performance

Source: Own Survey, 2022

### 4.4.3 Analysis of Variance (ANOVA)

The key purpose of ANOVA test is to show whether the model is significantly better at predicting the dependent variable or using the means. Accordingly, Table indicates that the ANOVA is significant ( $F_{249.156df}(\text{regression}) = 2, df(\text{residuals}) = 66.6, \text{Sig} < 0.05$ ). Hence, it can conclude that at least one of the two independent variables can be used to model employee performance in this study.

Table 4.9 Overall Model Fit of the Regression Model (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	147.660	2	73.830	249.156	.000 <sup>a</sup>
	Residual	66.672	225	.296		
	Total	214.332	227			

a. Predictors: (Constant), nonmonetary , monetary

b. Dependent Variable: performance

### 4.4.4 Coefficient of Determination

Table 4.10 Coefficient of Determination

Model	R	R Square	Adjusted R Square
1	.830 <sup>a</sup>	.689	.686

b. Dependent Variable: performance

Source: own Survey Data, 2022

As the output from SPSS showed that, the R Square describes the amount of variance explained by a set of predictor variables. In this study, the value is 68.9 which indicates that 68.9 % of the variance in the dependent variable is explained by the independent variables in the model. Thus, the value of  $R^2 = 68.9$  shows that 68.9 % of employee performance attributed to due to trust ,monetary reward and none monetary reward the remaining 31.1% of the variance is explained by variables which are not included in the model

#### 4.4.5 Multiple regression analysis

Multiple linear regressions is the most common form of the regression analysis. As a predictive analysis, multiple linear regression is used to describe data and to when observing the sum effects of the predictors ( monetary reward and none monetary reward) employee performance The relative contribution of each of the different variables can easily be compared by taking the beta value under the standardized coefficients. The higher the beta value, the strongest its contribution becomes. From the table below, a two-tail test at 95% confidence level ( $\alpha=0.05$ ) showed that the positive beta values suggesting a positive influence of the independent variables on the dependent variable .

Table 4.11 Multiple Regression Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
1 (Constant)	2.075	.252		.000
Monetary reward	.742	.052	.528	.000
Non-monetary reward	.966	.053	.684	.000

a. Dependent Variable: performance

Source: own survey, 2022

Accordingly, the regression constant value showed that when the independent variables (monetary reward and none monetary reward) ,are constant at zero, employee performance would be at beta value of .2.075.While considering the degree to which the independent variables affect the dependent variable, the standardized coefficient results of none monetary

reward showed that (Beta=.684; P<0.05) makes the strongest unique contribution to explain the dependent variable in which the results revealed that, a one unit increase or positive change in nonmonetary would lead to a .68.4 unit increase in the level of employee performance . followed by monetary (Beta=.528, Sig.001 and P<0.05), which indicates that a one unit change in the dependent variable will bring a .528 unit increase in employee performance. Hence, it is implies that result monetary reward and none monetary reward have a significant effect on employee performance and able to explain the changes in increase of employee performance by 68.9% and 52.4%, respectively. , This may indicate that their level of effect on employee performance monetary reward was somewhat weak in the context of hibret bank o practices as compared to the other dimensions i.e. non monetary .

#### 4.4.6 Hypothesis Test

Proposed hypothesis tested based on the results of the multiple regression analysis. By looking at the Sig.-value in table 4.15 it is possible to interpret whether the particular independent variable has a significant relationship with the dependent variables. Hypothesis is supported when the Sig. value is smaller than 0.05; and a null hypothesis is rejected when the p value is equal or larger than 0.05 (Pallant, 2010).

Hypothesis 1

H1: **nonmonetary reward** has Positive relationship and effect on reward management on employee performance. The regression coefficient result of trust was indicated as ( $\beta=68.9$  P<0.01 as (Sig.000), is less than 0.05, therefore, the Hypothesis 1 is accepted.

Hypothesis 2

H2: **monetary reward** -has Positive relationship and effect on reward management on employee performance : regression coefficient result was defined with ( $\beta=52.4$ , P<0.01, sig. 000), is less than 0.05, therefore, the Hypothesis 2 is accepted.

#### 4.4.7 Regression Mathematical Model

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variable (employee performance ) and independent variables (monetary and none monetary ). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables. Therefore, the model for the study was formulated as employee performance which is the dependent variable is the function of the independent

variable i.e. reward management again the function of the monetary and none monetary. It was therefore, the Regression Model used in the study was mathematically expressed as follows. Based on the multiple regression analysis, the following model summary was extracted to conclude the variation between the variables as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$EP = 2.075 + .68.9(\text{non monetary}) + 0.52.4(\text{monetary}) + \_2.52$$

Where

Where Y is the dependent variable which is Employee Job Performance and X1, X2...X5 are the independent variables.  $\beta_0$  is the intercept term it provides the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  refer to the coefficient of their respective independent variable which are the change in the mean value of Y, per unit change in their respective independent variables. The above regression equation used to show the effect of independent variable on employee Job Performance.

## CHAPTER FIVE

### SUMMARY CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents a summary of the study findings, conclusions, recommendations, Limitation of the study and future research direction. Based on the key findings and results, Conclusions are drawn and recommendations were made.

#### 5.2 Summary of major findings

- The main objective of this study was to investigate the effects of reward management on employee performance in case of hibret bank. Specifically, the study attempted to examine the effects of reward management on employee performance the monetary and non monetary The findings derived from the data analyzed by using descriptive statistics, correlation and regression are presented below: The numbers of male respondents in the sample population are a bit higher (male 138 %, and female 90).94% response rate .
- The grand mean and grand standard mean is Monetary reward , Nonmonetary reward ,Employee Performance respectively 3.15, 3.317, 3.46 , and standard mean 69166,68839,97170, according to these none monetary is relatively high mean value than others and monetary is high standard deviation
- From the Pearson correlation analysis; employee performance was found to have a positive correlation with the none monetary reward ( $r=0.642$ ;  $p < 0.01$ ), Moreover, there is positive relationship between none monetary reward and monetary reward .which is statistically significant at 99% confidence level. This implies that none monetary reward plays a significant role in employee performance. in Hibretbank at monetary reward ( $r=0.473$ , $p < 0.01$ ),and none monetary reward ( $r=0.642$ ;  $p < 0.01$ ),This also implies that nonmonetaryrewardandmonetaryreward plays significant role in determining the employee performance followed by strong positive correlation There is also positive and intermediate correlation coefficient between monetary and  $r=0.473$ , $p < 0.01$ ), indicates that there is a statistically significant ( $p < .001$ ) linear relationship between these two variables such that the more, determines

employee performance From this correlation, it can be concluded that due to positive relationship.

- Accordingly, the regression constant value showed that when the independent variables (monetary reward and non monetary reward) ,are constant at zero, employee performance would be at beta value of .2075. While considering the degree to which the independent variables affect the dependent variable, the standardized coefficient results of non monetary reward showed that (Beta=.684;  $P < 0.05$ ) makes the strongest unique contribution to explain the dependent variable in which the results revealed that, a one unit increase or positive change in nonmonetary would lead to a .68.4 unit increase in the level of employee performance . , followed by monetary (Beta=.528, Sig.001 and  $P < 0.05$ ), which indicates that a one unit change in the dependent variable will bring a .528 unit increase in employee performance. Hence, it is implies that result monetary reward and nonmonetary reward have a significant effect on employee performance and able to explain the changes in increase of employee performance by 68.9% and 52.4%, respectively. , This may indicate that their level of effect on employee performance monetary reward was somewhat weak in the context of hibret bank o practices as compared to the other dimensions i.e. none monetary

### **5.3 Conclusion**

The main purpose of the study was to explain the effects of reward management on employee performance in case of hibretbank. Both financial and non financial rewards is a must for an organization to motivate its employees to perform better. From both primary data and literature review it is evident from the results of the study it is clear that non-financial rewards have a positive significant on employee motivation. It is true that employees work for money. But they also value recognition of their work, work in freedom, show creativity, job security, good relation with peers, good working environment to utilize their full capacity. A total reward system should consist of both intrinsic and extrinsic rewards and should be more than just a compensation and benefit-based system. The total reward system has to strategically fit within the overall organizational management style and must support desired behavior and culture, which helps the organization to meet the desired needs. Employees can be motivated through financial rewards on one side, and on the other side, the non-financial awards can be a resource of motivation for the employees and cost effective for the organizations. Others

include development of skills, training and career development opportunities. Non-financial factors have the potential to improve the competitiveness of organizations in attracting and retaining employees because they are less costly and have a long term focus especially in the case of learning and development.

The business strategy should be inline with the reward strategy, which makes the organization to perform better. Managing rewards and maintaining a reward system that motivates and drives employee towards productivity is a very challenging task. From primary data for any reward system or structure to last long and have positive results, there should be a transparency in the reward structure and system where every employee is completely aware of the system practiced and its benefits. The managers must ensure that the measurement or reviewing of performance is done in a fair manner or this could lead to dissatisfaction in employees or even employees will disengage from their jobs resulting in reduction in performance and productivity and should take employees expectations in to in account while designing reward systems . The regression analysis indicated that 68.9 % employee performance is explained by reward management each independent variable is also regressed against employee performance and the result shows that all the independent variables can explain the dependent variable i.e. employee performance.

## **5.4 Recommendations**

The recommendations were based on summary of major finding that the researcher has gathered from the result of this research are:

- The primary intention of rewards is to recognize an employee's effort and to reward his effort. An organization has to make sure that an employee has been rewarded at the right time for his effort, which causes a greater positive impact on employees and motivates them to work towards betterment.
- From the above study it was observed that there is a direct and positive relationship between monetary and non monetary reward and employee performance. This indicates that the variation in monetary and non monetary reward necessarily results a variation in the level of employee performance. This shows that management the bank should build up and strengthen the current strategies and policies of reward management to improve the level of performance of employees in the organization

- Rewards should be rewarded to individual or teams based on their performance and should be linked to companies goals . An organization has to critically analyses when investing their time and money on evaluating the performance of a particular team or individual while setting reward policies and should update and revise the reward system .
- Employees should be rewarded when due in order to ensure better job performance. Management should make efforts to improve salaries, working conditions, job security, job dissatisfaction and poor supervision to certain standard that will make employees feel happy about their job. Managers should hold out the promise of reward once the objective is achieved, because behavior, which is perceived to be rewarded, will tend to be repeated.

## **5.5 Future research**

This study dealt with the effects of reward management on employee performance (employee performance) and independent variables (monetary and none monetary ), these variables predict 68.9 % of variance. The remaining 31.1% of the variance is explained by variables, which are not included in this study. Therefore, as far as the researcher is concerned, further research could target other variables to employee performance. In future research the implications for sampling frame is to have a broader sampling who represents a larger sample from the population.



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# Appendix A

## Questionnaires to be filled by of Employees Hibret Bank

Dear Respondents;

First i would like to thank you for your willingness to cooperate in filling these questioners. The questionnaires focuses on the effects of reward management on employee performance in case of Hibret Bank. A proceed to activity in the organization questionnaire used to collect data from people regarding reviewing the actual planning process. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept quite confidential and will be used only for academic purposes. your cooperation and prompt response will be highly appreciated.

N.B:

Writing your name is not necessary

➤ writing your Name is not important

➤ Put “ ✓” for your choice in the box provided

Thank You in advance!

Part 1: General demographic information

### 1. Educational Background

1, High School Graduate/ 2/Technical School Diploma ,3/BA/MBA 4/PHD

### 2. Work Experience

1/Under 2 years 2/5-10years 3/10-15 years 4/Over 15 years

3. **Marital status** 1, Single 2/Married 3Divorced 4/Widowed

4. **Position** 1/Cashier 2/Loan Officer 3Auditor 4, Manager5/Assistant Manager

If any other Please specify\_\_\_\_\_

**Part two.**

Please rank the The Effect of Reward Managment onEmployees Job Performance The Case Of United Bank S.Cbelow in what you consider to be encountered in a project based on thefrequency of occurrence. Please indicate on the boxes using the following criteria.Stronglyagree (5), Agree(4), Neutral(3), Disagree(2), Strongly disagree(1)

S.N	Monetary reward related question	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
1	Financial reward Schemes are provided by Hebert Bank.					
2	Intrinsic ,extrinsic rewards Schemes and allowances are Provided .					
3	There is total reward approach in Hibret Bank to increase the employee performance. Salary based pay					
4	My contribution is adequately rewarded.variable based pay /bonuses					
5	The bank has a good monetary reward schemes.					
6	Inadequate market research before setting pay scale of financial rewarding schemes					
7	Employee appreciation of the financial rewards offering of the bank					

S.N	NonMonetary reward related question	Strongly agree	agree	Not sure	Disagree	Strongly disagree
1	The bank has clear and uniform criteria of rewarding employees and recognition.					
2	The banks reward system gives an opportunity to improve performance					

	through learning more skills.					
3	The bank reward management System gives regular appreciation specific praise, even verbally for achievements of goal and quality improvements.					
4	There are clear standards to evaluate high performers and Promotion					
5	The banks reward policy and working condition. is overdue for a review .					

S.N	Performance Based Questions	Strongly agree	agree	Not Sure	Disagree	Strongly disagree
1	Salary adjustment or reward affects my work performance.					
2	My job responsibility challenges me to use my knowledge and skill and Encourages me for better performance					
3	The monetary and non-monetary reward systems provided by the bank encourages for a better performance.					
4	The bank applies performance based career development and reward mechanisms.					

Thank You