



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

**THE EFFECT OF REWARD AND COMPENSATION MANAGEMENT
PRACTICES ON EMPLOYEE PERFORMANCE: THE CASE OF AFRICA
INSURANCE S.C.**

BY: BERIHU TEWELEBRHAN

ADVISOR: TEKLEGIORGIS ASSEFA (PhD)

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MASTER OF ARTS DEGREE IN HUMAN RESOURCE
MANAGEMENT**

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ADDIS ABABA, ETHIOPIA

DECLARATION

I, Berihu Teweabrhan, this study topic The Effect of Reward and compensation Management Practices on Employee performance is declared by my own. The result of my own work and research is the case of Africa Insurance S.C that I have submitted to Addis Ababa University in order to be awarded a Master of Arts in Human Resource Management. Every information source that was consulted for this study has been duly acknowledged. This study has not been presented at any university for any degree level.

Name of the researcher: Berihu Teweabrhan

Signature: _____

Date: _____

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SCHOOL OF COMMERCE

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Approval Sheet

This certifies that the research project, "The Effect of Reward and compensation Management Practices on employee Performance in the case of Africa Insurance S.C," submitted by Berihu Tewelehrhan Gezehegn in partial fulfillment of the requirements for the master's degree in Human Resource Management, satisfies established standards for originality and quality and complies with university regulations.

Approved By

Advisor

Signature

Date


Signature

External examiner

Signature

Date

Abera Demsis(PhD)

03/11/2024

Internal examiner

Signature

Date

STATEMENT OF CERTIFICATION

This certifies that the project work on the subject of "The Effect of Reward and compensation Management Practices on employee Performance" was completed by Berihu Tewelebrhan. The Africa Insurance S.C, case which is under my direction. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of the requirements for the Master Degree of Art in Human Resource Management.

Teklegiorgis Assefa (PhD)

Signature: _____

Date: _____

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Abstract

The purpose of this study was to investigate how reward and compensation management practices affect the Africa Insurance S.C. Data were collected from four sites the Head office and three branches using an explanatory research design. Primary data was gathered and data was utilized. The purpose of this study was to investigate how reward and compensation management practice, salary, bonus, allowance, training and development, career development and working environment affect the Africa Insurance S.C. Employee performance was the dependent variable. Primary data was gathered by questionnaires and interviews, and data was used. The statistical program SPSS version 25 was then used to analyze the data. The correlation result showed that all independent factors (rewards and compensation, both financial and non-financial) and the dependent variable (employee performance) had a positive and statistically significant association. The regression analysis result shows that 75.7% of the variation in employee performance is explained by financial and non-financial rewards and compensation factors considered for the present study. The organization should focus more on financial allowances and non-financial rewards and compensation. In order to maintain reward and compensation practices that lead to good employee performance, the researcher also suggested that future researchers look into this topic area by integrating with other variables.

Keywords: *Financial reward and compensation, non-financial reward and compensation, employee performance.*

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List of Acronyms

HRM= Human Resource Management

AIC= Africa Insurance Company

SPSS= Statistical Package for Social science

Sig= significance

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The study, which was eventually focused on reward, compensation and performance management systems, is presented in this chapter. The problem description, research questions, study objectives, and important details about the study's scopes are also presented.

1.2 Background of the study

Human resource is a part of the organization in which the critical resource is managed for the organization. Evakies and etal, (2015) as they explained Several studies have demonstrated the added value of HRM for organization performance in terms of increased productivity, higher profitability and lower employee turnover rates. As explained by Michael Armstrong and Duncan Brown (2024) Reward involves the recognition of the contribution or achievements of individuals or groups by financial payments or by Non-Financial means. Reward management involves the development and operation of reward systems designed to support the achievement of the organization's goals and cater for the needs and wants of its employees.

In According to Abdu Kadir and etal, (2019) the organization reward system can play a critical role in inflicting employee performance.in addition they explained there are different between compensation and benefits. Compensation is more to financial payment while benefit is non-financial from of value. Reward management has emerged conceptually and practically from avariety of disciplines, It stands at the interdisciplinary interface between economics, industrial relations and Human Resource Management, Industrial psychology and organizational sociology, with an increasing interest being taken via a corporate governance lens, Stephen J.perkins (2019).

Reward management means that there are no grades or pay structures, no formal arrangements for pay progression no job evaluation and formal market pricing system. Reward management is concerned with people especially the employees who are rewarded for their efforts, skills and

contribution but also the directors, managers and reward specialists who plan, manage and administrate rewards, this is in accordance with the explained by Armstrong (2010).

Michael Armstrong (2007) as his explained reward management deals with the strategies policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. Reward Management practices is core function of human resource management discipline and is a strategic partner with company managements Gungor (2011). Nyawa Michael (2017) as they explained the thought of recompense has pulled in sizable consideration over later a many time and has gotten to be essential goal of human asset management. They demonstrated that Human Asset management arrangements zone unit right now being planned to expand structure integration labor commitment, adaptability and quality of man power. Dewhurst (2010) asserts that employees desire both financial and non-financial rewards. Financial rewards are preferred by some employees, whereas non-financial rewards that provide leadership opportunities, attention, and the chance to work on significant projects and activities are preferred by others.

Organizations are constantly trying to boost their employees' "added value" by motivating them to put in more effort and performance better because of the pressure from the competition (Beardwell & L, 1994). Whether or not employees are compensated for their efforts, the organization must carefully design a reward system that evaluates and recognizes their accomplishments at all levels. In a reward system, financial and non-financial rewards, as well as the alignment of requirements and objectives between the organization and personnel, elevate performance management, Armstrong (2005).

1.3 Background of the Study Organization

Africa insurance company (S.C) is private owned company domiciled and operated in Ethiopia. The company was established on 8 December 1994 in accordance with Proclamation NO. 86/1994 the Commercial Code of Ethiopia.

The address of the Company's office Insurance Head office Building, Africa Avenue,, bole Sub-city, and Addis Ababa-Ethiopia.

The company is set up with fully paid up capital of 30 million Ethiopian Birr. The capital is divided into 30,000 ordinary shares, each with a par value of 1000 Ethiopian Birr. The capital base AIC utilizes makes it the Strongest Private Insurance Company in the Country. Although AIC is a Young Company, its personnel who are implementing the day-to-day activities of the company are highly qualified in their particular job assignment which has enabled it to provide effective service to its clients. The Corporate Motto” Committed to Excellence and Quality Services” has been adapted immediately on commencing its operation, as a guiding principle in all aspects of AIC’s activities.

1.4 Statement of the Problem

The financial industry and especially insurance organizations, it is highly important for organizations to stay attention on employee performance. That means Labor is an asset in financial organization. Employees are high importance to financial institutions, because the organizations have a complex nature of their institutional objective. The financial organizations need trained and qualified employees to serve the institutions. More of the labor activities and nature of work in the financial organization direct contact with their customers. Ideal Reward and compensation practice will have the positive effect on the performance and results produce by the organization employees. Regardless of whether their contributions are acknowledged financially or non-financially, the ultimate objective of reward management practice is to compensate individuals in a fair, equitable, and consistent manner based on their value to the company and their accomplishment of its strategic goals, Armstrong (2007).

Based on observations and conversations with various Africa Insurance S.C. staff members, issues regarding the company's rewarding practices, such as pay, benefits, promotions, working conditions, recognition, leadership, and work content, are a major source of dissatisfaction for staff members who want to perform at their highest level. The necessity to conduct this study resulted in the financial sector, and particularly in the insurance sector, it is critical for industry to remain focused on employee performance and look for methods to improve it. Even though workers are valuable assets for every company, the financial sector is particularly important due to its naturally high employee costs. The organization's financial and non-financial rewards, such as basic salary, transportation allowance, inconsistency with cost of living adjustments due to price increases. Few studies have been done on how reward management practices affect worker

performance (Scott, 2006; Aktar, 2012; Adeyemi, 2013). The majority of research indicates that the way reward management practices are designed and implemented has a big impact on employee performance. Therefore, the following problems have been observed in the Africa Insurance company. The following unsatisfied employee turnover has been reported: 33 in 2022; 37 in 2023; and this in accordance with HR department annual report issues connected to reward and compensation management practices. The results of this indicate that hiring costs have increased, training and development expenses have increase, performance has declined, and top talent and experienced employees have loss. In order to discover the issues, the researcher was investigated relevant cases to fill gaps in Africa Insurance.

From researcher's preliminary study, even though there are different financial and non-financial rewards including allowance, bonus, training and development, career development, good working environment in Africa insurance, there is no any empirical evidence how this reward practices affect employee performance in particular and insurance performance in general.

1.5 Research Questions

1. What is the financial and non-financial rewards and compensation management practice at Africa insurance?
2. What are the reward and compensation management strategies at Africa insurance?
3. What is the relationship between financial and non-financial reward and compensation management practices and employee performance at Africa insurance?

1.6 Research Objectives

▪ General objective

To investigate the effect of reward and compensation management practices on employee performance in Africa Insurance.

▪ Specific objective

1. To determine financial and non-financial rewards and compensation management practice at Africa insurance.
2. To examine the reward and compensation management strategies Africa insurance.
3. To assess the relationship between financial and non-financial reward and Compensation management practices and employee performance Africa insurance.

1.7 Hypothesis

H1: There is a positive and significant relationship between base pay and employee performance.

H2: There is a positive and significant relationship between Allowance and employee performance.

H3: There is a positive and significant relationship between Bonus and employee performance.

H4: There is a positive and significant relationship between Career and Development and employee performance.

H5: There is a positive and significant relationship between training and development and employee performance.

H6: There is a positive relationship and significance between working environment and employee performance.

1.8 Significance of the study

This research will be importance for the following parties:

- **Africa Insurance**

The results of this study will benefit Africa Insurance both management and Employee will gain a clear understanding of how rewards and Compensation affect employee performance.

- **Human Resource Professionals**

Human resource professionals will useful this study to help them decide which reward options and reward systems to consider for their individual firms.

- **The state**

This study will be useful to the government since it will provide statistics that policymakers can utilize to create sector incentives programs that are cognizant of the sector's current conditions as well as sector futures.

- **Other Academics and Researchers**

The body of knowledge and value added by this study will benefit scholars and researchers. Academicians can use these results for literature reviews, additional research, or verifying findings through study hypotheses. Researchers can use these results as a foundation for testing hypotheses or carrying out additional research.

1.9 Scope of the study

This study was restricted to looking at how reward and compensation management practices affect employee performance in order to address the issue at hand. The research was guided by the Michael Armstrong employee reward management and practice, which focuses on financial and non-financial rewards and compensation. The study examined two types of reward and compensation systems: non-financial (career and development opportunity, training and development opportunity and working environment) and financial (salary, bonus and allowance). Each type of reward and compensation practice has a different impact on employee and overall organizational performance. The dependent variable in the analysis was employee performance.

The study's geographic focus is on four site locations that are presently insurance activities in Addis Ababa, the capital of the nation i.e., the insurance company four sites the main branch of Fiwuha, the Yoseph branch, the Head office branch, and the Head office sites. This study was conducted from March 2024 to October 29, 2024.

1.10 Limitation of the study

The following were the limitations of this study: One of the researcher's limitations was that some respondents were not return questionnaire on time. Another limitation is that some respondents lack of willing and lack of cooperation in terms of time. Additionally the limitations of this study include the lack of easy access to the resource needed for the study.

1.11 Definitions of terms

A **reward and compensation** is money that an employee gets paid by their employer for work that they have completed or for services rendered (Lin 2007).

Reward and management: the methods, rules, and practices required to guarantee that workers' contributions to the company are acknowledged through both non-financial (intrinsic) and financial (extrinsic) ways are referred to as reward management (Armstrong and Stephens 2005).

Financial rewards and compensation are financial benefits provided by the business that aid in hiring and retaining staff members while temporarily boosting morale and reducing unhappiness (Armstrong, 2007).

Non-financial rewards and compensation linked to accountability, output, and the task itself is known to have a deeper and longer-lasting impact on motivation (Armstrong 2007).

1.12 Organization of the Study

There are five chapters in this thesis. The first chapter serves as the study's introduction and includes information on the organization's background, the research's background, the problem statement, the research question, the study's objectives, importance, scope, and limitations. The associated review of literature pertinent to this investigation was covered in the second chapter. The research methodology was covered in the third chapter. The fourth chapter provides a thorough analysis and interpretation of the data gathered from the study's subject. The study's findings were summarized, conclusions drawn, and suggestions made in the fifth chapter. This study article also includes a reference and an appendix with questionnaires, interview questions, and other relevant resources.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature Review on the relationship between employee performance and rewards and compensations has been reviewed in this chapter. It starts with an overview of key ideas and data on employee performance. Rewards used in human resource management are used to gauge how well employees do, according to an organization study. Studies, both theoretical and empirical, carried out in the field under evaluation. The chapter concluded with the introduction of a conceptual framework that designates employee performance as the dependent variable and rewards and compensation as the independent variable.

2.1.1 Theoretical Review of related literature

The theoretical literature review aids in the development of new hypotheses for testing as well as the identification of current theories, their relationships, and the extent to which they have been studied. An entire theory or framework, or only one theoretical concept, may be the subject of the analysis unit. Numerous ideas clarify how rewards affect employee performance, emphasizing the function of reward administration in the process. Thus, they would be the theories that serve as the study's cornerstone.

Human Resource Management (HRM) refers to the policies, practices and systems that influence employee behavior, attitudes and performance many companies refer to HRM as involving people practices Raymond A.Noë and etal (2016). Motivation theories generally support the notion of total rewards by suggesting that beyond a fairly low minimum level of financial rewards, other drivers are more important for engaging and retaining people in an organization (Armstrong and Brown, 2024). Raymond A.Noë and etal (2016) Human Resource Management is viewed as Critical to the success of a business. The text emphasizes how the HRM function as well as the management gains a Competitive advantage. Talent management diversity and employee engagement all of which have a major impact a business and HRM practice.

Compensation and benefits wages and salary administration incentive pay, insurance vacation, retirement plans, profits sharing health and wellness, stock plans.

Michael Armstrong (2007) Reward management policy and practice are subject to a number of influences. As summarized below, these consists of contextual factors arising from the internal and external environment and conceptual factors about strategic management, total reward human capital management the factors affecting pay level, motivation, engagement, commitment and the psychological contract. Reward management is the introduction of policies and strategies that rewards every employee with in the business fairly and consistently across the board, Anne Morris (2021). HR and reward practitioners seemed to be reluctant to evaluate their reward policies and practices to establish how well they had worked as a basis for making improvements where necessary, (Juliet Norton,2010).

Rose (2014) explained to Reward Definitions.

- **Reward:** is the word to mean the total of all of the financial valuable related elements received by employee in organizations
- **Remuneration-** Means the same as 'reward' it is commonly used in the context of the remuneration committee which over sees the remuneration of senior executives and seem times remuneration policy.
- **Compensation** this commonly refers to pay and bonus the two functions of compensation and benefits (referring to pension and health care).
- **Benefits** are the non-cash parts of reward that are provided by the employer either to all employees or differentiated by level.
- **Total Reward**-has started to be used mean both reward plus arrange of other non-reward items such as training and development.
- **A bonus** is financial compensation that is above and beyond the normal payment expectations its recipient.

2.2.1 Expectancy theory

Vroom (1964) says the expectancy theory contained originally definition (VIE) Valency - Expectancy –Instrumentality. The theory was developed by Porter & Lawler (1973) into a model that incorporates Vroom's ideas. It suggests that there are two factors that determine how much effort people put into their jobs. The likelihood that reward depends on effort as perceived by individuals and the value of the reward to individuals insofar as it satisfies their needs for security, autonomy, social esteem, and self-actualization. According to the hypothesis, more

effort will be undertaken in a given situation the more valuable a collection of rewards are and the more likely it is that obtaining each benefit will require work. However, as Lawler and Porter stress, effort alone is insufficient. It must be a successful.

According to Sturman et al. (2011), there is evidence to suggest that the degree to which expectations are satisfied can have a positive impact on employee performance. Therefore, he suggests that in order to guarantee that employees' performance keeps getting better, reward management should be concerned with understanding and meeting these expectations. Thus, the impacts of rewards and, by extension, rewards management on worker performance are explained by expectation theory. The present study will apply this theory to investigate the many incentive management practices employed in the hotel sector and their alignment with the expectations of its workforce. Additionally, the study will examine how these expectations influence the actions of hotel industry employees, ultimately impacting their performance. Valence stood for value; instrumentality was defined as the conviction that if we do one thing, it will lead to another. The basis of valence theory, which holds that all activities are motivated by the hope of a favorable outcome, was taken from this idea, Mesrak (2020).

2.2.2 Instrumentality theory

The idea that doing one thing will result in doing another is called instrumentality. Although it has evolved over time, the basic tenet of instrumentality theory was that people labor solely for financial gain. The hypothesis first appeared in the second part of the 1900s, century when rationalizing labor and focusing on financial gains were the main priorities. The notion at the time was that there is a direct correlation between employee performance and rewards and punishments related to performance (Condly and etal., 2005). Based on this, it can be seen that the theory originated with the scientific management techniques of Taylor & Muchinsky (1976), who wrote and asserted that workmen cannot be persuaded to work significantly harder than the average men around them for an extended period of time unless they are guaranteed a sizable and ongoing increase in pay.

Currently, instrumentality theory is predicated on the principle of reinforcement, which holds that people believe that some acts are more successful in achieving their goals than others as a result of experience acting to satisfy demands. As a result, when a behavior is successful in attaining its objectives and reaping its benefits, it serves as a positive incentive and is repeated the next time a related need arises. On the other hand, failure or punishment results in negative

reinforcement, indicating that one should look for different ways to accomplish objectives. The law of effect is the term used to describe this process (Tahir and Etal, 2013).

2.2.4 Concepts of performance

Garry Cokin (2012) as state historically, performance management referred to individual employees and was by the personnel and human resources Function. Today it is widely accepted as enterprise –wide performance management of and organization as a whole. Clearly the performance of employees is an important element in improving an organization’s performance, but in the board framework of performance management Human capital management is just one component. Sage (2019) as explained Performance management is broader concept it embodies both performance evaluation and the design of jobs, teams, departments and division in such a way that they are all pursuing inter locking goals and strategies.

2.2.5 Reward and compensation theory

In according Armstrong (2007) further highlighted that the philosophy known as new pay should be viewed as a conceptual approach to payment as opposed to a collection of directives, stating that: The new pay is a way of thinking about reward systems in a complex organization, not a set of compensation practices at all. The new pay entails identifying pay practices that improve the strategic success of the firm, not necessarily introducing new reward programs or doing away with established ones.

2.2.5.1 Types of Reward and compensation

Michael Armstrong (2007) as defines (2007) of financial and non-financial explained it well as follows: Reward policy will cover such matters as levels of pay, achieving equal pay, approaches to contingent pay, the use of job evaluation and market surveys and flexing benefits.

2.2.5.2 Financial Reward

- **Base or basic salary**

The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. It may be varied according to the grade of the job or, for shop floor workers, the level of skill required. Relativities both internal and external will impact base compensation. One way to quantify internal relativities would be through a job assessment. Monitoring market rates allows for the assessment of external relativities, or going rates. As an alternative, pay scales might be decided upon individually or through collective bargaining with trade unions. Both internal and external relativities will have an impact on base pay. An assessment of one's work could be used to gauge internal relativities. By monitoring market rates, external

relativities, or going rates, are evaluated. Alternately, salary scales might be decided by individual agreements or collective bargaining with labor unions.

- **Contingent pay**

Additional financial rewards may be provided that are related to performance, competence, contribution, skill or experience. These are referred to as contingent pay. Contingent payments may be added to base pay, i.e. consolidated.

- **Allowances**

Allowances are paid in addition to basic pay for special circumstances (e.g. living in London) or features of employment (e.g. working unsocial hours). They may be determined unilaterally by the organization but they are often the subject of negotiation. The main types of allowances are location allowances, overtime payments, shift payments, working conditions allowances and stand-by or call-out allowances made to those who have to be available to come in to work when required.

- **Bonuses**

In according Rose (2014) Bonuses come in all sorts of shapes and sizes, from a weekly low-level prize to annual (and longer) executive plans paying potentially a multiple of annual longer) executive plans paying potentially a multiple of annual.

2.2.5.3 Non-financial rewards

In according to Armstrong(2005) Non-financial rewards do not involve any direct payments and often arise from the work itself, for example achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high-quality leadership.

- **Career Development**

In according Bryan Hiebert (2010) explained Career guidance refers to services meant to help people manage their careers and make decisions about their education, training, and employment at any age or stage in their lives. People who receive career assistance are better able to consider their goals, passions, skills, and talents.

- **Training and Development**

Worku (2018) as explained, In order to attain effective performance in a variety of activities, training is often characterized as a planned and systematic attempt to alter or develop knowledge, abilities, and attitudes through learning experiences. The term "training" describes a deliberate attempt to help employees acquire the knowledge, skills, and behaviors related to their jobs. In according to explained Balkrishna(2019) Programs for training and development can aid in raising the caliber of work that employees of a company produce. Typically, training is provided

in a specialized field, such as finance, marketing, or human resources, with the aim of enhancing the caliber of work within that specific domain.

- **Working conditions**

As definition of Yassin et al (2013) the physical environment in which workers are employed has a significant impact on productivity; factories and offices with excessive heat and poor ventilation are especially taxing on workers' energy. Enough supplies of appropriate safety gear, potable water, restrooms, rest areas, first aid stations, etc. should be available. At all times, management and staff should be aware of safety concerns and adhere to the basic requirements outlined in the factories act. The pressure on public sector organizations to increase their productivity is not a recent development. In according to Euro found (2019) the three primary metrics that are currently used to measure working conditions are compensation, labor hours, and contractual agreements. Labor force surveys usually do not include other essential characteristics of the workplace.

2.2.6 Goal setting theory of performance management

Giri and Shaiza (2016) as they explained Goal setting is the process of establishing objectives for one's own or an organization's future performance. According to Edwin Locke (1960s) the father of goal setting theory, performance improves when people or organizations set more challenging goals. However, if the objectives are simple, then an individual's or an organization's performance, Locke's theory was established through an inductive approach following years of researching the psychology of enterprises and organizations. In according to explained Buchner (2007) Organizational effectiveness is greatly impacted by performance management, which is the manager's top priority. Research indicates that modern firms must address certain issues in order to enhance performance management. In according to as explained in their book Locke and Latham (1991) the primary advantage of involvement is cognitive, thus the training directed each member of the group's attention toward problem-solving techniques that are practical for getting over roadblocks and achieving the objective. Self-efficacy was raised in this way. In the study, there was a strong correlation between self-efficacy and later work attendance.

2.2.7 Concepts and definitions of Performance management

Performance management is a seat of macro strategies that can change operational behavior at the service-deliver level. It requires macro strategies that can improve the performance of every unit (Robert D. Behn,2002).Ambuga(2011) as defines performance management is the process

that unites goal setting, performance appraisal and development in to ensure that the employee's performance is supporting the company's strategic aims. Armstrong (2015) as defines in handbook performance management is the continuous process of improving performance by setting individual and team goals which are aligned and to the strategic goals of the organization, planning performance to achieve the goals, reviewing assessing progress and developing the knowledge , skills and abilities of people. All high-performance organizations whether public or prive, are and must be, interested in developing and deploying effective performance management systems, since, it is only through such systems that they can remain high performance organizations, beschen et al (2001). As explained GIZ (2014) performance management is usually carried out by line managers rather than HR professionals therefore it is important that they understand their role in managing performance and how performance measurement contributes to the overall aims of performance. Some people mistakenly assume that performance management is concerned only with following regulatory requirements to appraise and rate performance management is the systematic process of planning, monitoring, developing and rewarding, OPM.Gov(2017)

Performance is management is about getting result. It is concerned with getting the best from people and helping them to achieve their potential, Pam Jones (1999). Performance management as a sub-set of human resource management functions focuses on facilitation support to employees for their individual and overall organizational development. Among all human resource management functions, today, performance management is considered the most crucial as only through this developmental functions, an organization can sustain in the long run Kumar,(2011). As defines tutorials point (2022) performance management is about aligning individual objectives to organization objectives and ensuring that individual hold the corporate core values, it provides for expectations to be defined in terms of role responsibilities and accountabilities expected to do skill expected to be. Performance management is a continuous process of identifying measuring and development performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals, Aguinis (2013) As facts explained (2009), effective leaders and managers of modern organizations know that their personal and professional success depends on their ability to qualitatively manage performance of the entire human resources in the company.

2.2.8 Relationship of Reward and compensation management and performance management

Gungor (2011) mentioned Reward and compensation management system is a core function of human resource discipline and is strategic partner with company management. It has an important role on employee performance. Afriie et al (2011) as explained reward and compensation had an active and significant influence on non-financial and financial dimensions of organizational performance. Ayodeji (2017) Reward system is the general term that refers to all forms of payment or reward going to employees at all organizational levels and arising from employment in an organization to reward performance and motive employees or individuals or group levels for their positive contributions to the growth of the organization. Performance management is a strategic and integrated process that delivers sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of individual contributors, (Michael Armstrong, 2007). As mentioned by Nitesh kumar in (2014) Reward management is now very important aspect of human resource management.

Harlod and et al (2020) stated that compensation management is an integral part of human resource management approach to productivity improvement in the organizations. Compensation is all forms of financial rewards provided to employees in return for their services. Compensation, in turn, is a necessity of life for employees pay is the means by which they provide for their own and their and their family's needs, Kumar (2014). Ahamed Suffian (2020) as defines Employee performance is also Crucial to establish a good reputation and image of the organization and it also proves the prominent capabilities of the employees within an organization. For employee, compensation is an important issue since pay is perceived to be an indication of their personal market value to the organization, Ahmed Suffian et al (2020).

2.2.9 Effect of Reward and compensation management Practice on performance

Kibe Mary (2018) as mentioned the success of the organization depends on the employee's performance and one of the most effective ways to increase business performance improvement from the lowest level of employees in the organization to senior management by creating a well-rounded approach of reward system to all employees. In According as Orochakwa (2018) Human Resource forms one of the most essential assets of any organization and a good reward system will help the work force in the organization effectively and efficiently. Nurul Asyigin et al

(2021) as defines Reward System which Consists of financial rewards and non-Financial rewards has become essential to an organization in managing employee's performance. OnykachiIke et al (2022) as explained Reward system is essential to the organization as it has become important in managing employee's performance. W.L.Njanja et al (2013) as explained that Human resource managers utilize reward management as one of their techniques to draw in and keep qualified workers, as well as to help them stay compliant with employment laws and regulations and perform better through incentive.

As defined Sori Danbi (2020) Compensation system: A compensation system describes the rewards that employees receive within a company. It is focused on both monetary and non-monetary gains. Employee rewards for their performance are referred to as compensation. It deals with pay increases, salaries, and other financial compensation for workers' performance. A portion of the exchange between an employer and employee that results in an employment contract is compensation. From the perspective of the worker, income is essential to survival. One of the main reasons people look for job is the pay they receive. As mentioned Okwuchukwu (2023) an essential instrument used by management to direct employee motivation toward desired outcomes, such as increased functionality and improved business performance, is the reward system. Sakshi Jaiswal et al (2022) as defined Compensation management are a component of the HRM strategy for increasing organizational efficiency. It focuses on developing, putting into practice, and overseeing compensation plans that are typically meant to improve the productivity of teams, companies, and individuals.

2.3 Empirical Literature Review

2.3.1 from Ethiopian Studies

There are many researches in the literature discussing the effect of reward and compensation practices on employee performance management system and numerous studies have been carried out to assess the relationship between reward and compensation with performance management and employee reward. A competitive compensation plan has always been expected in any employment agreement. Employee reward and appraisal programs are increasingly directly correlated with the companies' success metrics. Low motivation and high turnover might result from a compensation that is not proportional with employees' work performance, which can ultimately impact service delivery (Misrak Markos, 2020). Employee work performance and all

independent variables show a statistically significant association, with all independent variables having a positive impact on employee job performance. The study's findings demonstrated that providing employees with either intrinsic or extrinsic rewards is insufficient to inspire them to work hard. (Begashaw, 2017). In according to Birhan (2020) Study to evaluate effect of reward management practice the study examined incentives of both a financial and non-financial kind, as well as how employees perceived them. Worker Contentment based on her research, the majority of employees are not satisfied with the reward management system. Employee dissatisfaction with pay incentives, such as salary and bonus, which are the primary means of efficient staff, has been found through data collection through interviews and focus group discussions. Annual output performance determines the requirements for rewards like bonuses and annual wage increases.

2.3.2 From African studies

According to Michael (2017), observational evidence supports the two-way relationship between productivity and employee benefits, particularly when it comes to the structure of benefit plans across national borders. The experimental evidence presented in his research and that of a more thorough study conducted can be interpreted in the context of value reimbursement, which defines competence as the outcome of particular stipend levels for particular work-related characteristics like the add-on level of redundancy. In according to E.Ohene (2020) one explained of HRM is Compensation, payment, reward, advantage opportunity are all meanings of compensation and in retaining key executives who can help a company achieve growth and development. In according explained Chukwuma (2022) The Oyi Local Government Area of Anambra State was the subject of the study, which examined employee performance and reward systems. This work's specific goal is to investigate the relationship between employee performance and intrinsic and extrinsic incentive. The objective of this study is to assess the effectiveness of the reward system in promoting employee productivity in the Africa insurance. Additionally, the study aims to investigate the perspectives of employers and employees regarding the organizational reward system in financial intuition, Africa insurance. The act of offering incentives and remuneration, either monetary or non-monetary, that an employee requests and that the company is willing to provide in exchange for the employee's contribution to the company is known as a reward system. It is customary for businesses to provide

employees with alluring, profitable, and competitive benefit packages in any competitive business climate, both domestically and internationally. These have a direct or indirect relationship with raising an individual's level of work competency, keeping top performers on staff, and ultimately attaining organizational performance and goals.

Ifeame and Adegboyega (2021) explained in their study businesses reward their employees' performance during the year that is being evaluated with financial incentives. However, there is also an implicit assumption that these bonuses will also play a role in inspiring staff to do well the following year. Workers who received a big bonus will probably desire to acquire one again the following year. In according to defined E.Hokoror (2020) Employers give money to their staff members in the form of commissions or salaries. In essence, there are various kinds of monetary incentives. An extra payment made to an employee as a reward or motivation for their hard work is known as a bonus. Employees receive it mostly as a result of their performance. These performances could inspire new manufacturing lines or result in more transactions.

2.3.3 From global studies

Gungor (2011) in his research findings the research examine the connection between employee performance and the uses of reward management systems at international banks in Istanbul. It also emphasizes motivation's function as a moderating element. Organizations use reward systems and tactics to encourage people and improve their performance, as demonstrated by the literature study of prior studies. The results demonstrate the validity of the idea that financial rewards improve employee performance. Jaiswal et al (2022) in their study Findings the money given to an employee in return for their services to the business is known as compensation. Offering monetary and non-monetary benefits to employees is a planned procedure that aims to strike a balance in the working relationship between the two parties. Bonuses, profit-sharing, and overtime are all examples of compensation payments. Employee performance is impacted by both non-financial and monetary compensation equally. Various forms of compensation are prioritized by individuals based on their age and responsibilities. Ibrar and Khan (2015) as their study Findings in Switzerland Malakand private school the purpose of the study is to ascertain how employee success affects private school rewards. In any kind of business, organization, institution, or school, the incentive is more significant and very advantageous for the worker's

job performance. Human performance naturally depends on motivation, and motivation can be affected by rewards since rewards can boost performance.

2.3.4 Summary of literature and Knowledge Gap

E.Ohene et al (2020) as explained Compensation system will have the positive impact on the efficiency and results produced by employees. In according to Chukuma et al (2020) as defined that matter it is impossible to overstate how important rewards are to employees' performance. The organization's reward system gauges an employee's productivity, thus most businesses provide incentives to their staff to keep them from defecting to a rival. Pino Gungor (2011) as sated a key component of the human resource discipline, the reward management system works strategically with business management. Additionally, it plays a significant part in worker performance. Research indicates that there is a correlation between employee motivation and performance, as stated by Girma and Habtamu (2019).

2.3.5 Conceptual Framework

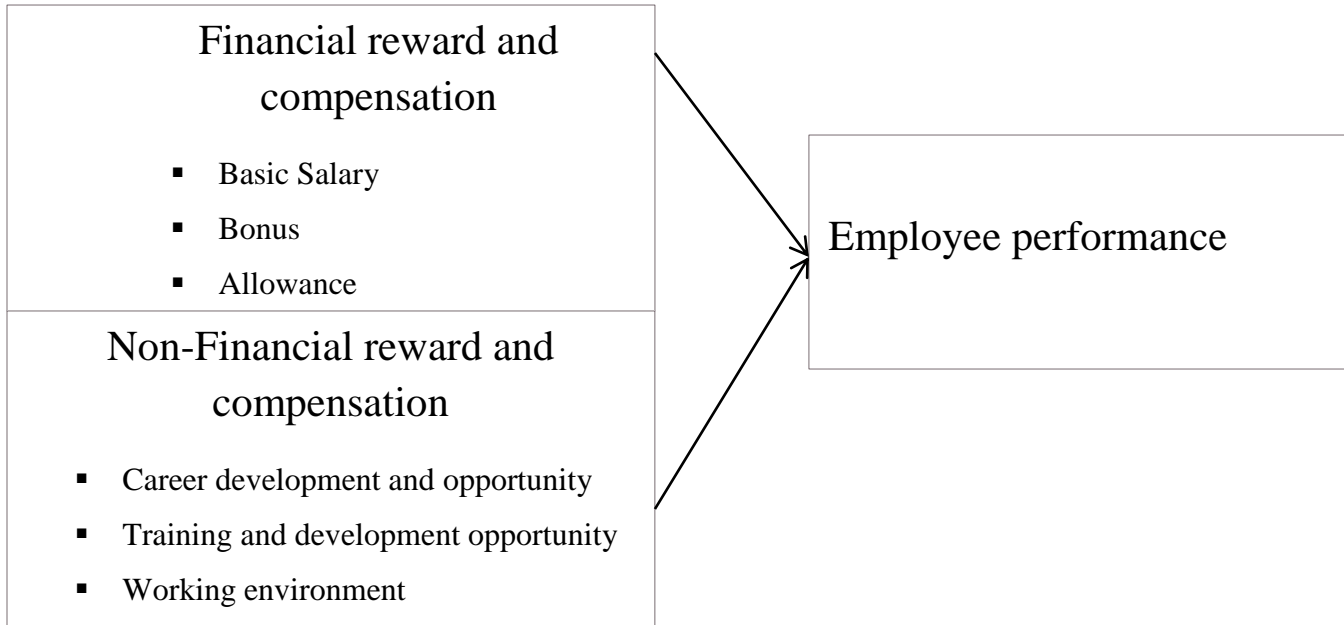
The research model, which is presented below, is constructed based on the examined literature. The purpose of this framework is to ascertain how employee performance in Africa Insurance is impacted by rewards and compensation. The study will focus on reward and compensation and overall organizational environment rewards for employees. It is suggested that these incentives have a greater effect on worker performance.

As explained Armstrong (2007) Reward strategies outline the organization's long-term plans for creating and putting into effect reward systems, rules, processes, and procedures that will help it achieve its objectives. A policy inside an organization might establish the pay scales in relation to the median market prices. Reward practices are methods used to carry out reward strategy and policy. These methods include grade and pay structures, job evaluation procedures, and schemes like contingent compensation. Reward processes are the means by which policies are put into action and procedures are carried out; some examples of these include the manner in which survey results are utilized and the ways in which managers oversee the process of pay adjustments and reviews. Reward processes, which are used to keep the system in good working order, make sure it's flexible, adaptable, and economical. For instance, a process will be followed to carry out the yearly compensation review.

Figure 2.1 Conceptual framework of independent and Dependent Variables

Independent variables

Dependent variable



**This box is for showing the independent and dependent variables.*

Conceptual research framework: Source from Ibrar and Owais (2015) and modified by researcher.

**This box is for showing the independent and dependent variables.*

CHAPTER THREE

RESEARCH METHODS AND DESIGN

3.1 Introduction

The research methods and procedures were employee to carry out the study will cover in detail in this chapter. Under the subsequent sub-heading, the methodology and strategies employee in this study was describing: Population, Sampling Design, Research Design, Measurement, Questionnaire Administration, Ethical Considerations, Data Analysis Method, Validity and Reliability. Finding significant correlations between two variables was the goal of correlational designs Chukwuma et al (2022).

3.1 Research Approach

In according to Kothari (2004) asserts that the quantitative approach is focused on measuring quantity or amount. It can be used to describe phenomena that have a quantitative form. Conversely, qualitative research focuses on phenomena that include kind or quality. The qualitative component would have contributed on its own. But the quantitative survey method had a significant influence. Johnson and Turner (2007) state that mixed approach research is best suited for its study, with a focus on quantitative methods. However, they also think that the researcher would benefit from the insights obtained from qualitative data for triangulation. This approach is therefore appropriate for the study's stated goal and consistent with the paradigm that was chosen.

3.2 Research Design

Cooper and Schindler (2014) define study design as the road map outlining the procedures for gathering, measuring, and analyzing research data. In order for the researcher to allocate scarce resources where they are most needed, a research design is crucial. This research was used both descriptive effect of reward and compensation on employee performance an explanatory methodology to examine the effect of reward and compensation management on employee performance. Because of its capacity to characterize a condition and its low level of bias in data gathering, this study chose a descriptive research approach. As an addition, Brown (2006) only examines the research issue at various depths without attempting to offer definitive solutions to

the research questions. Its thesis, therefore, is to tackle novel issues for which scant or no prior research has been conducted.

Numerous factors, including the techniques of data collecting, the time dimension, the involvement of the researchers, and the study's objective, can be used to categorize the research design. Rather, the classification that is most frequently employed is the one that is determined by the study's objective. According to the goal of the study, there are three sorts of research designs: exploratory, descriptive, and causal (Creswell, 2009). More information and suggestions for determining the true nature of the problem under inquiry is provided by the exploratory research. Descriptive research is based on past knowledge and aims to describe certain phenomena; it is more of a means than a goal because it promotes further understanding. Explanatory or causal study elucidates the causes of the correlations between variables. There are links between these three fundamental designs, and the research can incorporate more than one goal.

3.1.1 Unit of Analysis

Individuals, namely the reward and compensation management and employee performance of the Africa insurance Addis Ababa in Head office and branches, serve as the subject unit of analysis.

3.1.2 Sources and Types of Data

The data were used by the researcher both primary and secondary. To obtain primary data, a questionnaire was used to gather the data. These details were gathered via journals, papers, and interview checklists. The researcher creates primary data with the express intent of solving the current issue. Consequently, the researcher creates the primary data specifically to address the issue mentioned in the first chapter. The primary data source for this study was the staff of the Addis Ababa-based Africa Insurance. Structured surveys and interviews were used to collect primary data for this study, despite the fact that it can be costly and time-consuming to obtain. The primary benefit of using this kind of data was that it was meant to be gathered with the goal of the study in mind. It suggests that the data that came from it was more in line with the goals and questions of the study.

The company's yearly report and other publications provided the secondary data for this investigation. As a result, government organizations and authorities' published reports and statistics served as the source of the secondary data. Journals devoted to human resources and

other previously published publications will provide the secondary data for this specific investigation.

3.2 Population and sampling

3.2.1 Target population

The population in our study consists of all Africa Insurance Share Company employees, including those working at the company's Addis Ababa headquarters and all of its branches. The population is the larger group of people to whom we aim to generalize the findings of our study.

There are 39 branches of Africa Insurance Share Company. As of June 30, 2023, according to the company's records, Africa Insurance Company employed 371 people overall, including head office.

A study population, according to Saunders, Lewis, and Thornhill (2012), was the entire set of individuals or components that a researcher wants to characterize and draw conclusions about. 371 Africa Insurance Company Employees across all branches the study's population, but only all 212 employees those working at the head office and three branches was the study's targeted population. The reason is that most employees are located at selected branches and head office. Now, what we need to understand here is that Africa insurance has 23 branches in Addis Ababa, and because of the difficulty of each branch sampling and the small number of employees in each branch, I used all of the employees from the above sites. Therefore, the findings of this study were may not be assign of all Africa insurance branches.

3.3 Sampling Design

3.3.1 Sampling Frame

According to Cooper and Schindler (2014), a sample frame is related of all the study subjects from whom the sample size was derive. A sample frame must include a comprehensive representation of the complete population in order to be considered valid.

3.4 Sampling Procedure

Employees of Africa insurance was survey used stratified percentage sampling based on their location in order to gather data from the target population. Because it helps to minimize prejudice when working with the population, this strategy was chosen. Prior to choose the pieces

for the sample, this technique allows the sampling frame to be arranged into generally homogeneous groupings, or strata. Africa Insurance employed all 212 permanent employees in its four offices (branches and head office) for the entirety of the study's population.

Table 3.1 Total Population of each branch

Name of branches	N (Number of employee In each branches)	%
Filwauha main branch	15	7.1%
Yospeh branch	8	3.8%
Head office branch	13	6.1%
Head Office	176	83%
Total	212	100%

Source: own survey SPSS, 2024

3.5 Data collection Procedure

The study was used primary data that were gathering used self-administered, closed-ended questionnaires that were slightly modify to assured the validity of the work. The survey questions were from previously published journal publications. The most popular data gathering tool was a questionnaire, which were also the most uncomplicated and quick to create and administer. It offers a comparatively easy way to examine attitudes, values, beliefs, and motives. Robson, (2002) additionally, questionnaires are modifying to gather generic data from nearly any human population and produce a high degree of data standardization. The questionnaire was break down into five sections: section I demographic information. Rewards and compensation (independent variable) emphasis in Section II, employee performance (Dependent variables) will cover in section IV.

3.7 Measurement

The study's independent variables include financial, non-financial, like job independence, which were assess using the Hackman & Oldham (1975) job diagnostic survey; on the other hand, the Demo et al (2012) Human Resource Management Policies and Practices scale measured employee retention, learning and development, and a supportive work environment.

3.8 Using the Questionnaire

In order to get the require data from respondents and the Human Resource office, first permission will request to the HR department of Africa insurance. After getting the permission, questionnaires were distribute to respondents to facilitate good response rate consent was made with employees in Africa insurance; the collect of the data should take a three weeks. By thinking about it, the respondent might been able to completed the questionnaires during regular business hours with undivided concentration.

3.9 Ethical considerations

Africa Insurance S.C was granted the researcher advance authorization to carry out the investigation. In addition, the researcher intends to explain to the participants the significance and goal of the research both throughout the data collecting and interpretation phases. As a result, respondents filled out the questionnaires anonymously and in confidence. Only academic purposes are plan for this study, and the researcher promised will not to be sharing any private information with third parties.

3.10 Methods of data analysis

Descriptive statistics (measures of central tendency and variations) was used to analyze the data that was gathered. The surveys were reviewed for accuracy, consistency, and completeness once the data was gathered. However, data was cleans to remove inconsistencies before being categorize based on similarity and tabulated before the final analysis was carry out. To make statistical analysis easier, the responses were convert into numerical form. Statistical software for social sciences was used to be examining the data were based on the questionnaires. Specifically, frequency distribution, percentages, mean scores, and standard deviations were employee to

highlight the extent of similarities and differences and to summarize the replies. Tables and figures were used to display the results.

Employee performance served as the dependent (Y variable) in this stage, and reward management practices served as the independent variable (X variable). At this point, the correlation coefficient was calculated to ascertain the nature of the relationship between the two variables and the impact of independent variables on dependent variable.

A correlation coefficient, which ranges from +1 to -1, indicates the linear dependency of two variables. We refer to this figure as the correlation coefficient (r). The study tested the hypothesis that incentive management and employee performance are related used Correlation, and it provided the results in easy-to-understand figures and tables. The standardized coefficients "Beta" values were to compare the relative effects of each independent variable on the dependent variable, while the unstandardized coefficient "B" values from the multiple regression results was used to interpret and predict the increase in dependent variable due to a unit increase in each independent variable. A statistical method that can be applied to examine how many independent variables and one dependent variable are related.

3.11 Independent and dependent variables

The conceptual framework for the study problem is shown in Figure 2.1 and illustrates the links between independent and dependent variables. While financial rewards (bonuses, allowances, and basic salary) are considered independent factors, non-financial rewards (training and development opportunity, career development opportunity, and work environment) are considered dependent factors.

According to Aktar, et al (2012), every reward component in both financial and non-financial incentive (reward) systems has a significant impact on employee performance. Other independent elements have also been discovered to have an effect (Ongnad Teh, 2012).

While employee production is the dependent variable in employee performance, financial and non-financial rewards are the independent factors. Including the dimensions of dependent factors, employee performance is a dependent variable.

This study's primary goal was to determine how reward management practices affect employee performance and how they relate to it at Africa Insurance S.C. The study also looks into the kind of rewards and compensation that best encourage workers to improve employee performance. The study's declared purpose is illustrated listed and in the diagram below.

3.12 Independent and dependent variables

1. Financial rewards

- Basic Salary
- Bonus
- Allowance

2. Non-financial rewards

- Career development and opportunity
- Training and development opportunity
- Working environment

3.13 Dependent variables

- Employee performance

Table 1. Reliability test result for the questionnaire

Reliability test			
Variables	Number of Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Salary	4	.850	.850
Allowances	4	.857	.858
Bonus	4	.836	.838
Career development opportunity	4	.852	.852
Training & Development Opportunity	5	.862	.866
Working Environment	5	.834	.833
Employee performance	6	.884	.887

Data Source: competed & compiled from the SPSS, 2024.

3.11 Validity and Reliability

3.11.1 Validity

The degree to which a test captures what we truly want it to capture was known as validity. The extent to which a measurement tool offers sufficient coverage of the subject being studied was known as content validity Kothari, (2004). As a result, the study's validity was assessed using

content validity. Its validity was further enhanced by using questionnaires from earlier research and consulting with an advisor and an expert on the subject being studied.

3.11.2 Reliability Test

In general, reliability was the extent to which measurements are error-free and produce consistent outcomes. Zikmund (2003). Many techniques, such as test-retest, equivalent forms, and internal consistency reliability, can be used to calculate reliability. The internal consistency approach was used in this study to measure the correlation between each questionnaire item and verify the reliability of the questionnaire. A widely utilized measure of internal consistency was the Cronbach's alpha coefficient. Scales should ideally have a Cronbach's alpha coefficient greater than 0.7 Pallant, (2005)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETION

4.1 Introduction

The study's analysis, conclusions, and discussion are presented in this chapter. Descriptive statistics like percentage, frequency, mean, and standard deviations as well as inferential statistics like correlation and multiple linear regression analysis are used to present the findings. The Statistical Package for Social Science (SPSS) software was used to examine the data.

4.2 Response rate

The location where the data were collected is indicated in the table 3: 15(7.1%) from Filwuha branch, 8 (3.8%) from Yospeh branch, 13 (6.1%) from Head office branch, 162(76.4%) from Head office, 14 (6.6%) did not return from Head office.

Table 3.1 Number of Questionnaires distributed and returned

	Items	Frequency	Percent
	Filwuha main branch	15	7.1%
	Yospeh branch	8	3.8%
	Head office branch	13	6.1%
	Head office	162	76.4%
	Total	198	93.4%
	Missing (non-returned)	14	6.6%
	Total	212	100.0

Source: Researcher's SPSS survey output, 2024

4.3 Descriptive analysis

4.3.1 Background information of respondents

The respondents were asked to respond to a mandatory of questions about themselves and length of time the respondents uses the insurance service.

Table 4.2 Demographic background of respondents

No	Background	Category	Frequency	Percentage
1	Gender	Male	89	44.9
		Female	109	55.1
		Total	198	100
2	Age	18-25	48	23.7
		26-34	90	46
		35-45	49	24.7
		46-55	11	5.6
		Total	198	100
3	Marital status	Single	105	53
		Married	93	47
		Total	198	100
4	Education level	College Diploma	15	7.6
		First Degree	144	72.7
		Master's Degree	39	19.7
		Total	198	100
5	Experience	>1year	30	15.2
		1-5 year	37	18.7
		5-10 Years	93	47
		11-10 Years	17	8.5
		Above 15 years	21	10.6
		Total	198	100

Source: Researcher's SPSS survey output, 2024

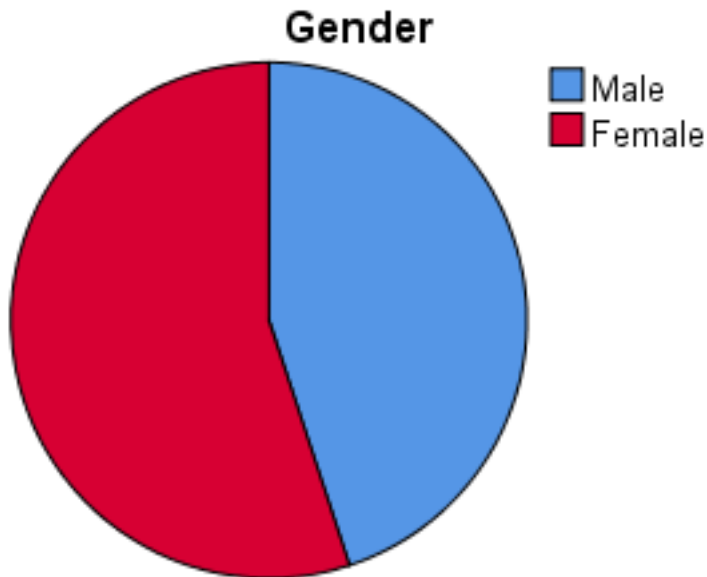


Figure 4.1 Gender

Source: Researcher's SPSS survey output, 2024

4.3.2 Gender respondents'

Table 4 presents the demographic information of the respondents. As could be seen from the above table item number one the demographic data for gender shows that, out of the 198 respondents there were 99 male and 109 female. The female respondents formed majority of the target population with a Percentage of 55.1 % while male respondents were representing 44.9 % it can be says Africa Insurance Company is good in proportionate gender based employee engagement.

4.3.2 Distribution of Respondents by Age

The age distribution of the sample population was evidently dominated by respondents between the ages of 18 and 25, comprising 48 (23.7%) of the sample, as indicated by item number two in table 4.2 above. The next largest group consisted of 90 individuals (46%) who belong to the 26–34 age brackets. The remaining groups, numbering 49 (24.7%) and 11, (5.6%), fell into the age groups of 35–45 and 46-55, respectively and no age group of 56 and above was recorded among the respondents. This suggests that the majority of Africa Insurance's workforce is youthful and suggests that the company favors hiring fresh talent.

4.3.3 The Respondents' Educational Qualification

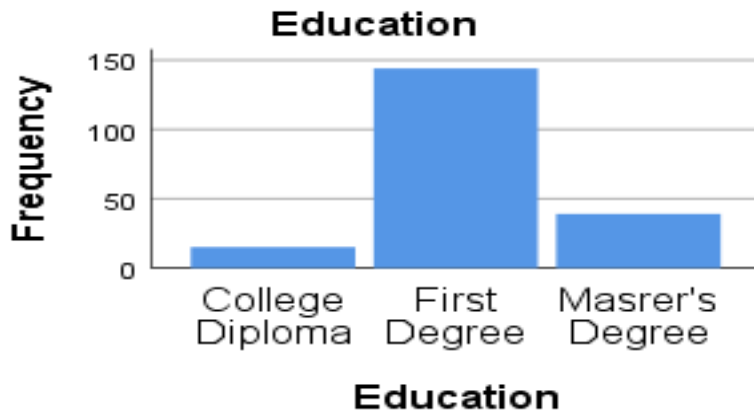


Figure 4.2 Education

Source: Researcher's SPSS survey output, 2024

The third item in the table 4 above states that the respondents have a variety of educational backgrounds, ranging from a high school to a master's degree. 144 (72.7%) of the sample group have a first degree, making up the majority. those with postgraduate degrees came in second, accounting for 39 (19.7%) of the total, and those with diplomas made up 15 (7.6%). From total respondents not found that it is high school or other. Given that the corporation has a policy of hiring recent graduates and that joining the Africa Insurance more of workforce requires a bachelor's degree, this indicates that the majority of the workforce possesses a degree.

4.3.4 Respondents' Years of Service

The responders have also served in Africa Insurance selected branches. Only 30 (15.2%) of the respondents had been employed by the AIC for less than a year. Of the 93 (47%) respondents in the study group, the majority have worked for the AIC for three to 5-10 years. 37 (18.7%) of the responders had 1-5 years of employment. In addition, 17 respondents (8.5%) had worked for the AIC 11-10 years of service, while 21 respondents (10.6%) had served for more than 15 years.

4.4 Africa Insurance's reward and compensation system

The researcher has attempted to evaluate employees' general knowledge and attitude toward the insurance's reward and compensation program in this area of the analysis. Liker scales were used in its development. Every sentence was scored using a five-point rating system, where "1"

denotes strongly disagree, "2" disagree, "3" denotes somewhat agree, "4" indicates agree, and "5" denotes strongly agree.

4.4 Satisfaction level on financial reward

Table 4.3 Response financial rewards

Variable salary	Frequency and percentage						
	SD	DI	SWA	AG	SA	Mean	St. Deviation
I receive a fair and equal Salary.	65 32.8%	63 31.8%	53 26.8%	7 3.5%	10 5.1%	2.16	1.08
I'm happy with the financial advantages I get.	72 36.4%	66 33.3%	39 19.7%	14 7.1%	7 3.5%	2.08	1.07
Salary increases or adjustments are made in a timely manner.	83 41.9%	77 38.9%	22 11.1%	16 8.1%	0	1.85	.914
I am Satisfied regularity of salary level increases.	100 50.5%	40 20.2%	38 19.2%	11 5.6%	9 4.5%	1.93	1.15
Aggregate Mean for salary						2.00	1.05
Variables	Frequency and percentage						
Allowances							
Total allowance in AIC is in based of total allowance	67 33.8%	49 24.7%	46 23.2%	24 12.1%	12 12%	2.32	1.22
Your total reward in relation to other AIC employees performing comparable job	71 35.9%	63 31.8%	44 22.2%	7 3.5%	13 6.6%	2.13	1.14
Your total allowance in comparison to other employees doing similar work in other insurances	70 35.4%	46 23.2%	51 25.8%	16 8.1%	15 7.6%	2.29	1.24
You say that Transportation allowance is enough in AIC	75 37.9%	49 24.7%	42 21.2%	18 9.1%	14 7.1%	2.23	1.24

Aggregate Mean for allowance						2.24	1.21
Variables Bonus	Frequency and percentage						
Bonus payment based on personal performance	65 32.8%	43 18.7%	68 34.3%	28 14.1%	0	2.30	1.07
Bonus payment based on place of assignment performance	51 25.8%	60 30.3%	48 24.2%	21 10.6%	18 9.1%	2.47	1.23
I am satisfied with the bonus reward in the organization	68 34.3%	44 22.2%	56 28.3%	25 12.6%	5 2.5%	2.27	1.13
Your colleague's contribution to reaching Branch/Dep't performance	50 23.8%	38 19.2%	49 24.7%	42 21.2%	18 9.1%	2.69	1.30
Aggregate Mean for bones						2.43	1.18

Source: Researcher's Survey computed and compiled from SPSS output, 2024

4.4.1 Salary

A majority of respondents, highly disagree 31.8%, concur that the insurance company's fair and equal salary includes both financial and non-financial incentives. In addition, 31.8% of respondents disagree that the insurance company's overall compensation system not happy with financial advantages of insurance company's. Furthermore, 26.8% of workers have somewhat knowledge of the financial rewards at all. In other hand response indicates that 3.5% of the participants are aware that the insurance's company overall incentive system financial award categories. Here is an answer from interview questionnaire results that related with these points to this issue. Therefore, the organization needs same adjustments. Respondents were asked also they are happy with the financial advantages get majority of the respondents are 36.4% and 33.3% strongly disagreed and disagreed. The reaming 19.7% also somewhat agreed and 10.6% respondents agreed. It shows that employees are not happy about this statement we can understand with this statement the Africa insurance will be take same adjustments.

It is common knowledge that reward includes both non-financial and financial reward categories in their reward programs. However, a number of factors could cause their proportion to change.

As we have previously mentioned, there are both nonfinancial and financial incentive kinds in the Africa insurance's overall reward system. Table 4.2 illustrates that the financial incentive and advantages they get kinds are inferior to the financial reward categories. The majority 41.9% of the total responders strongly disagree this indicates salary increases not timely manner. 38.9 % of the respondents disagree with the salary increases statement. 11.1% of respondents have some knowledge of salary increment of the company. In addition 8.1% of respondents also agree with the salary increases. Most of the employees do not agreed with this idea and it shows that the organization needs to make its adjustments.

Returning to the respondents' opinions regarding the insurance company's regularly of salary increases satisfaction the majority of 70.5% of them not satisfied. In other hand 19.2% respondents somewhat agree the knowledge of the regularly of salary level. The remaining respondents 10.1% have agree the salary regularly increments. As we can understand from this shows that the company needs to make adjustments on the salary cases.

4.4.2 Allowance

Table 4.2 demonstrates that the respondents concur that the total allowance has a formalized practice for rewards 33.8% respondents have strongly disagree. Other hand 24.7% company total allowances disagree that means the majority of respondents are not satisfied the AIC's total allowances practice. Other statement 23.2% respondents somewhat agree they explained. Finally 12.1% and 12% respondents respectively have agreed and strongly agreed respectively the company total allowance is well.

In the statement of total reward relations with comparable jobs the respondents' opinions regarding the insurance's incentive scheme's competitiveness in relation to other employees, they discover that 35.9% of them assert that the insurance's overall benefit package is not comparable. In contrast, 31.8% of respondents disagreed in that the total reward package is performing comparable with job. In the other hand 22.2% respondents have somewhat in the statement of employee total reward performing comparable jobs. The remaining 3.5% and 6.6% of workers are strongly agreed and agree. Regarding the comparable of the insurance's total reward practice, the majority of respondents disagreed.

Regarding the insurance's incentive scheme's competitiveness in relation to other insurances, total 58.6% of respondents strongly disagreed and disagreed that the AIC's overall reward and compensation package not competitive with other insurance company's. In contrast, 25.8% of respondents somewhat agree concur that the reward package is competitive. The remaining 15.7% of workers are agreeing. Finally employees another question has been asked regarding the transport allowance majority of 62.6% of respondents strongly disagreed and disagreed that means employees not satisfied with transport allowance in the. In the other hand 21.2% respondents somewhat agreed and the reaming 9.1% and 7.1% respondents agreed and strongly dis agreed respectively. As we can understand from this statement employees stated that the transport allowance given to transport is not enough. The majority of respondents disagreed opinions regarding the competitiveness of the insurance's reward practice. A company must be aware of the rewards and compensation that its competitors provide to their staff members. Employees search for external relativities in addition to internal relativities. The statement above requests that the insurance examine its benefits package once more and compare it to those of other enterprises in the same industry. This demonstrates that despite its employees' poor compensation, the AIC employed reward practices as a reward management method.

4.4.3 Bonus

Depending on the insurance company's performance, the insurance typically offers a one- or two-month salary bonus at the end of fiscal year. Additionally, the insurance's earnings at the end of the fiscal year determine how much its employees will be paid in compensation increases. This indicates that all employees, regardless of performance, receive bonuses and wage increases from the insurance. According to this theory, an individual's tenure should not their reward is not based on their performance. Different kinds of direct cash benefits are by AIC. Regarding this, 32.8% of respondents strongly disagree and 18.7% respondents of disagreed that the bonus does not adequately based on personal performance. And 34.3% of respondents somewhat agree and 14.1% respondents are agree.

A performance-oriented organization's compensation structure makes a clear distinction between high and low performers. Rewarding high performers will depend on how well they outperform their peers. The majority of respondents are divided on whether the bonus system can distinguish payment based on place of assignment performance. Regarding the payment based on place of

assignment performance issue, about 56.1% of the respondents strongly disagree and agreed. This suggests that the employee's performance appraisal results have little bearing on the AIC's overall reward structure. The retention of knowledgeable and experienced staff is the main goal of the compensation system. According to the responses, 24.2% of them somewhat agree whereas 19.7% of them respondents are strongly disagreed and agreed concur that the AIC reward system does encourage better performance and place of assignment.

Another statement to ask to employees in this regard 34.3% of the respondents are strongly disagree bonus reward are not satisfied in organization, and 22.2% respondents are disagreed and other hand 28.8 respondents also somewhat agree on the item and the remaining 15.1% strongly agree and satisfied with the organization bonus rewards.

In according to the statement ask of colleague's contribution to department's performance 43% of the respondents said that AIC individuals low contribution reaching to departments performance. In other hand 24.7% respondents are somewhat agreed and the remaining 30.3% respondents are agreeing and satisfied the colleague's contribution reaching departments performance. It can be understood that what we should see here is that the organization should work to have a reasonable employee contribution to organization.

4.5 Satisfaction level on Non-financial reward and compensation

Table 4.4 Response Non-financial rewards and compensation

Variables: Career development opportunity	Frequency and percentage						
	SD	DI	SWA	AG	SA	Mean	St. Deviation
Career development is equity based	79 39.9%	42 21.2%	55 27.8%	22 11.1%	0	2.10	1.05
Your possibilities for future career progression at AIC	74 37.4%	58 29.3%	40 20.2%	16 8.1%	10 5.1 %	2.14	1.15
The career development encourage me to put effort for	93 47%	40 20.2%	34 17.2%	20 10.1%	11 5.6	2.07	1.24

the organizational development					%		
Ways of promoting employees	73 36.9%	50 25.3%	51 25.8%	15 7.6%	9 4.5 %	2.18	1.14
Aggregate Mean for Career development opportunity						2.12	1.14
Variables Training and development opportunity	Frequency and percentage						
Chance provided for learning & development in AIC	72 36.4%	51 25.8%	40 20.2%	24 12.1%	11 5.6 %	2.25	1.22
Types of training and development programs providing to employees	100 50.5%	36 18.2%	26 13.1%	21 10.6%	15 7.6 %	2.07	1.32
Selection criteria for learning & development in AIC	64 32.3%	52 26.3%	54 27.3%	21 10.6%	7 3.5 %	2.27	1.12
Enhancement of your knowledge & skills after learning & development.	86 43.4%	20 10.1%	37 17.7%	38 19.2%	17 8.6 %	2.39	1.42
Opportunities for career advancement following education and training	67 33.8%	66 33.3%	36 18.2%	20 10.1%	9 4.5 %	2.18	1.14
Aggregate Mean for Training & Development opportunity						2.23	1.24
Variables Bonus Working Environment	Frequency and percentage						
Your relationship with your	47	41	28	45	37		

supervisor	23.7%	20.7%	14.1%	22.7%	18.7 %	2.92	1.46
Supervisor respect and fairness in treating employees	60 30.3%	51 25.8%	36 18.2%	34 17.2%	17 8.6 %	2.48	1.31
Supervisor encourage in creating an atmosphere of team work	59 29.8%	53 26.8%	19 9.6%	35 17.7%	32 16.2 %	2.64	1.47
Managers ability to address your questions	53 26.8%	40 20.2%	46 23.2%	44 22.2%	15 7.6 %	2.64	1.29
The work place is comfortable for employees.	23 11.6%	33 16.7%	13 6.6%	94 47.5%	35 17.7 %	3.43	1.27
Aggregate Mean for Working environment.						2.82	1.34

Source: Researcher's Survey computed and compiled from SPSS output, 2024

4.5.1 Career development opportunity

Career development opportunity is the first type of non-financial reward. When asked if they were more satisfied with the organization's career development is equity based, the majority of respondents 39.9% respondents strongly disagree and 21.2% disagree 27.8 somewhat agree the remaining 11.1% respondents are agreed this shows that respondents are not satisfied with statement. In other hand the respondent also expressed with the following statement: When they possibilities for future career progression at AIC, 37.4% of respondents strongly disagreed, and the other 29.3% respondents disagree 20.2% of respondents somewhat agreed, the remaining 8.1% and 5.1% respondents are also agreed and strongly agreed respectively. The statement here is that respondents are not happy. Here is what is stated in the interview questionnaire which response related issue with this result. Therefore explains that some adjustments are needed.

In other case, the company career development encourage the majority 47% of the respondents are strongly disagree and 20.2% respondents also disagreed that when in other hand 17.2% respondents are somewhat agree and 10.1% and 5.6% respondents are also agreed and strongly agreed with this idea. This means that we will look at the source of the respondents the organization's the career developments not encourage to put for the organization development. The last question about career development opportunity asked the respondents how they felt about ways of promoting employees. The majority, or 36.9%, strongly disagreed, and 25.3% respondents are also disagreeing with idea. 25.8% respondents somewhat agree the remaining 12.1% respondents are agreed and strongly agreed with this statement. What we can understand from this is that the respondents are not satisfied with the ways of promoting employees process by the organization. According to the interview results, the company's reward system used to issue performance but it stopped doing so as a result of the current circumstances.

4.5.2 Training and development

In this when asked whether they receive provided for learning development opportunities in AIC at work place in the second category of this study, majority of 62.2% of respondents are disagree and 20.8% respondents somewhat agree and the remaining 17.7% respondents are agreed. Let's take a look here and see what the majority of respondents is the organizations chance for learning and development is poor. Also, respondents were asked about types of training and development program with the all of the learning opportunities they receive. With a majority value of 68.7% respondents disagreed and 13.1% respondents are somewhat agreed and the remaining 18.2% respondents disagreed. In according the respondents we can see here that the AIC's training and development have been compared poor and the organization will be needs some adjustments in the training and development. Also, respondents were questioned about their satisfaction with the selection criteria learning development opportunities they receive. With a frequency value of 58.6% respondents disagree were not satisfied with statement and a 27.3% of respondents are somewhat agreed 14.1% of respondents were agreed. According to the survey, employees are motivated to work more when they have learning possibilities the selection criteria for learning development in AIC respondents are not satisfied. In other hand, respondents were asked about their satisfaction with knowledge & skill after learning & development they response. The majority result value of 67.1% respondents disagreed and they were not satisfied. In addition 18.2% respondents are somewhat agreed with the statement and 18.2% somewhat agreed and the

remaining 14.6% respondents are agreed. Obviously, we understand that employees are not satisfied with the training and development opportunity.

4.5.3 Working Environment

The third category of this study when asked whether their working environment at work place in the third category of this study, 23.7% of respondents strongly disagreed and 20.2% respondents are disagreed. 14.1% of respondents somewhat agreed the remaining 41.4% respondents are agreed and strongly agreed. They stated that most of the employees have a good relationship with their immediate supervisors. Also, respondents were asked about their supervisor respect and fairness in treating employees with a majority 56.1% of respondents is disagreed and they are not satisfied with supervisor respect and fairness and also 18.2% respondents are somewhat agree their supervisor respects and fairness in treating employees. The remaining 25.8% respondents are agreed and strongly. Majority of the respondents are not satisfied with supervisor respect and fairness. Respondents when asked their atmosphere of team work the majority of 56.6% respondents strongly disagreed and disagreed with this statement and also 9.6% respondents are respondents somewhat agreed with statement and the remaining 33.9% of respondents also agreed and strongly agreed. From this understand that most of the employees are not happy with this idea. This shows that the organization needs to make some adjustments based on this.

When asked if they are content with the managers ability to address your questions they receive, 47% of respondents said they are not agreed , a response that is supported by the 29.8% respondents are agreed and the remaining 23.2% respondents are somewhat agreed. Half of total employees have positive view of this part.

When asked respondents were whether the work place is comfortable for employees they get accordingly 47.5% respondents are agreed and additionally 17.7% respondents are strongly agreed hence majority of the respondents are satisfied with work place comfortable and also 28.3% respondents where disagreed and strongly disagreed with the statement of work place comfortable. Finally the reaming 6.6% respondents are somewhat agreed. According to the interview the work place is comfortable for employees it has been recommended to suggest the work place regularly with updates and work environment in order to boost organization performance. In general, what we have to see here is the result of the interview questionnaire, therefore, it should be understood that it needs adjustments.

4.6 Employee performance

Table 4.5 Employee performance (Dependent Variable)

Variables: Employee performance	Frequency and percentage						
	SD	DI	SWA	AG	SA	Mean	St. Deviation
You know the general objectives of the organization.	26 13.1%	44 22.2%	51 25.8%	62 31.3%	15 7.6%	2.98	1.17
You are aware of the connection between your work and the company's	15 7.6%	27 13.6%	61 30.8%	73 36.9%	22 11.1%	3.30	1.08
You are responsible for reaching predetermined, quantifiable goals.	27 13.6%	55 27.8%	53 26.8%	44 22.2%	19 9.6%	2.86	1.19
There are advantages for excellent performance and disadvantages for sub performance.	31 15.7%	39 19.7%	54 27.3%	56 28.3%	18 9.1%	2.95	1.12
Your department typically achieves its aims and objectives.	29 14.6%	45 22.7%	43 21.7%	57 28.8%	24 12.1%	3.01	1.24
Good performance has benefits, and bad performance has drawbacks.	19 9.6%	50 25.3%	101 51%	15 7.6%	13 6.6%	2.76	.961
Aggregate Mean for Employee performance						2.97	1.12

Source: Researcher's Survey computed and compiled from SPSS output, 2024

4.6.1 Respondent employee performance

The first question asked to respondents as the purpose of the aforementioned data is to assess employee performance, the majority of respondents 13.1% strongly disagreed and 22.2% disagreed and 25.8% respondents are somewhat agree and the remaining 38.9% agreed and strongly agreed. They know the general objectives of the organization. After being asked to respond, the majority 48% of respondents expressed agree with an aware of the connection between their work and the company's majority respondents agrees with this statement. In other hand 30.8% respondents are somewhat agree and the remaining 21.2% respondents are agree strongly disagree. Measured was the agreed of responsible for reaching predetermined

quantifiable goals of those who responded, 13.6% strongly disagreed, 27.8% disagreed, and 26.8% were somewhat agree and the remaining 31.8% agreed. The respondents with a majority 28.3% respondents are agree and 9.1% of respondents strongly agree 27.3% somewhat agree and 15.7% strongly disagreed and 19.7% disagreed that the organization's advantages for excellent performance and disadvantages for sub performance. When asked they were glad to departments typically achieves its aims and objectives, 14.6% of respondents said they were, with a score of strongly disagreed and 22.7% disagreed in other hand 21.7% somewhat agree and the majority of 28.8% and 12.1% respondents strongly agree and disagree respectively. When asked if they believed the good performance has benefits and bad performance has Drawbacks Company was lucrative as a result of respondent's majority 51% respondents somewhat agreed, and 9.6% respondents are strongly disagreed and 25.3% disagreed. In other hand 7.6% respondents are also agreed and finally 6.6% respondents are strongly agreed.

4.7 Correlation Analysis

The degree of correlation between the variables of interest can be evaluated using the correlation matrix. The direction of the association between the variables is indicated by the sign of a correlation coefficient, which ranges from +1 to -1. A direct positive link between two variables is shown by a positive correlation. Conversely, an inverse, negative association between two variables is indicated by a negative correlation (Rud et al., 2012). The correlation data result is shown in Table 4.5 below. Regression analysis will be used to further investigate the relationship between the study's variables based on the basic information provided by the correlation results.

Table 4.6 Correlations matrix on financial reward and compensation

Items/ variables		Correlations			
		Salary	Allowance	Bonus	Employee performance
Salary	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	198			
Allowance	Pearson Correlation	.651**	1		
	Sig. (2-tailed)	.000			
	N	198	198		
Bonus	Pearson Correlation	.630**	.767**	1	
	Sig. (2-tailed)	.000	.000		
	N	198	198	198	
Employee performance	Pearson Correlation	.502**	.787**	.819**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	198	198	198	198

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

Source: Researcher’s Survey computed and compiled from SPSS output, 2024

4.7.1 Correlation analysis between salary and employee performance

The correlation coefficient between reward and compensation practice and salary in Africa insurance is ($r = 0.502$, $p < 0.01$), as shown in 4.5 this suggests that there is positive correlation relationship between employee performance and salary practices.

4.7.2 Correlation analysis between allowances and employee performance

The result in Table 4.5 above demonstrates that the current salary/compensation practice of AIC is statistically significant and has a considerable positive relationship ($r = 0.787$, $p < 0.01$). This implies that a rise in salary and compensation-related activities will result in an improvement in employee output. It helps a company accomplish its objectives.

4.7.3 Correlation analysis between bonus and employee performance

The results in Table 4.5 above demonstrate that there is a strong and statistically strong relationship between the current Rewards & Benefits practices of AIC branches and head office ($r = 0.819$, $p < 0.01$). This implies that as benefitting activities rise, employee performance will rise along with AIC's performance.

Table 4.7 Correlations matrix on non- financial reward and compensation

Items/ variables		Correlations			
		Career and Development Opportunity	Training and Development Opportunity	Working Environment	Employee Performance
Career and Development Opportunity	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	198			
Training and Development Opportunity	Pearson Correlation	.400**	1		
	Sig. (2-tailed)	.000			
	N	198	198		
Working Environment	Pearson Correlation	.721**	.488**	1	
	Sig. (2-tailed)	.000	.000		
	N	198	198	198	
Employee Performance	Pearson Correlation	.650**	.530**	.755**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	198	198	198	198

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

Source: Researcher’s Survey computed and compiled from SPSS output, 2024

4.7.4 Correlation analysis between career and development and employee performance

The results in Table 4.6 above demonstrate that there is a strong and statistically significant relationship between the current Rewards & career development practices of AIC (r=0.650, p<0.01). This implies that as career and development activities rise, employee performance will rise along with AIC's efficacy.

4.7.5 Correlation analysis between training and development and employee performance

Employee performance and training and development practices have a reasonably moderate correlation (r=0.530, p<0.01), as seen in table 4.6 above. This suggests that a change in an employee's performance is correlated with an increase or decrease in their training and development path adjustment.

4.7.6 Correlation analysis between working environment and employee performance

Table 4.6 above demonstrates the weak correlation between working environment and employee performance (r = 0.755, p<0.01). This suggests that there is a statistically strong and significant association between working environment and reward management in AIC.

Furthermore, based on the correlation results, we can infer that any corresponding change in the independent variables such as improved recognition practices, increased salary and compensation, improved motivational practices, enhanced allowances for employees, improved working environment, career development, and improved training and development for employees will have a positive, moderate, and significant relative impact on the dependent variable of reward management and improve AIC employee performance. On the other hand, the dependent variable will suffer if the changes in the individual independent constructs are not positive.

4.8 Regression Analysis

Multiple regressions are a set of approaches, not just one, according to Julie P. (2011), that can be used to investigate the relationship between a single continuous dependent variable and several independent variables, or predictors (typically continuous). It makes it possible to investigate the relationships between groups of variables in more detail. In addition, the final output of multiple regression analysis is the regression equation, or the line that best fits a number of independent variables and a dependent variable.

The six factors (salary, allowances, bonus/compensation, career development, training and development and working environment,) were used to regressed employee performance in this section. The findings between a dependent variable and multiple independent factors are shown in Table 4.7 below.

Following the fulfillment of the regression assumption in the study, the researcher looked at how employee dimensions affected incentive management and employee performance. The researcher thinks that by determining which employee dimension had the biggest impact on reward and compensation management to achieve strong employee performance, the insurance company might use the regression analysis result to inform future decisions.

4.8.1 Assumptions of linear regression analysis

4.8.1.1 Multi co linearity test

In this study, the researcher verified this assumption using VIF statistics and tolerance as well as linear regression. According to Andy (2006), a tolerance value of less than 0.1 most likely

denotes a significant co linearity issue. According to Liu (2010), the investigators also employ the Variance Inflation Factor (VIF) to verify the multi col linearity of the independent variables.

If VIF is more than 10, multi co linearity occurs. The issue of multi co linearity does not arise because the VIF value for every independent variable is less than 10. These readings appear to indicate that the predictor variables' co linearity is not a problem. This indicates that slight variations in the measured variables are likely to have no effect on the derived model. Stated differently, these values provide us with an indication of the accuracy of our regression model. So, there is no need to worry about the multi co linearity biasing effect.

Table 4.8 Coefficients result

Coefficients ^a

Model	Unstan dardize d Coeffi cients	Coeffi cients	Standardi zed Coefficie nts	t	Sig.	95.0% Confidence Interval for B		Co linearity Statistics		
						B	Std. Error	Beta	Lower Bound	Upper Bound
1	(Constant)	5.909	.602		9.813	.000	4.721	7.096		
	Salary	-.359	.085	-.230	-4.209	.000	-.527	-.191	.414	2.418
	Allowance	.612	.080	.452	7.625	.000	.454	.770	.351	2.852
	Bonus	.494	.118	.351	4.194	.000	.261	.726	.177	5.658
	CDO	.074	.085	.051	.861	.390	-.095	.242	.347	2.881
	TDO	-.005	.050	-.004	-.096	.924	-.103	.093	.600	1.668
	WE	.283	.073	.272	3.863	.000	.138	.427	.248	4.025

a. Dependent Variable: Employee performance

b. Independent variable : Salary, Allowance, Bonus, Career and Development , Training and Development and working environment

Source: Researcher’s Survey computed and complied from SPSS output, 2024

Table 4.9 Test for multi co linearity

Model		Co llinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Salary	.414	2.418
	Allowance	.351	2.852
	Bonus	.177	5.658
	Career and Development Op.	.347	2.881
	Training and Development Op.	.600	1.668
	Working Environment	.248	4.025

Source: Researcher’s Survey computed and complied from SPSS output, 2024

The fact that all of the tolerance values are higher than 10% and all of the VIF column values are less than 10 suggests that there is no multi co linearity influence between the explanatory variable. We thereby rule out the null hypothesis.

4.8.1.2 Anova Model

Table 4.10 Anova Model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4545.492	6	757.582	103.183	.000 ^b
	Residual	1402.351	191	7.342		
	Total	5947.843	197			

a. Dependent Variable: EP

b. Predictors: (Constant), Working Environment, Training and development opportunity, Salary, Allowance, career and development opportunity and Bonus.

Source :Researcher’s Survey computed and complied from SPSS output, 2024

*Over all significance of the model.

Table 4.11 ANOVA Model Summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.874 ^a	.764	.757	2.710	.515

a. Predictors: (Constant), Working Environment, Training and development opportunity, Salary, Allowance, career and development opportunity and Bonus.

b. Dependent Variable: Employee performance

Source: Researcher's Survey computed and complied from SPSS output, 2024

The study used multiple regression analysis to determine the impact of independent variables on the dependent variable in order to determine the impact of reward management techniques on organizational performance. The eight reward practice variables basis salary, performance pay, bonus, promotion, recognition, career development, learning opportunity, and challenging work explained the variation in the dependent variable (organizational performance), according to the model summary of all the variables included in the study, which had an R2 value of 0.764.

Table 4.12 Hypothesis Testing

Model		Unstandardized	Coefficients	Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.909	.602		9.813	.000
	Salary	-.359	.085	-.230	-4.209	.000
	Allowance	.612	.080	.452	7.625	.000
	Bonus	.494	.118	.351	4.194	.000
	Career and Development Opportunity	.074	.085	.051	.861	.390
	Training and Development Opportunity	-.005	.050	-.004	-.096	.524
	Weakening environment	.283	.073	.272	3.863	.000

Source: Researcher’s Survey computed and compiled from SPSS output, 2024

According to the beta column beneath the standardized coefficient (negative and positive sign), 0.452, bonus 0.351, working environment 0.272, career and development 0.051, training and development and salary the lowest (Beta-.004), (Beta-.230) respectively and the variable with the highest beta and lowest beta value contributes the most to explaining the dependent variable's variables in the model.

Employee performance and salary have p-value of ($p < 0.05$) a modest and negative association, with a significance value of 0.000, less than the 5% confidence range. This suggests that, at a significance level of less than five percent, positive and strong relationship statistically significant.

The association between allowance and employee performance is positive and strong, with a P-value of less than 0.05. There is a confidence interval of less than 5%. This suggests that, at a significance level of less than five percent, the predictor is statistically significant.

There is bonus, the beta value is negative, and the p-value is significant at ($p > 0.05$). As a result, the study's findings indicate that employee performance is negatively and negligibly impacted by recognition.

Employee performance and career and development opportunity has a lowest and positive association, with a significance value of 0.390, more than the 5% confidence range. This suggests that, at a significance level of less than five percent, the predictor is statistically insignificant. Consequently, career and development opportunity has a negligible impact on employee performance and is not important to AIC employees.

Training and development opportunity has a negative beta value and non-significant p-value of more than 0.05. This suggests that employee performance in AIC is negatively and significantly impacted by training and development.

Positive beta value (Beta .272) and a substantial p-value ($p < 0.05$) is the working environment. As a result, the study significantly and favorably affects employee performance in AIC.

Table 4.13 Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Student zed Residual	.029	198	.200*	.989	198	.136

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Researcher's Survey computed and complied from SPSS output, 2024

The Shapiro-Wilk test results show that every variable had a p-value greater than 0.05, indicating that the study's variables had a normal distribution. As a result, it is possible to conclude that the residual values have a normal distribution and that the regression analysis procedures have been completed.

4.9 Interview analysis

A total of five interview questions were prepared and 28 respondents from different levels and groups of the company were asked. Accordingly, I have used the comments and answers given here as a solvent in the analysis described above, and now the researcher will continue this section to explain the answers given one by one.

One of the interview questions, how do you feel about the way that employees feel about AIC's payment policy? In this interview question, as explained by most of the respondents, the payment methods included by the AIC are not satisfied. The next interview question asks to the respondents, **which type of compensation financial or non-financial do you believe has a greater influence on employee's performance?** We look at here; respondents explained that although most of them are both financial and non-financial have direct impact on employee performance but majority of them, 70% have financial payments are a direct impact on employee performance. In general, we understand from this that the organization needs adjustments. Other interview question asked to the respondents ,**what is the effect of non-financial rewards (career and development opportunity, training and development opportunity and working environment) have on the performance of Africa Insurance S.C?** When answering this question, respondents explained that these are very important and if they are not implemented correctly, they will affect the performance of employees. However, they are effect on the performance of employee who expressed their dissatisfaction due to non-financial implementation.

In other case from the interview questions asked to the respondents, **what impact do financial rewards (bonuses, basic salary, and Allowance) have on the productivity of an organization?** When the respondents explained about this interview question, the majority of the respondents agreed that these financial rewards and compensation, whether they are implemented properly or not, have a significant impact on the productivity of the organization. This respondents' answer and explanations are consistent with the data analysis described above, and the content are the same.

The last interview question was asked to the respondents; **does the organization satisfy its employees using financial reward?** This interview question was mainly asked for the attention of the managers, especially when the HR manager explained that the current financial reward is not satisfactory. The manager further explained that there is a plan in the organization to improve this unsatisfactory rewards and compensation. Finally majority of the opinion of others are similar to those given by the HR manager. In general, the result obtained from the respondents indicates that the results are similar to the results of the questionnaire respondents, and the organization needs to take adjustments.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This thesis chapter ends with a summary of the study's key findings, conclusions, and suggestions that the student researcher thinks will be helpful.

5.2 Summary of major findings

Examining how reward and compensation management practice affect employee performance in the context of Africa insurance company was the aim of this study. The main conclusions of the investigation are outlined in this section. Four branches sites Filwuha main branch, Yoseph branch, Head office branch and head office (corporate) were used to gather the data.

Females made up the majority of the respondents. The majority of the respondents fell between the ages of 26 and 34. This demonstrates that a young, active age group makes up the human resources population. When it came to their marital status, most of them were single. The survey was distributed to all departments and job levels. A significant percentage of Africa Insurance employees who responded were first-degree holders, followed by master's degree holders. Few workers held College Diploma. The majority of the workforce has five to ten years of experience. What we can understand here is that the previous reward and compensation practice was good structure. The workforce is well-educated and readily trainable to improve both individual and organizational performance levels.

Basic salary was the first variable evaluated under the financial reward and compensation category. In terms of how satisfied one is with monetary compensation the majority of those surveyed expressed discontent.

Their employees adopted the non-financial award, which denotes informal appreciation in the form of compliments from their supervisors. A few received no non-monetary prizes at all. The managing director stated that the incentive plan is not intended to be fair and equitable and is instead logical because the majority of them disagreed that they are paid a fair and equitable pay.

Individual and/or employee performance level, given that an appropriate system of rewards is in place.

The majority of Africa insurance S.C employees low satisfaction with their allowance payment. Regarding the employee performance pay, the majority of respondents expressed dissatisfaction with the allowances appropriateness given their performance.

The third variable was bonuses. Although employees were not happy with the organization's bonus program, receiving bonuses motivates them to do better work, which improves job performance.

Career development opportunity was the first variable in the category of non-financial reward that was evaluated. The results showed that respondents were more not satisfied when they career development for their good work. Employees perform better on the job when they career development from the organization. Consequently, non-financial rewards in general motivate staff to raise organizational performance.

When given options for training and development opportunity, employees felt inspired in this regard. However, the majority employees are only not happy with the opportunities for professional advancement inside the organization, and the company does not provide opportunities for further training and development.

Regarding the working environment work, employees are satisfied with the organization's working environment and are only moderately satisfied with those from their supervisor and work place as a result.

The financial reward and compensation the correlation result showed that there was a moderately and statistically significant positive relationship ($r = 0.502$ and $P = 0.01$) between basic salary and employee performance. Allowance also showed a moderately and statistically significant positive correlation ($r = 0.787$ and $P = 0.01$) with employee performance. Bonuses and employee performance were positively correlated, with a correlational result of $r = 0.819$ and $P = 0.01$ indicating a moderate and statistically significant link because the P-value was less than 0.01.

The non-financial reward and compensation with a value of $r = 0.650$ and $P = 0.01$, the correlation result showed the existence of a moderate and statistically significant association

between career and development opportunity and employee performance. Furthermore, $r = 0.530$ and $P = 0.01$ indicated a positive and positive significant association between training development opportunity and employee performance. With $r = 0.755$ $p < 0.01$, there is a strong and statistically significant correlation between working environment and employee performance.

5.3 conclusions

The results of the study supported the research question, which was stated in detail in the study's first chapter. The study evaluated Africa insurance reward and compensation management practice. Drawing on the study's results, the subsequent deduction is made.

The first research question aimed to evaluate to determine rewards and compensation management practice at Africa insurance. The results obtained from the questionnaire and interview indicates that the organization's reward and compensation practices are both financial (such as salary, allowance and bonus) and non-financial (such as career and development, training and development opportunities and working environment). Employees expressed that receiving performance-related compensation, bonuses, or allowance improves their work, but they were dissatisfied with the company's overall financial rewards, including salary, allowance, and bonuses.

The second fundamental examine the reward and compensation management strategies Africa insurance aimed to evaluate the organization's reward and compensation. The financial compensations and pay that AIC provided were insufficient for the employee. This demonstrates that the AIC's monetary rewards had little effect on raising employee performance.

The final goal of this study was to ascertain how much the reward and compensation practice contributes to organizational performance. The findings showed that employees are dissatisfied with their bonus and, allowances; they are not satisfied with the non-financial practices. This is because employees were not paid commensurate with the external labor market and their workload. As a result, employees became less productive, which is why rewarding employees is crucial to improving employee performance.

At Africa insurance, there was a complete reward and compensation practice. The employees, however, are not satisfied with the scope of the overall awards and compensation or benefit packages that come with them. Employee performance at Africa insurance will rise in tandem with an increase in total reward and compensation management practice.

5.4 Recommendations

The conclusions and findings lead to the following recommendations being explained.

According to the research, Africa insurance employees currently receive extremely minimum satisfaction from their rewards, which has a negative impact on the employee and the organization's performance. Therefore, an appropriate reward and compensation system needs to be set up in order to address this issue.

The company should establish a fair and competitive compensation scale and update the current one to reflect the current state of the economy. In addition to inspiring them, this will raise employee performance, which will improve organizational performance.

Since the organization's performance pay is inadequate, it is necessary for the business to assess employee performance in order to meet a particular objective. And give them what they deserve. This strategy can reward underachievers. Therefore, it is determined that it is essential to strictly complete performance appraisal activities on time and on a regular basis in order to award each employee based on their performance.

Employee at the company felt that the compensation offered was unfair and insufficient. Africa insurance S.C must establish a clear allowance program and plan, as well as be able to create an employee accountability structure, in order to lessen this issue. It's also advised to create a creative bonus program that honors workers' contributions. In addition to inspiring them to put in more effort, this will foster peace inside the AIC, promote teamwork, and boost productivity all around.

In order to effectively execute the areas of improvement identified by its employees and determine the current level of performance by financial or non-financial professionals, it is preferable if the insurance is required to undertake a continuous appraisal measurement based on its vision and purpose.

The career development system has to be reviewed by the HR department. Employee participation in the performance management system is advised in order to get good results. It is recommended that managers take feedback from employees and other stakeholders when deciding which reward and compensation strategies to implement. In order to gain employees' cooperation and understanding and to provide them with the fundamental tools necessary to complete their work as expected, the insurance company must conduct effective training and development interventions to ensure that users of the performance management system are aware of PMS.

5.5 Direction for future research

In order to maintain reward and compensation practices that lead to good employee performance, the researcher also suggested that future researchers look into this topic area by integrating with other variables.

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APPENDIX I

Addis Ababa University School of Commerce Department of Human Resource MA Program

Questionnaire will be filling by Employees, Supervisors and Managers

This questionnaire's goal is to gather information regarding “**The effect of rewards and compensation management practices on employee performance in Africa Insurance Company S.C.**” The data you answer will serve as the basis for my study's primary data. Only academic purposes are intended for this project, and all information you provide will be kept private. As a result, I politely ask that you complete the questionnaire completely and truthfully, as the accuracy of the data you submit will ultimately decide the study's dependability.

Please accept my sincere gratitude and best wishes in advance for giving up some of your valuable time to complete the questionnaire with honest and timely answers.

Directions for filling the questionnaire

There isn't a correct or wrong response among the given possibilities. As a result, we respectfully ask that you answer each question honestly. The objective of this survey is the exclusive use of your response.

- In the designated space, please indicate your option with a “√”
- No need of write your name

Section I: Information on Demographics

Gender: Male

Female

Age: 18-25

26-34

35-45

46-55

56 & Above

Education Level: High School

College Diploma

First Degree

Masters

Others _____

Marital Status Single

Married

Divorced

Experience >1 Year

1-5 Years

5-10 Years

11-15 Years

above 15 Years

Section III: Please check (√) the column that most accurately reflects your position in response to each of the topics in this section.

1=Strongly disagree, 2=disagree, 3= somewhat agree, 4= agree, and 5=strongly agree are the five possible responses.

3.1 As regarding Financial rewards practice.

S/N	Objective 1: Salary	SD	DI	SA	AG	SA
		1	2	3	4	5
1	I receive a fair and equal Salary.					
2	I'm happy with the financial advantages I get.					
3	Salary increases or adjustments are made in a timely manner.					
4	I am Satisfied regularity of salary level increases.					
Objective 2: Allowances						
1	Total allowance in Africa insurance company is in based of total allowance					
2	Your total reward in relation to other Africa insurance company employees performing comparable job					
3	Your total allowance in comparison to other employees doing similar work in other insurances					
4	You say that Transportation allowance is enough in Africa insurance company					

Objective3: Bonus						
1	Bonus payment based on personal performance					
2	Bonus payment based on place of assignment performance					
3	I am satisfied with the bonus reward in the organization					
4	Your colleague's contribution to reaching Branch/Dep't performance					

3.2 As regarding Non-Financial rewards practice.

S/N	Objective 1: Career development Opportunity	SD	DI	SA	AG	SA
		1	2	3	4	5
1	Career development is equity based					
2	Your possibilities for future career progression at Africa insurance company					
3	The career development encourage me to put effort for the organizational development					
4	Ways of promoting employees					
Objective 2 : Training and development opportunity						
1	Chance provided for learning & development in Africa insurance company					
2	Types of training and development programs providing to employees					
3	Selection criteria for learning & development in Africa					

	insurance company					
4	Enhancement of your knowledge & skills after learning & development.					
5	Opportunities for career advancement following education and training					
Objective:3 Working Environment						
1	Your relationship with your supervisor					
2	Supervisor respect and fairness in treating employees					
3	Supervisor encourage in creating an atmosphere of team work					
4	Managers ability to address your questions					
5	The work place is comfortable for employees.					

4. Employee performance (Dependent Variable).

S/N	Objective 1: Employee performance	SD	DI	SA	AG	SA
		1	2	3	4	5
1	You know the general objectives of the organization.					
2	You are aware of the connection between your work and the company's					
3	You are responsible for reaching predetermined, quantifiable goals.					
4	There are advantages for excellent performance and disadvantages for subpar performance.					
5	Your department typically achieves its aims and objectives.					
6	Good performance has benefits, and bad performance has limitations.					

APPENDIX II

Interview Question

This interview is a component of the research project, and its effective completion depends much on your kind assistance. Your answers to the interview questions will remain anonymous, and the collected information will be compiled and examined as a whole. We really appreciate your involvement in the study.

Thanks in advance

1. How do you feel about the way that employees feel about the Insurance Company's remuneration policy?

2. Which type of compensation financial or non-financial—do you believe has a greater influence on employee's performance?

3. what is the effect of non-financial rewards (career and development opportunity, training and development opportunity and working environment) have on the performance of Africa Insurance S.C?

4. What impact do financial rewards (bonuses, basic salary, and Allowance) have on the productivity of an organization?

5. Does the organization satisfy its employees using financial reward?
