



**The Effect of Reward Management System on Employee Performance:
The Case of IE Network Solutions Plc.**

By

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Esubalew Ginbar Amente

Declaration

I, Esubalew Ginbar Amente, hereby declare that the thesis titled "The Effect of Reward management system on Employee performance: The Case of IE Network Solution PLC" is my original research work under the guidance of my advisor Tsegabrhan Mekonen (PhD). This research has not been submitted for any degree in other universities. All sources of materials used for this project have been duly cited and acknowledged.

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Certification

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This is to certify that the thesis entitled, “The Effect of Reward management system on Employee performance: The case of IE Network Solution PLC” is an original piece of work carried out by Esubalew Ginbar under the supervision of Tsegabrhan Mekonen (PhD), and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in Management. It complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Acronyms

ANOVA	Analysis of Variance
HR	Human Resource
HRM	Human resource management
IT	Information technology
PLC	Private Limited company
RF	Regression function
SPSS	Software package for Social science
Std. Dev	Standard deviation

ABSTRACT

In current highly competitive business environment, having well performing and inspired employees are the main success factor for any organization. In realizing that, in one hand researchers argue well-designed reward strategy plays the major role through enhancing the performance of employees. In the other hand, other scholars claim that rewards have nothing to do with employees' performance. The aim of this study was to examine the effect of reward management system on employee performance in the case of IE Network Solution PLC. in Addis Ababa. This study was conducted through a mixed research approach with in both a descriptive and explanatory research design. A total of 80 self-administered questionnaires were distributed to the all staff members of the company. 77 questionnaires were returned which gave response rate 96.25%. It was valid to run the data analysis. Therefore the descriptive, correlation and multiple regression analysis were computed through SPSS version 23. The correlation analysis result shows that promotion and employee recognition positively and moderately associated with performance of employees. However work condition salary have a positive but weak relation with employee performance. The multiple regression analysis revealed promotion ($\beta=0.313$), employee recognition ($\beta=0.319$), work condition ($\beta=0.256$), and salary ($\beta=0.189$) has a significant effect on employee performance. However benefit packages have no significant effect on performance of employees. Additionally the regression analysis shows, ($R^2 = 0.579$, $p<0.05$) which indicates 57.9% variations in employee performance is explained through a change in the reward system variables. Generally this study indicated that there is a positive and significant relationship between total reward management system and performance of employees in IE Network Solution PLC. The study recommended that company should evaluate and redesign its reward system to be integrated with overall strategies of the company for enhanced performance of employees and productivity of the organization.

Key words: Reward, performance of employees, financial reward and non- financial reward

Table of Contents

Acknowledgement.....	i
Declaration.....	ii
Certification.....	ii
Acronyms.....	iii
<i>ABSTRACT</i>	iv
List of Tables	viii
List of Figures	ix
CHAPTER ONE	1
1. Introduction.....	1
1.1. Background of the study	1
1.2. Statement of the problem.....	3
1.3. Research Questions	4
1.4. The Objective of the study	4
1.4.1. General Objective	4
1.4.2. Specific objectives	4
1.5. Significant of the Study	5
1.6. Scope of the Study.....	5
1.7. Limitation of the study	5
1.8. Definitions of Terms	6
1.9. Organization of the Study.....	7
CHAPTER - TWO	8
2. Review of theoretical and empirical Literatures	8
2.1. Introduction.....	8
2.2. The Concept of Reward Management.....	8
2.2.1. Aim of Reward Management.....	9
2.2.2. Importance of reward management	9
2.2.3. Reward Philosophy.....	9
2.3. Theories of Work Motivation.....	10
2.3.1. Process theories of motivation	10
2.4. Reward and Employee performance	12
2.5. The effect of Reward on performance	13
2.6. Reward Management process	13
2.7. Types of Reward System.....	14
2.7.1. Financial reward Variables.....	14

2.7.2. Non-financial Reward Variables	15
2.8. Empirical Literature Review	16
2.9. Research hypothesis	19
2.10. Conceptual Framework.....	19
Chapter Three.....	20
3. Research Methodology	20
3.1. Research Approach.....	20
3.2. Research Design	20
3.3. Research Strategy	21
3.4. Time Horizon	21
3.5. Population and data collecting Procedure	21
3.5.1. The Nature of target population.....	21
3.5.2. Data collecting Procedure	21
3.6. Methods of data collections.....	22
3.7. Validity and Reliability	22
3.7.1. Validity	22
3.7.2. Reliability of the measurement.....	22
3.8. Methods of Data Analysis	23
3.9. Research Model.....	24
CHAPTER FOUR.....	25
4. Result of the study, Interpretation and Discussion.....	25
4.1. Introduction.....	25
4.2. Biographic information of the respondents	26
4.3. Descriptive Analysis of Measurement items	27
4.3. Correlation Analysis of the data	36
4.4. Regression analysis.....	37
4.4.1. Assumptions underlying regression analysis.....	37
4.4.2. Multiple regression.....	40
4.4.3. Hypothesis Testing	41
4.5. Discussion of result of the study.....	42
CHAPTER FIVE	48
5. Conclusion and Recommendation.....	48
5.1. Conclusion.....	48
5.2. Recommendations.....	49
5.3. Suggestion for Further Studies	50

References.....	51
APPENDIX 1: Questionnaires.....	56
APPENDIX 2: Interview Questions.....	62
APPENDIX 4: Test for Normality.....	63
APPENDIX 5 : Test for Multicollinearity.....	64
APPENDIX 6 :Test for homoskedascity.....	64
APPENDIX 7 : Gender of participants.....	65
APPENDIX 8: Age range of respondents.....	65
APPENDIX 9: Educational Qualification.....	65
APPENDIX: 10 Job Category.....	65
APPENDIX: 11 Year of service and experience.....	66
APPENDIX: 12 Employee's position.....	66
APPENDIX: 13 Salary scale.....	67
APPENDIX: 14 Model Summaryb.....	68
APPENDIX: 15 Correlation Matrix.....	68

List of Tables

Table 3. 1 Target population.....	21
Table 3. 2 Reliability Statistics.....	23
Table 4. 1 Biographic statistics.....	26
Table 4. 2 Description of items of reward practices of the company	27
Table 4. 3 Descriptive Statistics: Reward practice of the company	28
Table 4. 4 Description of items in employee performance	28
Table 4. 5 Descriptive Statistics: Employee performance	29
Table 4. 6 Description of items of Salary	30
Table 4. 7 Descriptive Statistics: Salary	30
Table 4. 8 Descriptive Statistics: Benefit packages	31
Table 4. 9 Description of items of Promotion	32
Table 4. 10 Descriptive Statistics: Promotion	32
Table 4. 11 Descriptive Statistics: Recognition.....	33
Table 4. 12 Description of items of work condition	34
Table 4. 13 Descriptive Statistics: Work condition	34
Table 4. 14 Summary of descriptive Statistics of all variables	35
Table 4. 15 Pearson Correlations among all variables	36
Table 4. 16 Collinearity Statistics	39
Table 4. 17 Model Summary ^b	40
Table 4. 18 Summary of ANOVA ^a	40
Table 4. 19 Multiple regression Coefficients ^a	40
Table 4. 20 Summary of research questions, hypothesis and research findings.....	42

List of Figures

Figure 2. 2 Reward management	13
Figure 2. 3 Conceptual framework.	19
Figure 4. 1 Correlation coefficient scale.....	36
Figure 4. 2 Linearity test.....	38
Figure 4. 3 Normality test	38
Figure 4.4 Test for homoskedascity.....	39

CHAPTER ONE

1. Introduction

This part of the research consists background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope/delimitation of the study, limitation of the study, organization of the study and basic terms with their definitions.

1.1. Background of the study

In the current globalized World, Companies are operating in dynamic and challenging business environment. Resources are scares, competition is so strong and the customer preference is changing. That is why; firms are using the combination of different resources effectively in order to achieve their strategic organizational goals.

Human capital is the core element and the most responsible actor to achieve organization goals even under challenging conditions. It is not only the individuals in the company, it also what those employees bring and contribute to the institutional success. That is the reason Robert, Jackson and Mathis (2010) explained human resource as synergy of the most valuable capabilities, knowledge, skills, life experiences, and motivation of an organizational workforce. Jackson et al. (2010) argued human capital as multi-dimensional unique institutional resource that include problem solving thinking, creative idea, knowledge and decision making ability that employees contribute to the company.

Whatever it is, employees should have to be motivated in order to exert all possible effort through combining their skills and experience to perform well. Managers use several mechanism to motivate employees and to increase their performance. But from all, reward is one of the fundamental method to motivate employees to perform well in their work activity in the company and enhancing their effort to be creative and productive that lead to better business functionality (Aktar, Ali, Serena and Sachu, 2012).

Reward management is a system that consists all financial and non-financial compensation packages of the organization. It is a way designed to retain employees, attract new talent and most importantly to increases employees' performance.

If companies are unable to reward staffs, it has its own adverse effect on the performance and productivity of employees in the company. However efficient reward system can be a good motivator but an inefficient reward system can lead to demotivate the employees in

terms of low productivity, internal conflicts, absenteeism, high turnover, lack of commitment and loyalty, lateness and felling grievances (Kalkidan, 2017).

Wang (2004) believes that rewarding employee shows not only benefit to employee but increase performance of his/her job. The authors argued that reward system plays various roles, such as to develop and sustain employee commitment towards firms or in other words to maximize employee performance and loyalty. However, other researchers claims that rewarding employees are nothing to do with employee performance in the work place. Garlick study (as cited in Kibet, Njanja, Maina, Njagi, 2013) showed that offering monetary reward like cash bonus and other monetary benefits has no impact on employee performance, despite the fact cash bonuses are the most preferred reward for employees.

A review of the relevant literature reveals that there is inconsistent findings in the effect of the reward system on employees' performance. Therefore this study is very important through filling above mentioned literature gaps and prior's studies limitations by examining the relationship between reward systems and employees performance in light of IE Networks Solution. The researcher chose this company because of two reasons. One, IE Network Solution PLC has well organized human resource management system relative to others company in IT sector. Second, the company has a good reputation in IT and tech industry of Ethiopia through working with giant financial and public service institution including many public universities.

Understanding the relationship between reward system and employees performance add to the scarce documented knowledge in Ethiopian tech firms context and it might enable the firm to improve its human resources management systems.

Furthermore, this study might open other opportunities to researchers and practitioners to investigate the general reward management and their effects on the performance of employees.

1.2. Statement of the problem

Human capital is the most competitive asset for any company. In order to get the efficient and effective result from human resource motivation is necessary (Khan, Waqas, and Muneer, 2017). It is the most important factor which brings competitive advantage by contributing their knowledge, skills and capabilities to the organization. Organizational performance is a function of employees' performance and the combination of other non-human resources. Therefore there is no doubt employees are the critical asset for the success of the organization. Khan et al. (2017) argued that human capital can be retained and exert their extra effort in the organization through applying an integrated reward management system. Which includes all financial and non-financial reward packages designed by the organization to motivate and enhance employees' performance.

Several studies have conducted on the relationship between reward system and employee performance. However there is a contradictory finding on the impact of a reward system on employee performance. Aktar et al. (2012) clearly showed that there is a positive and significant relation between reward system and performance employees. This indicate reward system play great role through enhancing the performance of employees (Philips, 2014). In line with this finding Nnaji and Nnadozie (2015) argue the way companies design and implement their reward system can determine the performance employees in the work place. However other studies finding shows there is no relation between reward system and employee performance. A study conducted by Ajila (2004) and Kibet et al. (2013) revealed absence of significant relationship between reward system and employees performance.

In organization employees have varied preference as far as the types of reward is concerned. Therefore companies and managers should have to know the most effective reward type and reward system which support employees through increasing their performance. Otherwise the reward management system become a cost than a benefit for the organization. Well-designed reward system help to create a good attitude and motivation in employees in the job. It's the way to give a credit for their extra effort for employees by the organization. Looking at the above research findings and reviewing many other literatures, the researcher has identified two main research gaps. One the inconsistency of findings between many researches with in similar issue i.e. the relation between reward system and employee performance. There is, therefore, a great need for additional evidence to support whether reward system has an effect on employee performance or not. Two most

of the studies have not holistically addressed the relationship between performance of employees and reward system as far as Ethiopian IT and tech firms concerned.

Therefore, in order to address these research gaps, the researcher is interested to conduct this study on the effect of reward system on the performance of employees through examining the impact of different reward variables in relation with employee performance through special reference of IE Network Solutions PLC. In order to address the research problem the following questions were developed to be answered by this study.

1.3. Research Questions

The research attempt to answer the following questions.

How does promotion affect employee's performance in IE Networking PLC?

To what extent recognition affect employee's performance in IE Networking PLC?

Does work conditions have an effect on employee performance in IE Networking PLC?

What is the effect of salary on employee performance in IE Networking PLC?

Does benefit packages significantly affect employee performance in IE Networking PLC?

1.4. The Objective of the study

1.4.1. General Objective

The general objective of the study is to examine the effect of reward management system on employee performance in IE Network Solutions PLC.

1.4.2. Specific objectives

In order to achieve the main purpose, the researcher addressed the following specific objectives. These are:

To examine the effect of promotion on employee performance.

To investigate the effect of recognition on employee performance.

To analyze the impact of work condition on employee performance.

To evaluate the effect of salary on employee performance.

To examine the impact benefit packages and employee performance.

1.5. Significant of the Study

The findings of the study is expected to be significant for the following issue. One, more importantly, the study will help managers to evaluate how the reward management system affects the employee performance, and provide possible solution for identified challenges and problems. It will help the company policy makers to formulate suitable reward management policy. Additionally, the study will serve as stepping stone for other researches, which may focus on similar topics and issues related to the effect of reward management system on employee performance.

1.6. Scope of the Study

Even though, there are a number of IT & computer Network Company in Ethiopia, this study focused only IE Network solution PLC which is geographically located in Addis Ababa. Reward system has broad concept and large scope.

Additionally, this study was conceptually delimited to examining the effect of reward management system on employee performance by considering selected types of reward elements and by testing the hypothesis formulated to prove whether or not there is a link between the selected reward system variables and performance of employees.

1.7. Limitation of the study

Like any study this research was not free from limitations. Though the quantitative data was collected successfully from the respondents, due to the pandemic Covid-19 the researcher faced challenges to collect enough qualitative data as planned. Therefore the qualitative data analysis was based on the information collected from two experts only through very few and limited interview questions. Another limitation of this study was due to time and other resource constraints this study did not include all other reward system variables which potentially have an effect on performance of employees except promotion, recognition, and work condition, salary and benefit packages.

1.8. Definitions of Terms

Reward: Financial, non-financial compensations and other benefit packages provided by the company either for increase employee performance or to appreciate an extra effort of employees (Bratton and Gold,2000).

Reward Management system: It includes designing compensations structure and plan through creating, maintaining and implementing of an integrated system of reward to fulfill the demand of both for the organization and employees (Armstrong, 2009).

Financial Reward: any financial compensation can be expressed in monetary value provided to employees by the organization for their performance, extra effort and contribution in the work place (Armstrong, 2012)

Non-financial reward: It is a reward other than financial compensations designed and provided by the organization to its employees.

Employees' performance: It deals with the overall achievement of employee in relation with work standard in the organization (Muchar, Pawirosumatro and Sarjana, 2017)

1.9. Organization of the Study

This study organized through five major chapters that constitute varied sub chapters under each. The second chapter includes review of theoretical and empirical literatures that support the research. The research methodology is presented in the third chapter of this study. Chapter four present the result of data analysis with their interpretation. In the last, chapter five provide data discussion and conclusion of the research followed by recommendation given by the researcher.

CHAPTER - TWO

2. Review of theoretical and empirical Literatures

2.1. Introduction

In this chapter relevant theoretical literatures about reward management, reward system and related practices are presented. Furthermore the empirical studies about the relationship between employee performance and rewards also examined and explained.

2.2. The Concept of Reward Management

The term reward and reward management has been defined by several authors through different ways. Bratton (2000) explained rewards as financial, non-financial compensations and other benefit packages provided by the company either for increase employee performance or to appreciate an extra effort of employees. Friedman & Gross (2004) summarized as total compensation, benefit packages and other advantages designed by the companies to motivate employee for the purpose of increasing their performance in the work place.

Rewards is also defined as one of the important elements to motivate employees for contributing their best effort to generate innovative ideas that lead to better business functionality. Aktar et al. (2012) argued that reward is an investment of the company on employee for better contribution of employees for the company. Therefore, a reward can be anything that attracts an employee's attention and stimulates him to work. Or it is the compensation which an employee receives from an organization for his or her service and contribution to the organization.

Likewise, reward management has been defined through many scholars. According to Kibet et al. (2013) reward management is a methods, procedures and strategies designed by human capital manager to retain and attract employees to the company.

In line with this, Armstrong (2009) gives a more compressive definition of reward management system. According to him it includes designing compensations structure and plan through creating, maintaining and implementing of an integrated system of reward to fulfill the demand of both for the organization and employees. Therefore, reward management as a system consist interrelated different reward methods, practice and process including the procedure. Studies and human resource experts claim that performance management links with reward strategies of the company.

2.2.1. Aim of Reward Management

According to Aster (2017) the aims of managing rewards are achieved by creating and designing and executing reward strategies, methods procedures with well-articulated reward philosophy to enhance employee performance and organizational productivity. The aims of reward management

Armstrong (2010) has explained the following as the aim of reward management

- providing a mechanism for retention and attraction of skillful and experienced people to the company
- increasing employees commitment and involvement and engagement
- Creating a productive organizational culture.
- Achieving organizational objectives through better performance

2.2.2. Importance of reward management

Reward management has a diverse importance for the success of the organization. It helps to retain talented, experienced and skillful employees in the institution. This value adds to the achievement people and to the success of the organization. It also helps to recognize best performer in the work place. The integration between human resource policies and reward strategies support to improve the working condition and enhance the ethical treatment of peoples in the organization Armstrong (2010). The importance reward management is not limited to short run organizational achievement but also extend to through business life of the company.

2.2.3. Reward Philosophy

Any business strategies have a guiding philosophy for designing and implementing its strategic plan. Therefore, reward philosophy is a set of thinking that properly guide the execution and effectiveness of reward management in the organization. Additionally it specifies the way and the mechanism of valuing the effort of employees and their contribution to the institution in the work place (Armstrong, 2010). It help to determine how to invest in people of the organization.

2.3. Theories of Work Motivation

Motivation can be described as an internal guiding force which drives individuals to act or do anything without any coercion and pressure (Hume, 2000). Several theories have been used to explain the link between employee reward systems and organization performance. These theories are classified in to two main categories. These are process and content theories of motivation.

2.3.1. Process theories of motivation

The most common process theories of motivation are Vroom expectancy theory, Adam's equity, goal setting theory and Skinner theory reinforcement. The process theories of motivations are a contemporary and most widely used for business organization. Therefore process theories of motivation are selected as the guiding theories because the theories are directly or indirectly related to the factors of rewards and performance of employees.

2.3.1.1. Theory of Reinforcement

The Skinner reinforcement theory is one of the oldest but the most widely used theory of motivation. It is considered a motivation theory as well as a learning theory. Reinforcement theory posits that motivated behavior occurs as a result of reinforces, which outcomes are resulting from the behavior that makes it more likely the behavior will occur again. This theory suggests that it is not necessary to study needs or cognitive processes to understand motivation, but that it is only necessary to examine the consequences of behavior. Behavior that is reinforced is likely to continue, but behavior that is not rewarded or behavior that is punished is not likely to be repeated.

According to this theory employees in the organization would be inspired and motivated through well designed reward strategies and work conditions in the organization and backed through compensation for best performance and denying reward for low result (Scott, 2018). Generally this theory reflect that the management of the company can enhance and increase the performance of employees through the response they provide to employees activity in the organization. The mechanism is providing financial and non-financial rewards to behavior which achieved the specified goals of the organization and punishing the undesired behavior and weak performance.

This theory is good through providing clues to motivation. Because reinforcement theory is based on external conditions. Within the workplace, organizational management theorists look to the environment to explain and control people's behavior. Because of this, it may be easier to motivate a group of workers through external factors such as pay raise, promotion,

etc. Additionally reinforcement theory has an advantage over other work motivation theories through keeping employees involved in the organization, it can be easily applied in organization and has Impressive research support. However this theory has its own limitation. For instance it disregards internal motivation, difficult to identify rewards/punishments and hard to apply to complicated forms of behavior.

2.3.1.2. Equity Theory

Adams theory of equity deals with the existence of equality and fairness in the treatment of employees by their organization or by their subordinates. According to Moorhead and Griffin (2004) the way how to treat our people and their perception towards it may positively or overly affect their performance or contribution in the organization. Adam believed if employee are not treated equally, they will decide undesirable action to the organization.

The theory equity has been widely tested empirically and it has been discovered that employee fairness perception in terms of job supervision, pay and promotion are major predicting factors for employee workplace behavior and job performance Ndungu (2017). Most importantly for managers, equity theory emphasizes the importance of a reward system that is perceived as fair by employees.

However this theory does not predict overpayment conditions; how people handle those conditions and does not account for individual differences that have an impact upon equity. Additionally Redmond (2009) criticised the theory for proving several strategies for restoring equity but does not predict in detail which an individual will select. Furthermore, Redmond (2009) criticised the theory for its little practical value; arguing that there are various factors which are not under administrations, managers, and/or organizations control can lead to inequity.

2.3.1.3. Goal Setting Theory

A motivation theorist Locke and Latham (1990) argued that setting clear, specific and challenging goals can determine employees' motivation and inspiration in the workplace. As Moorhead *ibid.* (2004) described employees are motivated through difficult goals but reasonably to be achieved and they know what effort needed to accomplishment. This theory suggest that through understanding employee capability and setting clear and challenging goals managers can motivate employee for good performance.

However, this theory has its own drawbacks. One it may create unnecessary pressure and stress. It makes employees less open to other opportunities and possibilities. Additionally it is result-focused rather than progress-focused.

2.3.1.4. Expectancy theory

This theory was formulated through Victor Vroom in 1964. According to this theory an individual performance is a function of its own expectation about the result of the work. The strength of employees' beliefs about their work and their expectation about the outcome determine their level of motivation and gradually affect their performance positively or adversely. Thus, managers should attempt, to the extent possible, to ensure that their employees believe that increased effort will improve performance and that performance will lead to valued rewards.

This theory has an important implications for employees' motivation and management. One the theory implies that management should endeavour to increase the belief that employees are capable of performing the job successfully. It provides the required training and clarify job requirements; provide sufficient time and resources.

However theory does not provide specific solutions to motivational problems and only attempts to mirror the complex motivational process Luthans (1998). Robbins and Judge (2013) criticized the theory for its narrow applicability; arguing that the theory is only valid in situations where individuals clearly perceive effort-performance and performance-reward linkages. Additionally, this theory won't work in practice without active participation from managers. The theory assumes all components are already known. In reality, leaders must make an effort to find out what their employees value as rewards (valence).

2.4. Reward and Employee performance

Performance of employees refer the productivity of employees in the work place against predetermined standard (Chaunday & Sharma 2012).The summation of individual performance determine the overall achievement of the organization. Therefore institution and companies should have to clearly design achievable reward strategy for organizational benefit and for employees' motivation. This can be applied through a well-managed financial and non-financial reward system through creating a link between employees' desire and organizational goals (Aktar et al, 2012).Furthermore the implementation reward system should be accurate and clearly communicated to the employees.

2.5. The effect of Reward on performance

Performance is determined and explained through different factors. However the most determinant factor of performance of employees is reward (Ermias, 2017). It positively affects the employee performance and contributes to the company. However the effectiveness of the rewards still depend on how the management is designing its reward system in relation to the business strategies of the organization for the benefits of employees as well as for the organization. If employees are perceiving that the reward system is very help full to benefit them, their performance in the work place will be enhanced, therefore organization should have to design in the way that keep both the interest of people and the organization. Most of the work motivation theories argued that there is a significant relationship between reward and employee performance through assuming other condition remain constant (Addisu, 2018). For instance the theory of reinforcement articulated that the work performance and behavior of employees can be influenced by reward and punishment. Furthermore, employees' expectation towards what they get from the company will determine their performance according to expectance theory. This theory stressed employee beliefs about the rewards matters in the expected achievement of the employees (Vroom, 1964).

2.6. Reward Management process

Reward management consists all factors which directly or indirectly affect the process of reward system. Reward strategies take in to account external business environment and company overall strategies. Reward polices, practices and procedures are additional element of the reward system (Armstrong, 2010).

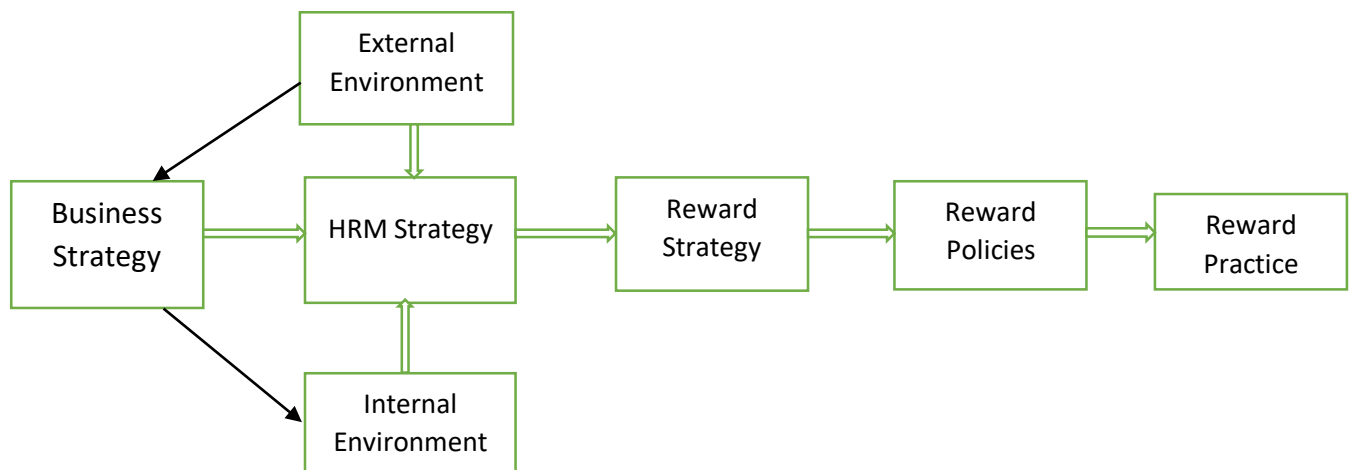


Figure 2. 1 **Reward management** (Armstrong, 2010)

2.7. Types of Reward System

Reward management system is a composition of sub reward system variables. The sub reward system can either financial or non-financial, it can be intrinsic or extrinsic rewards. According to Armstrong (2009) extrinsic rewards are tangible rewards and these rewards are external to the job. Intrinsic rewards are intangible rewards or psychological rewards that inherit from the employees itself perhaps due to work achievement. The other well-known classification of rewards are financial and non-financial rewards. It briefly discussed below.

2.7.1. Financial reward Variables

This reward category includes all monetary compensations or any reward that can be expressed in monetary value or can be measured which are intentionally designed with the reward system to enhance performance of employees for benefit of both the organization and its work force. From all the two main financial compensations are salary and financial benefit packages.

Salary

Salary is formal payment to the employees for his or her job activity in organization. The management set the amount of salary to be paid for employees. It can be determined by market price or through job design in setting the pay structure (Armstrong, 2010). Performance related pay directly impact the workers performance creating the output through pay and workers are able to give more pay structure according to the performance (Nagaraju and Pooja, 2017). Salary can be paid to employees in two ways. One the base pay and two in the form of variable pay. Usually the base pay is fixed. And the variable pay includes cash bonus and other compensation and benefits.

Employee Benefits packages

Zaliha (2008) described benefits of employees as any financial or monetary compensations other than salaries and wage which is provided to the employees from their respective organization. It consists bonus and allowance with other wide range of variety of employees' compensation packages. Employee benefits packages are designed by the company to enhance the employee's productivity to lead a sustainable living so the employee feel comfort in working (Sastera and Mauludin, 2018).

2.7.2. Non-financial Reward Variables

It consists a non-monetary compensations packages. As Armstrong (2009) explained non-financial rewards are compensation sometimes that may not directly involve payment rather emanate from the job itself. Most of the time non-financial rewards includes the intrinsic rewards and they are hard to quantify in financial or monetary value. Which includes personal growth, career development, recognition work condition and achievement and promotion. For the purpose of this study only three of them presented here.

Employee recognition

Employee recognition refer an appreciation and acknowledgment of employees for what they are achieved and successes in the organization. According to Kibet et al (2013) recognition signify gratitude and respect for employees to their successful performance in the organization. It also encourages others team members to do in such a way. It is a cost effective way of encouraging employees in the work place for increasing performance an effort of employees in the organization (Brun and Dugas, 2008).

Promotion

Gohari (2013) explained promotion as mechanism of individual growth with lots of responsibility and higher rank. It is very essential for employee performance because it allows and guide them to be responsible in performing their activities. Robbins (1998) argues a reward system that consist promotion as its element contribute a lot for performance of the employees and productivity of the organization.

Work condition

Conditions in the work place refers the overall working and job environment including the organizational framework with the physical activity setup in the company. It consist a wide ranges of elements that affect the work activity directly or indirectly (Ruddy, 2007).It has an effect not only the productivity and performance of employee additionally It will affect the even the behavior and working culture of the team members. Therefore well-designed working condition based on the nature of the business has its own important for the effectiveness of employee in their job (Karami, Dolatabadi and Rajaeepour, 2013).

2.8. Empirical Literature Review

Many studies have conducted on the relation between reward management system and employee performance in the work place. According to most of the research result, it is possible to anticipate, explain and examine the performance of the employees in the organization. One of the influencer or predictor of performance is the reward system of the organization (Betelehem, 2015).

Ermias (2017) did his study to investigate whether reward system has an impact on performance of employees at national bank of Ethiopia. His multiple regression analysis showed there is a positive relationship between monetary and non-monetary rewards with the perceived employee performance in the bank. But the study lacked qualitatively analyzed result though he argued his study is triangulated based on mixed research approach. This indicates he did not keep his research approach to be integrated with his data analysis methods. In line with Ermias (2017) finding, Nigatu (2015) recommended the mix of financial and non-financial reward methods is more important to increase the employee's performance based on his study in public financial institution. Significant relationship between performance of employees and salary have been well established in studies by Heneman, Kochan & Locke (1995). They indicated that financial reward is one of the most significant variables in determining better employee performance. Ibrar et al. (2015) explained how employee performance is influenced through reward in private school with special reference of Malakand private school. His study indicated that there are significant relationship between compensation and employee's job performance. The study of Waruni and Ayesha (2014) identified different reward packages on perceived performance of employee with special reference of Electrico. It was a quantitative research with only regression analysis. This study proved that there is significant relation between salary payment and employee performance. Additionally, this study indicated from the non-financial reward variables recognition has the highest correlation coefficient with performance. The two authors recommended appreciation of staffs and employees are an important element of reward to enhance employee's performance.

Agwu (2013) conducted study on the effect of equitable system of compensation on employees performance in Nigerian Agip Oil Company limited Port-Harcourt. The research tried to examine the implementation of the reward system in relation employees' job performance in the above mentioned company. The study concluded that the existence of

fair reward system in have significantly affected the employees job. However, it has been observed that company is not providing right amount of financial rewards to employees.

The study Aktar et al. (2012) focused to investigate financial and non-financial compensation in relation with performance of employees. This research identified different influencing variables which determine performance of staffs in the company of in financial industry. The result revealed that there is an important relationship each explanatory variable with performance of the employees in the banking sectors.

Subekti and Setyadi (2016) did a study to find factors to create a link between compensation, employee satisfaction, and performance at individual level. The study came up with identification of variables which affect performance through the mediating function of satisfaction. Finally they conclude that reward system has a significant relationship with performance of employees

Moreover a study conducted by Gungor (2011) tried to examine the relation between the reward management system and staffs performance of bank employees on global banks in Turkey Istanbul. Multiple regression analysis was used to observe the relation of reward and performance. Based on his conclusion, the reward system significantly influence the performance of the employees in the Global banks. This study revealed that the non-financial reward and compensations have more predictor performance of employees than the non-financial rewards.

The study conducted by Kibet et al. (2013) on Kenya Power and Lighting Company (KPLC) Ltd focused on the examination of whether cash bonus has an effect on employee performance. The study was conducted through correlation research design. Descriptive and chi-square analysis was used to investigate the relation between cash bonus with performance of employees. The result showed that cash bonus has no significant impact on employee performance ($p=0.8$). This finding shows there are conditions where reward may not affect the employees performance though the study was conducted through one reward element.

Furthermore a study conducted by Ajila et al. (2004) tried to investigate the effect of reward and compensation on employee's performance of central Bank Nigeria, Abuja. The data were collected through a self – designed questionnaire. They tested their finding at 95% degree of confidence. The result indicated that there is a positive relation between extrinsic reward and compensation with the staffs' performance in the bank. However no relationship

existed between intrinsic rewards and performance of workers. Omokorede (2017) investigated the impact of financial rewards on employee performance in selected Nigerian manufacturing. The regression analysis shows $R^2 = 0.002$. This implies that salary and wages have a 0.2% influence on employee performance. The $p = 0.421$ at 0.05 alpha level and 95% confidence level. This proved that salary and wage have no significant impact on employee performance. However the study of Cable, Higgs and Judge (2000) and Tsai (2005) identified salary as most effective reward method to maximize the productivity of employees.

Similarly Hameed, Ramzan & Zubair (2014) conducted a study to examine Impact of benefit packages and other compensation on employee performance in banking sector of Pakistan. The study was based on quantitative research approach. Their findings showed benefit packages have a significant effect on employee performance. A study conducted by Sastera and Mauludin (2018) examined the Influence of employee Benefits programs on employee morale and employee performance in Pt. Cji Pasuruan Factory.

In contrary to the finding of Hameed et al. (2014), the result of Sastera and Mauludin (2018) found that employee benefits have significant impact on employee performance. A study by Nguyen, Dang, & Nguyen (2015) investigated the relation between reward system and employee productivity on public institution in Vietnam. The study revealed that better earning, work environment, and promotion opportunities increase employee performance. The finding of (Peter 2014; Fairburn & Malcomson 2001) confirmed the finding of Nguyen et al. (2015). Furthermore a study conducted by Samuel, Mwenda, Wachira (2015) explored effects of working conditions on performance of employees of Kenya commercial bank head office. The study indicated that conditions of work significantly affect the performance of employees. Similarly Eluka and Okafor 2014 examined the effect of working conditions on employee performance in Nigerian business institution. Their finding indicated employee performance can be affected by the work conditions. Bradler, Dur, Neckermann and Non (2016) conducted study on relation between employee recognition and performance. It was a field experimental research. The finding indicated there is a positive relationship between recognition and performance of employees. Ndungu (2017) examined the effects of rewards and recognition on employee performance in public educational Institutions with reference of Kenyatta University. The result revealed recognition significantly affect the performance of employees.

2.9. Research hypothesis

Based on the above theoretical and empirical literature review the following research hypotheses have developed.

H1: Promotion significantly affect performance employees.

H2: Work condition significantly affect employee's performance.

H3: Work recognition significantly affect performance of employees.

H4: Salary significantly affect performance of employees

H5: Benefit packages significantly affect performance of employees

2.10. Conceptual Framework

This study involves financial and non-financial rewards as independent variables. In independent variable financial reward includes two dimensions such as salary/payment and employees benefit. For non-financial reward, it includes three dimensions such as work condition, promotion and employee recognition. Also as dependent variable the study involves employee performance. After careful examination of literature review, the following conceptual framework is formulated to illustrate the relationship between the two variables.

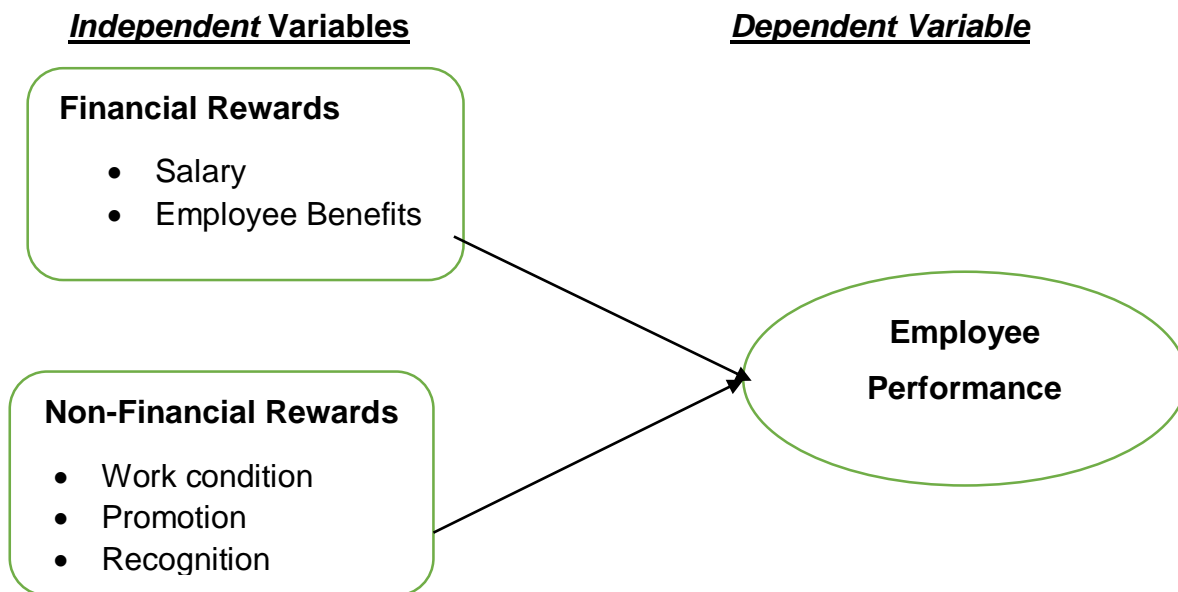


Figure 2. 2 Conceptual framework- Adapted from (Aktar, Sachu and Ali, 2012) with some modification for suitability of the study.

Chapter Three

3. Research Methodology

In this chapter the research approach, research design, research strategy, the data type, source, method of data collection and method of data analysis with their justification discussed.

3.1. Research Approach

Based on Creswell (2009) there are three widely used approaches to conduct a research project in the area of business research namely: quantitative, qualitative, and mixed research approaches. The quantitative research is the systematic scientific investigation used to measure the feelings and thoughts of people, and actions of the way and why things are done. The main objective for research scholars using the mixed approach to conduct a study is to take the advantage and reduce the disadvantage of the mixed approaches (Johnson and Onwuegbuzie,2004).Therefore the researcher used mixed research approach (quantitative method for structured questionnaires and qualitative method for interviews) in order to take the advantage of both methods in examining the impact of reward management system on employee performance in IE Network solution Plc.

3.2. Research Design

The main purpose of this study was to examine and analyze the effect of reward management system on employee performance of IE Networking plc. In doing so, the study described, and critically examined the pay or salary, benefit packages, promotion, recognition and work condition and ultimately their impacts on employees' performance in the company.

Therefore, the study was conducted through a combination of descriptive and explanatory research design to examine the effect reward management system on employee performance. Because both designs has helped the researcher to describe and explain the system of reward management in relation to employee performance. As a descriptive study, it describes the existing practices of reward management system and give meanings to make a conclusion based on the data. As an explanatory research, it explains, understand and predict the cause and effect relationship between employee performances and reward system elements (i.e. salary, benefit packages, promotion, and recognition and work condition).

3.3. Research Strategy

This research is conducted based on Case study strategy. This strategy helped the researcher through allowing multiple data collection techniques in order to describing, exploring the given situations, practice and the result.

3.4. Time Horizon

The researcher applied cross-sectional research method to collect all the data. Because this method has an advantage in collecting relevant data for the research through using questionnaires and interview with in relatively short period of time than other research method.

3.5. Population and data collecting Procedure

3.5.1. The Nature of target population

As it is observed under table 3.1 the total population of IE Networking solution plc has a total of 80 permanent and non-permanent employees. From the target population 62 employees are technical and computer related employees

Table 3. 2 Target population

No.	Position	Number of staffs
1	Software and Network Engineers	27
2	Computer Engineers & System analysts	21
3	System engineers & IT specialists	12
4	Executives, senior managers	9
5	Other administrative staffs	5
6	other supportive staffs	6
	Total Staff number	80

Source: Company annual report

3.5.2. Data collecting Procedure

The researcher applied census because the number of population in IE Network solution plc is manageable size of population. Since the researcher used census techniques to collect the data, the questionnaires were distributed to all of target population. Accordingly, the researcher has distributed 80 questionnaires.

3.6. Methods of data collections

To conduct the research, both primary and secondary data sources were applied properly. The primary data were collected from the target population using self-administered and structured questionnaire which was adapted from Kalkidan (2017) with some modification for the suitability of this study. This quantitatively designed questionnaire measured through five point Likert scale to understand the response of employees and through interview from people and facility manager of the company. The five point Likert scale questionnaire is structured through one dependent variable (employee performance) to be measured by six independent variables (pay, benefits, work condition, work recognition and promotion).

Each independent variables and dependent variable has their own items on the questionnaires. Similarly interview questions are designed in way to answer research questions and to address the objectives of the study. Secondary data sources was used during collection of data through document review from existing information available in books, company magazines and organizational reports.

3.7. Validity and Reliability

3.7.1. Validity

Validity refers to how accurate an instrument is at measuring what it is trying to measure. To this end, the content of validity of the data collection instrument was determined through discussing the research instrument with the researcher's supervisor. The valuable comments, corrections, suggestions given by the research experts assisted the validation of the instrument.

3.7.2. Reliability of the measurement

Reliability refers consistency. It measures the consistency of responses across either all the questions or a sub-group of the questions from your questionnaire (Saunders, 2009). The coefficient of reliability is measured through Cronback's Alpha. The value of the test found between zero and one. The higher the value shows high internal consistency in the item. According to George and Mallery (2003) reliability test scale Excellent (1-0.9), Good (greater than 0.8), Acceptable (greater than 0.7), Questionable (greater than 0.6), poor (greater than 0.5) & Unacceptable (less than 0.5). Accordingly the reliability analysis of the study depicted below.

Table 3. 3 Reliability Statistics

Variables	No. of Items	Cronbach's Alpha
Employee performance	9	0.71
Promotion	4	0.82
Recognition	3	0.75
Work Condition	5	0.84
Salary	4	0.79
Benefit packages	3	0.70
Over all reward practice	5	0.83
Overall	33	0.78

(Own survey, 2020)

The overall Cronbach alpha coefficient for all items is 0.78. Hence, the expected scales used in this study reveals high reliability.

3.8. Methods of Data Analysis

The study was conducted based on mixed research approach. Therefore quantitative and qualitative data analysis techniques were used in the study. The collected data were analyzed through SPSS version 23 software package. In doing the quantitative analysis, the researcher conducted descriptive data analysis such as frequencies, percentage, mean and standard deviation to assess the effect reward management system on employee performance. Moreover Pearson correlation and multiple regression analysis were applied to test the hypothesis of the research, to quantify the magnitude and direction of each independent variable (pay, benefits, work condition, work recognition and promotion), and measure the effects on measured variable (employee performance).

Additionally, in order to make qualitative data analysis, the researcher applied manual thematic analysis procedure. This analysis technique has an advantage when analyzing huge amount of text through pinpointing, investigating, and organizing the flow of information and data from the interviews.

3.9. Research Model

In this study, the employee performance is dependent variable which is measured by the regressor variables: financial reward (pay, benefits) and the non- financial rewards (work condition, work recognition and promotion).

Based on (Gujarati, 2004) theoretical regression model:

$$y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \beta_nx_n + u$$

Where y ~ refers to the dependent variable, α ~ intercept of the function, and $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_n refer the coefficients of the independent variables which shows the degree of changes. And u , known as the disturbance, or error term, is a random (stochastic) variable that has well-defined probabilistic properties. The disturbance term u may well represent all those factors that affect the dependent variable but are not taken into account explicitly. For the purpose of the study the above regression model customized in to the following model:

$$E_p = \beta_0 + \beta_1 \text{pay} + \beta_2 \text{ben} + \beta_3 \text{wocon} + \beta_4 \text{prom} + \beta_5 \text{recog} + e_i$$

β_0 –intercept $\beta_1 - \beta_6$ =regression coefficients for measuring independent variables

e_p =employee performance Pay=pay, Ben=benefit, Woco=work condition,

Prom=promotion, Recog=work recognition, e_i = error term

CHAPTER FOUR

4. Result of the study, Interpretation and Discussion

4.1. Introduction

This part of the study presents quantitative and qualitative data analysis and result of the research. The quantitative data were collected through five level rating likert scale questionnaire. The researcher used census to collect the data. Thus, the questionnaires were distributed to all employees of IE networking company. Additionally the qualitative data were collected through self-designed interview which was asked the people and facility manager of the company.

The questionnaires consist two sections. The first section deals with biographic information which contains seven questions, the second section consist the main part of the research organized through 33 likert scale rating questions to measure the dependent variable (employee performance) and independent variables (Salary , benefit packages, recognition, promotion and work condition).

From the total 80 questionnaires that were distributed to the respondents, 77 questionnaires were appropriately filled and returned. The response rate is 96.25%.Only 3 (3.75%) questionnaires were void. Therefore, the analysis is conducted based on 77 questionnaires returned. The return rate is very suitable for further analysis.

4.2. Biographic information of the respondents

Table 4. 1 Biographic statistics

Demographic Items	Category	Frequency	Percentage	Total
Gender	F	69	10.4	77
	M	8	89.6	
Age Range	18-25	3	3.9	77
	26-30	47	61.0	
	31-35	20	26.0	
	36-40	7	9.1	
Educational background	Bsc	73	94.8	77
	Msc	4	5.2	
Job Category	Operational	61	79.2	77
	Managerial	16	20.8	
Work Experience	3years and less	71	92.2	77
	Above 3 years	6	7.8	
Salary Scale	4800-6700	6	7.8	77
	6700-8000	11	14.3	
	8000-9600	16	20.8	
	9600-14000	18	23.4	
	14000-17000	19	24.7	
	>17000	7	9.1	
Employee position	Software, Network computer engineers	35	45.5	77
	IT, system engineers	25	32.5	
	Executives, senior managers	9	11.7	
	Other administrative staffs	5	6.5	
	other staffs	3	3.9	

(Own survey, 2020)

As it is shown in the above table 4.1, 89.6% (69) of the respondents are male and 10.4% (8) of the respondents are females. This indicates that majority of the employees of the company are male and the ratio of females is less than male. Additionally 91% (70) of the employees are less than 35 showing that the company is composed of young people who are energetic and adaptable for challenging work condition. Furthermore 94.8 % (73) of the respondents are a bachelor degree graduate and the rest 5.2 % (4) master's degree. This indicates most of the employees are a qualified professional and skilled employees who have the capacity to understand questionnaire items.

The above table 4.1 indicates 79.2 % (61) of the employees are working in operational job category. This shows the majority of the employees working non-administrative work activities. This can be associate with most of the employees of the company are technical and skilled based staffs. The rest 20.8 % (16) employees from the respondents are working on managerial position level activities. Based on the above table 92% employees have less than 3 years of experience. This indicates the company has no much experienced professionals. Since the majority of the employees are young.

Additionally, the above table shows 90 % (69) of employees are computer related professional like software, network, system and IT engineers. This indicates the company has more technically skilled staffs than administrative. In fact the company is specialized in tech, IT and system infrastructure installment and establishment activities. Moreover the above table shows 86.2 % of the respondents get a monthly payment between birr 6700 and 17000. The rest 8 and 9 % employees have a monthly salary less than birr 4800 and more than birr 17000 respectively. This shows the company has somehow better payment structure.

4.3. Descriptive Analysis of Measurement items

Table 4. 2 Description of items of reward practices of the company

Item code	Description of items
Q8_rs1	The company clearly communicates its reward package to all employees
Q9_rs2	The company's total reward package is competitive with other companies
Q10_rs3	The rewards distributed at the organization have positive effect on the work atmosphere
Q11_rs4	The reward practice in the company focuses on the real needs of employees
Q12_rs5	I am satisfied with the quality (appropriateness, distributive And procedural justice) of the rewards.

Table 4. 3 Descriptive Statistics: Reward practice of the company

Item Code		Q8_rs1		Q9_rs2		Q10_rs3		Q11_rs4		Q12_rs5	
Response		No.	%	No.	%	No.	%	No.	%	No.	%
Very disagree (1)		15	19.5	31	40.3	13	16.9	13	16.9	14	18.2
Disagree (2)		35	45.5	21	27.3	34	44.2	33	42.9	28	36.4
Neutral (3)		19	24.7	17	22.1	10	13	25	32.5	20	26
Agree (4)		8	10.4	8	10.4	14	18.2	5	6.5	15	19.5
Very agree (5)		-	-	-	-	6	7.8	1	1.3	-	-
N	Valid	77		77		77		77		77	
Mean		2.2597		2.0260		2.5584		2.3247		2.4675	
Std. Deviation		.89447		1.02565		1.19751		.88021		1.00766	
Overall Mean =2.3273											
Overall Std. Dev.= .48331											

(Own survey, 2020)

As it is depicted in the above table 4.6: item Q10_rs3 has the highest mean value (2.56) followed by Q12_rs5 (2.47) and the remaining item Q9_rs1, Q8_rs1 and Q11_rs4 has a mean value 2.03, 2.26 and 2.32 respectively. An overall average mean value of reward practice is 2.33. Which is less than average value of measuring scale. This shows employees are not sufficiently satisfied by the reward practices of the company. An overall standard deviation of the items is 0.48 representing less diverse responses for each item.

Table 4. 4 Description of items in employee performance

Item code	Description of items
Q13_ep1	Reward motivates me to increase my performance
Q14_ep2	The company's total reward package is capable to retain best Performers.
Q15_ep3	The company's reward system clearly differentiates between high and low performers.
Q16_ep4	High performers will get additional pay or bonus for their Performance.
Q17_ep5	Salary increment made for high performers will motivate other to performer more.
Q18_ep6	Provision of attractive policy will help to retain high performers.
Q19_ep7	The existence of promotion has effect on the level of Performance of my work.
Q20_ep8	Proper recognition of high performers will encourage low performers to work hard.
Q21_ep9	The existence of safe working conditions has encouraged me to be high performer.

Table 4. 5 Descriptive Statistics: Employee performance

Code		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Mean	Sta.Dev.
Q13_ep1	Number	7	31	10	20	9	77	3.091	1.2267
	Percent	9.1	40.3	13	26	11.7	100		
Q14_ep2	Number	-	8	15	34	20	77	2.1429	.92785
	Percent		10.4	19.5	44.2	26	100		
Q15_ep3	Number	1	9	22	19	26	77	2.2208	1.08365
	Percent	1.3	11.7	28.6	24.7	33.8	100		
Q16_ep4	Number	4	17	20	31	5	77	2.7922	1.03030
	Percent	5.2	22.1	26	40.3	6.5	100		
Q17_ep5	Number	3	17	26	33	8	77	2.6623	1.05893
	Percent	3.9	22.1	20.8	42.9	10.4	100		
Q18_ep6	Number	24	17	15	15	6	77	2.7532	1.11398
	Percent	31.2	22.1	19.5	19.5	7.8	100		
Q19_ep7	Number	29	20	17	11	-	77	2.6494	1.22223
	Percent	37.7	26	22.4	14.3		100		
Q20_ep8	Number	15	35	19	7	1	77	2.4026	1.02930
	Percent	19.5	45.5	24.7	9.1	1.3	100		
Q21_ep9	Number	17	38	13	4	5	77	2.4286	1.10535
	Percent	22	49.3	16.8	5.2	6.5	100		
Overall average Mean =2.5902 Overall Std. Dev.=.51748 (Own survey, 2020)									

As it is depicted on individual items under employee performance shows that, Q13_ep1 has the highest mean value 3.1. Which indicates employees somehow believes reward motivate them to increase their performance. However item Q14_ep2 shows the lowest mean value of 2.014. This reveals the company's total reward package is not enough to retain best performers. The remaining items have a mean value between 2.22 and 2.79. The average mean value of the variable is 2.59. Which lower than the average value of measuring scale. This implies the performance of employees somehow are not enhanced due to the weak reward packages provided by the company. An overall standard deviation is 0.517 which is relatively small indicating homogeneity of responses.

Table 4. 6 Description of items of Salary

Item code	Description of items
Q22_s1	The pay system is visibly communicated to you.
Q23_s2	The salary that I received is fair in relation to my work
Q24_s3	My pay is attractive in relation to the same job position in other company
Q25_s4	Salary increment logically adjusted

Table 4. 7 Descriptive Statistics: Salary

Item Code	Q22_s1		Q23_s2		Q24_s3		Q25_s4	
	N	%	N	%	N	%	N	%
Very disagree (1)	30	39.0	3	3.9	13	16.9	31	40.3
Disagree (2)	4	5.2	30	39.0	24	31.2	24	31.2
Neutral (3)	7	9.1	22	28.6	19	24.7	11	14.3
Agree (4)	29	37.7	15	19.5	18	23.4	11	14.3
Very agree (5)	7	9.1	7	9.1	3	3.9	-	-
N Valid	77	100	77	100	77	100	77	100
Mean	2.0779		2.9091		2.6623		2.0260	
Std. Deviation	1.23295		1.05359		1.13103		1.06344	
Average Mean value=2.4188								
Overall Std. Deviation=.59665								

Table 4.9: shows item Q23_s2 has the highest mean value of 2.90 followed by the mean value 2.66 of item Q24_s3. The overall mean value and standard deviation is 2.42 and 0.596 respectively. The average mean is less than the average value of measuring scale. This shows employees are somehow not well satisfied by the monthly payment of the company. This reveals the current salary payment is not enough to enhance performance of employees in the company. The standard deviations shows there is no much difference in the response with in employees.

Table 4. 8 Descriptive Statistics: Benefit packages

Items	The benefit system of the company is fair and inclusive.		Benefits are provided to employees in regular timely schedule		Benefits motivated me to improve my performance	
Item Code	Q26_bp1		Q27_bp2		Q28_bp3	
Response	N	%	N	%	N	%
Very disagree (1)	18	23.4	14	18.2	17	22.1
Disagree (2)	25	32.5	18	23.4	20	26.0
Neutral (3)	18	23.4	19	24.7	16	20.8
Agree (4)	14	18.2	19	24.7	13	16.9
Very agree (5)	2	2.6	7	9.1	11	14.3
N	Valid 77		77		77	
Mean	2.4416		2.8312		2.7532	
Std. Deviation	1.11796		1.25029		1.35875	
Average Mean value=2.6753						
Overall Std. Deviation=.79834						

(Own survey, 2020)

As it is indicated in the above table 4.10: item Q27_bp2 has the highest mean value of 2.83 followed by mean value 2.75 of item Q28_bp3. This values is less than the average value measuring scale. This shows employees somehow believe the company is not providing benefit packages to employees in regular timely schedule. The lowest mean value is 2.44 of item Q26_bp1. Which indicates the company benefit system is not fair and inclusive. Moreover the overall mean value 2.67 shows the benefit package of the company is not satisfactory and need an adjustment to increase the performance of employees. The standard deviation 0.798 shows indicates small variability of responses.

Table 4. 9 Description of items of Promotion

Item code	Description of items
Q29_pro1	The company has a well-designed promotion policy
Q30_pro2	My performance is a major criteria for promotion
Q31_pro3	promotion opportunities are open to all employee
Q32_pro4	Standards for promotion are clear.

Table 4. 10 Descriptive Statistics: Promotion

Item code	Q29_pro1		Q30_pro2		Q31_pro3		Q32_pro4	
	N	%	N	%	N	%	N	%
Very disagree (1)	15	19.5	13	16.9	18	23.4	14	18.2
Disagree (2)	28	36.4	19	24.7	7	9.1	25	32.5
Neutral (3)	20	26.0	18	23.4	24	31.2	26	33.8
Agree (4)	11	14.3	21	27.3	22	28.6	9	11.7
Very agree (5)	3	3.9	6	7.8	6	7.8	3	3.9
N Valid	77	100	77	100	77	100	77	100
Mean	2.4675		2.8442		2.8831		2.5065	
Std. Deviation	1.08318		1.22544		1.27707		1.04659	
Average Mean value=2.6753								
Overall Std. Deviation=.72214								

(Own survey, 2020)

The above table 4.12: shows the highest mean value 2.88 of item Q31_pro3 and followed by 2.84 of item Q30_pro2. These two mean values are lower than the average value measuring scale. This shows the company somehow is not providing fair promotion opportunities to all employee through their performance. The overall mean value is 2.67. This value slightly lower than the average value of measuring scale. This implies the promotion provided by the company is not satisfactory to employees. The standard deviation is 0.722. Which indicates similarity between employee responses.

Table 4. 11 Descriptive Statistics: Recognition

Items	As employee I get recognition for my an extra effort		employees receive a positive feedback about their activity		Having recognition for my work helped me to improve my performance	
Question code	Q33_rec1		Q34_rec2		Q35_rec3	
Response	N	%	N	%	N	%
Very disagree (1)	15	19.5	10	13.0	8	10.4
Disagree (2)	35	45.6	26	33.8	28	6.4
Neutral (3)	15	19.5	15	19.5	13	16.9
Agree (4)	12	15.6	4	5.2	22	28.6
Very agree (5)			22	28.6	6	7.8
N Valid	77	100	77	100	77	100
Mean	2.3117		2.8961		2.5584	
Std. Deviation	.96327		1.16511		1.12967	
Average Mean value=2.5887 Overall Std. Deviation=.58713						

(Own survey, 2020)

In the above table item Q34_rec2 has the highest mean value 2.89 which still less than the average value of measuring scale. This means employees may not receive a positive feedback about their activity in the company as expected. Item Q33_rec1 has the lowest mean value 2.3 this shows employees are not getting recognition their extra effort. The average mean value and standard deviation of the variable is 2.58 and 0.58 respectively. The average mean of the variable is lower than the average value of measuring scale. This reveals employees are not satisfied by the recognition provided through the company. The standard deviation of the variable shows small variability of responses.

Table 4. 12 Description of items of work condition

Item code	Description of items
Q36_wc1	There is a conducive work environment in the company.
Q37_wc2	The pleasantness of the working condition.
Q38_wc3	The physical surroundings where I work.
Q39_wc4	Hours worked each week
Q40_wc5	The working place is suitable for my job

Table 4. 13 Descriptive Statistics: Work condition

Code	Q36_wc1		Q37_wc2		Q38_wc3		Q39_wc4		Q40_wc5	
Response	N	%	N	%	N	%	N	%	N	%
Very disagree (1)	8	10.4	13	16.9	8	10.4	10	13.0	10	13
Disagree (2)	25	32.5	1	1.3	11	14.3	28	36.4	17	22.1
Neutral (3)	20	26.0	16	20.8	31	40.3	11	14.3	12	15.6
Agree (4)	23	29.9	17	22.1	18	23.4	27	35.1	38	49.3
Very agree (5)	1	1.3	30	39	9	11.7	1	1.3	-	-
N Valid	77		77		77		77		77	
Mean	2.7922		2.5195		3.1169		2.7532		2.4026	
Std. Deviation	1.03030		1.05893		1.12214		1.11398		1.02930	
Average Mean value=2.7662										
Overall Std. Deviation=.69691										

(Own survey, 2020)

As it is indicated in the above table, item Q38_wc3 has the highest mean value of 3.11 followed by 2.79 of item Q36_wc1. The mean value 3.11 shows the company has somehow good working condition and conducive work environment. Except the mean value of item Q38_wc3, all items of the variable lower than the average value of measuring scale. The overall mean value of the variable is 2.76 with standard deviation of 0.697. This indicates the overall working condition of the company somehow is not fully satisfactory for employees. The standard deviation shows there is no much difference of responses.

Table 4. 14 Summary of descriptive Statistics of all variables

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Employee performance	77	1.67	3.67	2.5902	.51748
Promotion	77	1.50	4.25	2.6753	.72214
Recognition	77	1.67	4.00	2.5887	.58713
Work condition	77	1.80	5.80	2.7662	.69691
Salary	77	1.50	4.00	2.4188	.59665
Benefit Packages	77	1.33	4.67	2.6753	.79834
Valid N (listwise)	77				

(Own survey, 2020)

The above table 4.16 shows the summary of mean and standard deviation of each variables with respective to the minimum and maximum value. Accordingly promotion has (Mean=2.67, Std.D=0.722), recognition (Mean=2.58, Std.D=0.58), working condition (Mean=2.76, Std.D=0.697) salary (Mean=2.42, Std.D=0.596), benefit packages (Mean=2.67, Std.D=0.798) and employee performance has (Mean=2.6, Std.D=0.51).

The above statistics shows that salary has the lowest mean value comparing to others independent variable. Not only that the mean value of the salary is lower than the average value of the rating scale. Which means the employees are not fully satisfied by the salary given to them. The descriptive statistics shows working condition has the highest mean value (M=2.76) relative to other variables. But it is still lower than the average value of measuring scale.

Generally the mean value the variables is found between 2.4 and 2.8. This shows the total reward packages provided by the company is not enough and satisfactory to enhance their performance. Therefore the IE networking company should revise and evaluate its reward management system in a way that improve and increase the performance of employees.

4.3. Correlation Analysis of the data

Correlation coefficient is very important to know the strength of the linear relationship between variables (Saunders, 2009). The coefficient represented through the letter r. It can take on any value between +1 and -1. A value of +1 represents a perfect positive correlation. Correlation coefficients between +1 and -1 represent weaker positive and negative correlations (Saunders, 2009).



Figure 4. 1 Correlation coefficient scale (Saunders, 2009)

Table 4. 15 Pearson Correlations among all variables

		Employee performance	Promotion	Recognition	Work condition	Salary	Benefit Packages
Employee performance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	77					
Promotion	Pearson Correlation	.579**	1				
	Sig. (2-tailed)	.000					
	N	77	77				
Recognition	Pearson Correlation	.628**	.596**	1			
	Sig. (2-tailed)	.000	.000				
	N	77	77	77			
Work condition	Pearson Correlation	.445**	.204	.231*	1		
	Sig. (2-tailed)	.000	.075	.043			
	N	77	77	77	77		
Salary	Pearson Correlation	.381**	.087	.323**	.226*	1	
	Sig. (2-tailed)	.001	.452	.004	.048		
	N	77	77	77	77	77	
Benefit Packages	Pearson Correlation	.155	.100	.030	.122	.048	1
	Sig. (2-tailed)	.178	.387	.799	.291	.681	
	N	77	77	77	77	77	77

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

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

As it is depicted in the above correlation table 4.17: from the financial reward variables, salary has $r=0.381^{**}$, $p<0.01$). This means salary has positive but weak correlation with employee performance. Therefore, salary is positively related with employee performance. From the side of non-financial reward independent variables, all the three variables (promotion, recognition and work condition) have a positive correlation (0.579, 0.628 and 0.445 respectively) with employees' performance based on the above in the correlation matrix. However, recognition ($r=0.628^{**}$, $p<0.01$) has strong positive correlation with employee performance of employee than work condition and promotion. In fact all the variables of the non-financial rewards have positive relation at ($p<0.01$). Based on the above Pearson correlation matrix recognition is the most important influencer reward variable from the reward management system element.

Generally the above correlation analysis implies that promotion, recognition, work condition, salary and benefit packages amount is positively associated with employees' performance.

4.4. Regression analysis

4.4.1. Assumptions underlying regression analysis

Regression function (R_f) is a description of the model that is thought to be generating the actual data and the true relationship between the dependent and independent variables. Therefore before doing any regression analysis the researcher has checked, tested and confirmed all linear regression assumptions.

Linearity

Linearity assumption states the dependent variable at least has linear relationship with each of the independent variables, through considering the remaining independent variables which exist in the regression function model.

Therefore here in this study the relation between employee performance with financial and non-financial reward variables are linear. Figure 4.5 shows the normality test of the regression model.

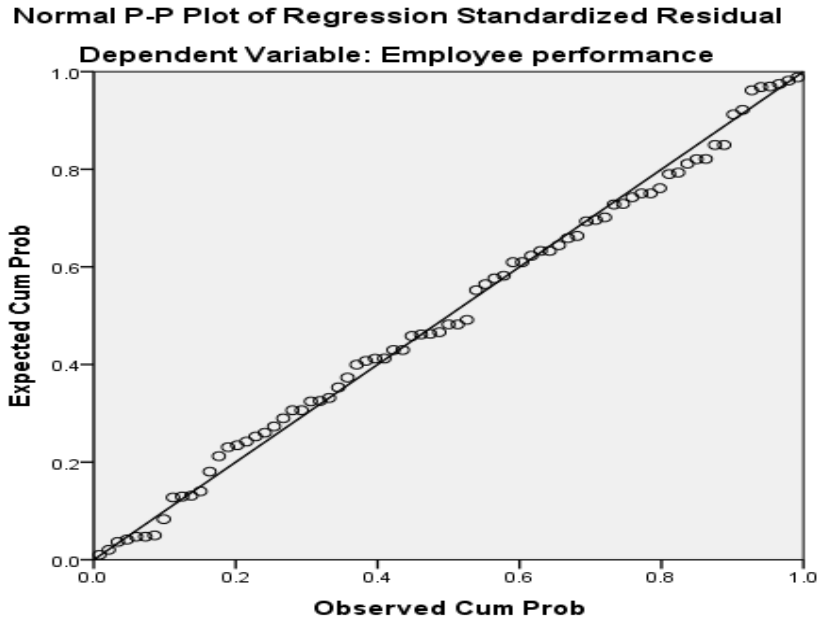


Figure 4. 2 Linearity test

Normality

Normality enables the researcher to understand the distribution of any value of dependent variable in relation to the independent variables in the model. It usually described through bell-shaped curve. Therefore Normality test is applied in order to know the error term distribution is normal.

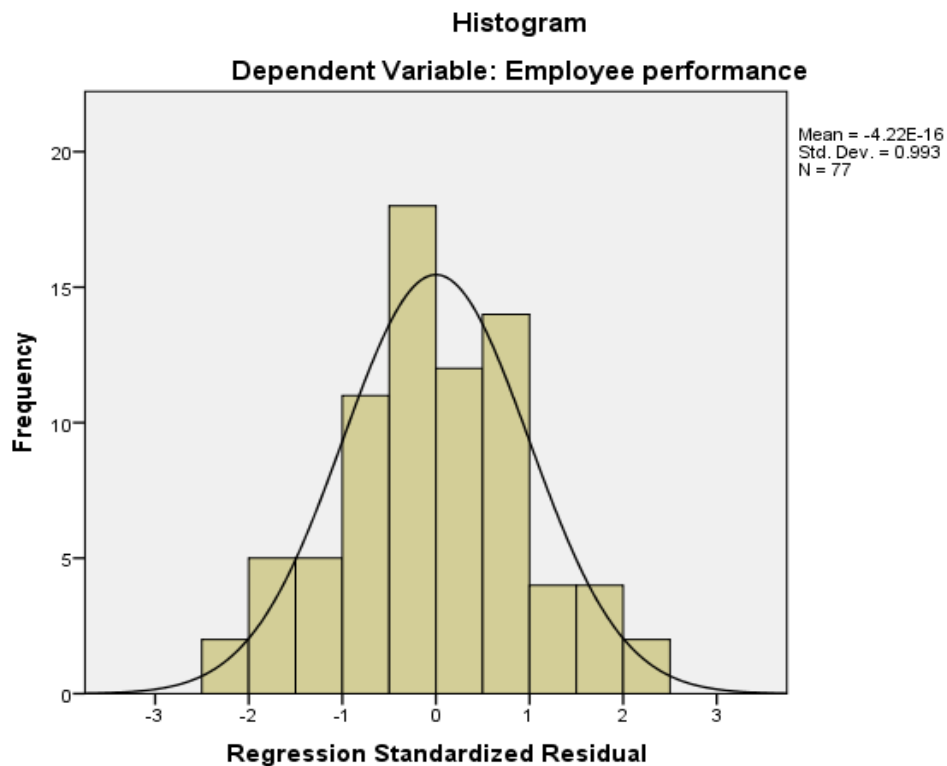


Figure 4. 3 Normality test

No perfect Multicollinearity

Correlation can exist with in variables. But the existence of perfect multicollinearity violate this assumption which specifies variation in one explanatory variable cannot be completely explained by movements in another explanatory variable. In doing so, in all regression analysis the researcher conducted no perfect multicollinearity within each independent variables.

Table 4. 16 Collinearity Statistics

Model		Collinearity Statistics test	
		Tolerance	VIF
1	(Constant)		
	Promotion	.618	1.618
	Recognition	.565	1.770
	Work condition	.900	1.111
	Salary	.849	1.177
	Benefit Packages	.975	1.025

A VIF of greater than 5 is generally considered the evidence of multicollinearity. However the VIF of every regressors in the above collinearity statistics table is less than 5. And all the tolerance value are higher than 0.1. So there is no multicollinearity problem in the model.

Test for Homoskedascity

In the regression analysis this assumption assumes that the variance of the residuals should be the same in the explanatory variables in conducting multiple regression function. Therefore correlation between errors terms are not allowed. This keeps the regression function free from heterosecedascity problem.

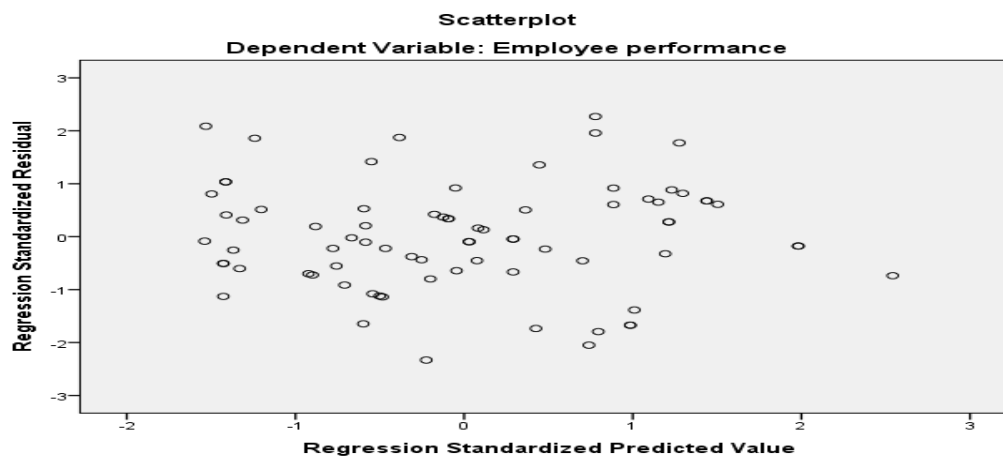


Figure 4.4 Test for homoskedascity

4.4.2. Multiple regression

Table 4. 17 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.761 ^a	.579	.549	.34738	2.216

a. Predictors: (Constant), Benefit Packages, Recognition, Work condition , Salary, Promotion

b. Dependent Variable: Employee performance

As it is indicated in the above table 5.27, regression model, R square is 0.579 or 57.9% which tell us 57.9% variations in employee performance is explained through a change in all independent variable included in the model. However, the remaining variation in employee performance can be explained by other variables than the variables in this model.

Table 4. 18 Summary of ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.784	5	2.357	19.531	.000 ^b
	Residual	8.568	71	.121		
	Total	20.352	76			

a. Dependent Variable: Employee performance

b. Predictors: (Constant), Benefit Packages, Recognition, Work condition , Salary, Promotion

Additionally, the above table 4.20: ANOVA value help the researcher to know the significance of the model in explaining the linearity relationship between the regressors and regressed variable of the regression model. As it is indicated in the above table, the significance value or the value of F statistics is less than 0.05, we can conclude that there is a linear relationship between employee performance and all independent variables.

Table 4. 19 Multiple regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.212	.266		.796	.428
	Promotion	.224	.070	.313	3.195	.002
	Recognition	.281	.090	.319	3.114	.003
	Work condition	.190	.060	.256	3.150	.002
	Salary	.164	.072	.189	2.268	.006
	Benefit Packages	.048	.051	.074	.950	.345

a. Dependent Variable: Employee performance

The above table 4.21: indicates the Beta coefficient and p-value of all independent variables with their respective standard error. The independent variables are promotion, recognition, work condition, salary and benefit packages. The Beta value measure of how strongly each predictor variable affect the dependent variable in the model. The beta value of promotion, recognition, work condition and salary is 0.313, 0.319, 0.256 and 0.189 respectively.

4.4.3. Hypothesis Testing

H1: promotion significantly affect employee's performance.

As it is indicated in the above coefficient table 4.21: promotion has a beta value 0.313 and it is significant at ($p < 0.05$). This means 31.3% change in employee performance is due to a change in promotion holding the other independent variable constant. It shows that promotion significantly affect employee's performance. Thus, the hypothesis is not rejected.

H2: recognition significantly affect employee's performance.

As it is showed in table 4.21: the recognition has a beta coefficient of 0.319, ($p < 0.05$). Which shows that 31.9% variance in employee performance is due to work recognition holding the other independent variable constant. This indicates work recognition significantly affect employee performance. Therefore the hypothesis is not rejected.

H3: work condition significantly affect employee's performance.

Table 4.21 shows that work condition has beta value 0.256, ($p < 0.05$). Which means 25.6% variance in employee performance is due to work condition holding the other independent variable constant. It shows work condition significantly affect employee performance. Therefore the hypothesis is not rejected.

H4: Salary significantly affect employee's performance.

Based on the above table 4.21: shows salary has beta value 0.198, ($p < 0.05$). Which means 19.8% variance in employee performance is due to salary holding the other independent variable constant. This indicates salary significant affect employee performance. Therefore the hypothesis is not rejected.

H5: benefit packages significantly affect employee's performance.

The above table 4.21: shows benefit package has beta value 0.074, $p = 0.345$. The p value is greater than 0.05. This shows benefit packages is not significantly affect employee performance. Therefore the hypothesis is rejected.

Therefore the regression model is: $\text{Employee performance} = 0.319\text{rec} + 0.313\text{pro} + 0.256\text{wocon} + 0.189\text{sal} + 0.074\text{ben} + 0.217$.

4.5. Discussion of result of the study

The major objective of this study was to examine the effect of reward management system on employee performance the case of IE networking Solution Company. From the questionnaires which were distributed to the employees of IE networking Solution Company 77 were filled and returned properly. The response rate was 96.25%. It was enough to make the data analysis.

The descriptive statistics shows the standard deviation of each variable is found between 0.51 and 0.79. This indicates homogeneity of responses among employees. That mean value of the variables is found between 2.4 and 2.8. Which implies that the employees are not satisfied by the existing reward system. And the reward system of the company is not designed in a way to satisfy the need of employees. Despite the fact that a personal interview with the facility manager revealed that company designed its reward system through taking account the need of the employees and the strategic goal of the company. The management believes that the reward system is designed in the way to satisfy the desire of employees and organizational objectives. Robert et al. (2011) argued that reward system should create a link between the strategic plan of the company and the need of employees that will be satisfied by the rewards. Which significantly increase the performance of employees through enhancing their motivation. According to Vroom (1964) expectancy theory individual performance is a function of its own expectation about the result of the work. The strength of employees' beliefs about their work and their expectation about the outcome determine their level of motivation and gradually affect their performance positively or adversely. One way increasing the strength of employee beliefs is designing good reward system; i.e. help to enhance the performance.

The correlation analysis result showed there is a positive association between reward system (promotion, employee recognition, work condition, salary and benefit packages) with performance of employees. This result is congruence with previous study findings (Teferi 2017; Kalkidan 2017; Aktar et al.; 2012). Who showed that there is positive correlation between employee performance and reward variables like salary and benefits work condition, recognition and promotion.

The first objective of the study was to examine the effect of promotion on employee performance. The result of hypothesis one revealed that promotion has significant effect on employees performance. Which means any increment in promotion level will enhance the performance of employees. The finding from this study is consistent with (Nguyen et al.

2015; Peter 2014; Fairburn & Malcomson 2001). According to Ermias (2017) giving promotion to staffs for a successful work they perform has a corresponding impact on performance of employee. Furthermore, Waruni and Ayesha (2014) discovered that there is positive relationship between employee promotion and job performance. Subekti and Setyadi (2016) found a significant connection between employee promotion and job performance in their study. In addition to this Robbins (1998) argues a reward system that consist employee promotion as its element contribute a lot for performance of the employees and productivity of the organization.

The second objective of the study was to investigate the effect of employee recognition on employee performance. As it is showed in hypothesis two result employee recognition significantly affect the performance of employees. This result is consistent with Agwu (2013), in the study it was found that there is a strong relationship with staff recognition and task performance of employees. In addition Aktar et al. (2012) stated that from non-financial rewards providing employee recognition has more contribution to performance of employees. Bradler et al. (2016) agreed that the existence of employee recognition positively affect the performance of employees in the organization.

Based on the study of Ndungu (2017) and Luthans (2000) employee recognition is a key driver to employee performance and engagement. Furthermore Armstrong (2009) underlined that if employee recognition is associated with real achievements of employees, it will have a great impact on performance employees. Moreover, it has been discovered that employees who get recognized tend to have more self-esteem, more willingness and eagerness to take on new challenges and becoming productive in their task (Danish & Usman, 2010).

The third hypothesis of this study proved that work condition significantly affect the performance of employees. This finding is similar with the study findings of (Eluka & Okafor 2014; Hsiao & Lin 2018; Samuel et al. 2015). They argued conditions of works have a positive effect on employees' performance. These study recommended business companies and other public institutions should put more effort in ensuring that working conditions are favourable and focus more on the physical conditions which has the greatest effect on performance of employees.

The fourth objective of the study was to examine the impact of salary on employee performance. And hypothesis four result proved that salary significantly affect employee performance. This finding of the study is consistent with the following studies. Heneman,

Kochan & Locke (1995) examined the effect of financial reward on the performance of employees. Their findings established a significant relationship between performances of employees with salary. Additionally Cable et al. (2000) revealed in their study salary and wage positively affect job performance. They argued that employees perform well for higher salary than lower payment. Kalkidan (2017) argued high salary payment is not only motivate and drive successful employees in the company but also encourage other employees in the organization. Moreover the study of Waruni and Ayesha (2014) proved that there is significant relation between salary payment and employee performance. Similarly the study of Tsai (2005) identified salary as most effective reward method to maximize the productivity of employees.

According to Adams equity theory of work motivation employees evaluate their achievements in the form of pay and other financial compensation in line with what they are doing to the organization in terms of time they devote, experience and compare with result of others. This theory provide an idea that shows employees are not simply working they consider what the company are providing to them to enhance their performance.

However the finding is not congruent with the study result of Omokorede (2017), investigated the impact of financial rewards on employee performance in selected Nigerian manufacturing. The regression analysis shows R square = 0.002. This shows that salary and wages have only 0.2% impact on performance employees. The $p = 0.421$ at 0.05 alpha level and 95% confidence level. This proved that salary and wage has no significant impact on employee performance.

The last objective of the study was to examine the impact of benefit packages on employee performance. The hypothesis test shows benefit packages is not significantly affect the performance of employees. This implies any increment in benefit packages have no significant impact on performance of employees. This finding is in compliance with previous studies (Omokorede 2017; Ibrar et al. 2015; Kibet et al.2013; Heneman et al; 1995 ; Sastera and Mauludin (2018). Furthermore study conducted by Garlick study as cited in Kibet et al. (2013) showed that offering financial benefit like cash bonus and other monetary compensation has no impact on employee performance, despite cash bonuses are the most preferred reward for employees.

However the result of hypothesis five is inconsistence with Hameed et al. 2014; Kalkidan 2017; and Ermias 2017).This is because, in IE networking Solution Company benefit packages is not directly related with the performance of employee. The company is

providing the benefits to employees in order to attract new employees and encouraging them to stay longer than employees would normally expect. This shows employee retention is an additional objective of the reward system besides increasing the performance of employees in IE Networking solution PLC. Now days in most business companies, employee retention is one of the most challenging issue. Because due to several personal and institutional problems, employees leave their company and join other company potentially working in the similar industry. From this regard, having employee retention mechanism is important through keeping the company competitiveness. Therefore the IE networking company, is working through taking in to account employee retention as one major purposes of the reward system of the company.

Generally according the qualitative result from the interview the main importance of reward system in the company is not only to attract and retain employees but also to increase employee's performance. As (Kalkidan 2017; Waruni and Ayesha 2014) argued most companies design and prepare a strategy of reward system at least to enhance the performance of their employees. It is noted that human resource is the most a determinant variable for the effectiveness and productivity of any institution. Therefore it is not a choice to design good reward system, but having good and productive reward system is an obligation if company desire to have motivated and well performing employees.

Based on the expert and the manager views, the company believes that their reward system has designed with the aim of enhancing employee motivation. The experts of the company understood that the well-motivated employees perform well than from demotivated once. Study's findings shows that employee performance is a function of employee motivation (Heneman et al.1995; Cable et al. 2000; Samuel et al. 2015). A low motivation staffs potentially reduce not only the performance of employees, but also the competitiveness of the company in the market place. Additionally, as the expert pointed out company reward system is established and implemented not only for the purpose of the company. It has an aim of improving the working condition and safety and well-being employees. More over the strategic purpose and goal of the reward system is to increase the competitiveness of the company and its market share in the industry.

In line with the correlation and regression analysis result the manager explained that, even so the company reward system is more dominated by financial rewards than non-financial rewards, recently they are in way to adopt both, monetary and non-monetary benefits in their reward systems. The managers argued that company has planning to offer a wide

range of reward systems. These are types of rewards given in the form of monetary pay that may be given directly or indirectly to employee. It consist salary, bonus, allowance and other financial benefit packages such as medical and insurance coverage advantages to employees provided from the companies for their employees contribution in the work place (Armstrong , 2012). So that the employee's performance will be enhanced more than before. As it showed in descriptive statistics the company reward system is not satisfactory for employees.

However facility manager of the company claimed the company is evaluating the effectiveness of the reward system twice a year. Additionally, most of the time the IE networking company is using performance appraisal not only used to assess the performance of employee but it is applied to evaluate the reward system of the company. According to Robert et al. (2011) well designed performance appraisals can be a source of development information about productivity, employee relation and the use of reward system in the institution.

In addition to this, the company is doing a satisfaction survey and assessment when employees leave the company due to many reasons. Through the survey and assessment, the company do its evaluation whether the compensations found in the institution are adequate or the rewards are too low for the contributions of the employees. The satisfaction survey has helped the company to collect very important information about the reward practice. This essential to grasp employee perception and outlook about each reward management variables which make employees more motivated, productive and satisfied. In line with this idea theory of reinforcement reflect that the management of the company can enhance and increase the performance of employees through the response they provide to employees activity in the organization. The mechanism is providing financial and non-financial rewards to behavior which achieved the specified goals of the organization and punishing the undesired behavior and weak performance.

Table 4.23 Summary of research questions, hypothesis and research findings

RQ No.	Research Question (RQ)	Hypothesis	Research findings
1	How does promotion affect employee's performance?	H1: promotion significantly affect employee's performance.	Supported
2	To what extent recognition affect employee's performance?	H2: recognition significantly affect employee's performance.	Supported
3	Does work conditions have an effect on employee performance?	H3: work condition significantly affect employee's performance.	Supported
4	What is the effect of salary on employee performance?	H4: Salary significantly affect employee's performance.	Supported
5	Does benefit packages significantly affect employee performance?	H5: benefit packages significantly affect employee's performance.	Not supported

From the above table, it is noted that 80% of the hypotheses (4 out of 5) are statistically supported.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1. Conclusion

In dynamic business environment having a motivated and well performing employees are the main success factor in the organization. Unlike others resource, employees are a competitive human capital which make great difference the in achieving strategic goals of the organization. Performance of employee is a function of personal skills, experience, abilities and an extra effort of the employees in the organization. Enhancing employee's performance and increasing the personal and team productivity need well designed internally integrated reward management system. Because reward is one of major method which can be applied in the organization to encourage and motivate employees for the purpose of increasing their performance in the work place.

This study, which is based on primary and secondary data, critically examined the effect of reward management system on employee performance in IE Network Solution PLC. Examining the effect of promotion, recognition, work condition, salary and benefit packages on employee performance were the specific of objectives of the study. The descriptive analysis of the study revealed all independent variables have a mean lower than the average value of measuring scale. This showed that IE Network Solution Company has somehow weak reward management system based on the perception of employees.

On the basis of the empirical results discussed in the chapter four, it is concluded that there is there is a positive and significant relationship between total reward management system and performance of employees. The multiple regression analysis result revealed that employee performance can be determined and explained by reward system. This study conclude promotion, recognition, work condition, salary has positive and significant effect on performance of employees in the IE Network Solution company. Benefit package has no significant impact on employees' performance though it is related positively.

Generally, we can conclude that the non-financial rewards such as promotion and work recognition has more power in influencing the performance of employees. However the financial rewards such as salary or pay and financial benefit packages have lower impact on employee performance.

5.2. Recommendations

This study come up with the following recommendations for IE Network Solution Company based on the research results.

From the elements of reward management system, the non-financial reward variables such as promotion, employee recognition and work conditions have highest positive correlation and significant impact on performance of employees relative to financial rewards like salary and benefit packages. Therefore the management of the company should have to increase the way employees are promoted, recognized and a better work condition. Because it has a significant importance in increasing the performance of employees

Additionally as it is observed in the result of the study financial reward like benefit packages have no significant impact on performance. Therefore the company should evaluate the way benefits are provided to employees and redesign its structures to be more effective and be integrated with non-financial reward. Hence, the synergy of both rewards will increase the effectiveness of the reward system through enhancing the performance of employees.

The Company should also communicate and adopt clearly the reward procedure that could be applied consistently. In relation to this every employees must aware of the reward process to avoid negative attitude and also to be effective in the performance of employee.

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

In this highly competitive business environment, employee may not stay one company throughout their life, they prefer a company with attractive rewarding scheme. Therefore the company should have to develop very attractive reward strategy which looks forward to help employees in order to achieve their intrinsic goals, other personal life plan beyond the work performance.

5.3. Suggestion for Further Studies

This study focused only one institution. Which is, IE Networking solution privately owned company. It is recommended for future researchers to conduct researches on industry wide and nationwide. Since employee performance affected by many factors other than reward, other researchers may explore to find out other variables like task autonomy, work relation, organizational culture and leadership style and their effect on employee performance. Furthermore, a more comprehensive study can be extended by comparing private company with public institution to ensure that better generalize findings can be achieved.

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APPENDIX 1: Questionnaires



Addis Ababa University
College of Business & Economics
Department of Management
MBA Program

A questionnaire to be filled by employees

I am a postgraduate student of the above mentioned institution. I am currently undertaking a research project on **The Effect of Reward Management system on employee performance the case of IE Network Solutions Plc**. Please recall that you are selected as a possible participant because you are an employee of this organization. Your participation in the study is completely voluntary.

The research work is for academic purpose only. Any information obtained in connection with this study will remain strictly confidential.

The questionnaire will take approximately 10-15 minutes of your time. Your honest and true opinion will be valuable for this research. Thank you in advance for your assistance.

Esubalew Ginbar Amente

Section One: Biographic information

Please fill the spaces provided check Mark (✓) in your exact answer

1. Gender

Male

Female |

2. Age category

18-25

|

31-35

|

41-45

26-30

|

36-40

|

46 and above

3. Educational attainment

High school certificate

Bachelor's Degree

| Doctorate degree

|

College diploma

Master's degree

| Other (please specify)

|

4. Job category

Managerial

Operational |

5. Years of service in the company?

Less than a year

1 to 2 years

2 up to 3 years

3 up to 4 years

4 up to 5 years

more than 5 years

6. Current position? _____

7. In which salary ranges does your salary level?

4800-6700

9600-14000

6700-8000

14000-17000

8000-9600

above 17000

Section 2: Research related; the following questions are presented on a five likert scale. If the item strongly matches with your response choose 5(very agree),if you moderately satisfied on the idea choose 4(agree),if you can't decide on the point choose3(Neutral),if you dissatisfied with idea chose2(disagreed),and if you completely dissatisfied with the point choose 1(very disagree).

5=very agree 4=disagree 3=Nuetral 2=Disagree 1=very disagree

Part one; General question on the company's total reward system

No	Company's total reward system	5	4	3	2	1
8	The company clearly communicates its reward package to all Employees.					
9	The company's total reward package is competitive with other Companies.					
10	The rewards distributed at the organization have positive effect On the work atmosphere/environment.					
11	The reward practice in the company focuses on the real needs of employees.					
12	I am satisfied with the quality (appropriateness, distributive And procedural justice) of the rewards.					

No	Employee performance	5	4	3	2	1
13	Reward motivates me to increase my performance.					
14	The company's total reward package is capable to retain best Performers.					

15	The company's reward system clearly differentiates between high performers and low performers					
16	High performers will get additional pay or bonus for their Performance.					
17	Salary increment made for high performers will motivate other to performer more.					
18	Provision of attractive policy will help to retain high performers.					
19	The existence of promotion has effect on the level of Performance of my work.					
20	Proper recognition of high performers will encourage low performers to work hard.					
21	Safe working enviroment has encouraged me to give sustained high performance at work.					

Part 2; the influence of each reward practice

	Pay/salary	5	4	3	2	1
22	The pay system is visibly communicated to you.					
23	The salary that I received is fair in relation to my work					
24	My salary is comparatively attractive in relation to the same job in other company					
25	Salary increment logically adjusted..					

	Benefit packages (medical, insurance and other financial allowance)	5	4	3	2	1
26	The benefit system of the company fair and inclusive.					

27	Benefits are provided to employees in regular timely schedule						
28	Benefits motivated me to improve my performance						

	Promotion	5	4	3	2	1
29	The company has a well-designed promotion policy					
30	My performance is a major criteria for promotion					
31	promotion opportunities are open to all employee					
32	Standard for promotion are clear.					

	Recognition	5	4	3	2	1
33	As employee I get recognition for my an extra effort					
34	Employees receive a positive feedback about their activity					
35	Having recognition for my work helped me to improve my performance					

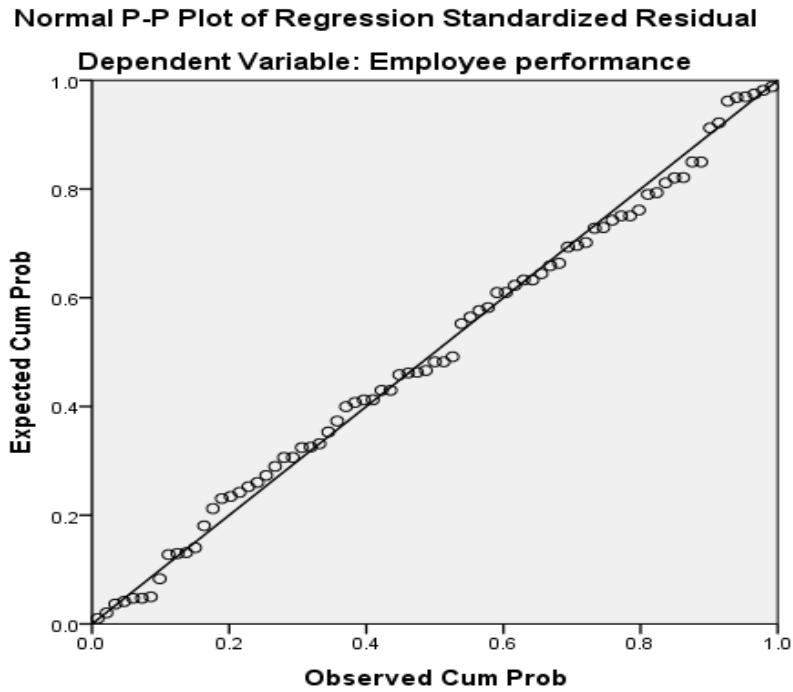
	Work condition	5	4	3	2	1
36	There is a conducive work environment in the company.					
37	The pleasantness of the working condition.					
38	The physical surroundings where I work.					
39	Hours worked each week.					
40	The working place is suitable for my job					

Thanks So much for your timely frank responses and cooperation!!!

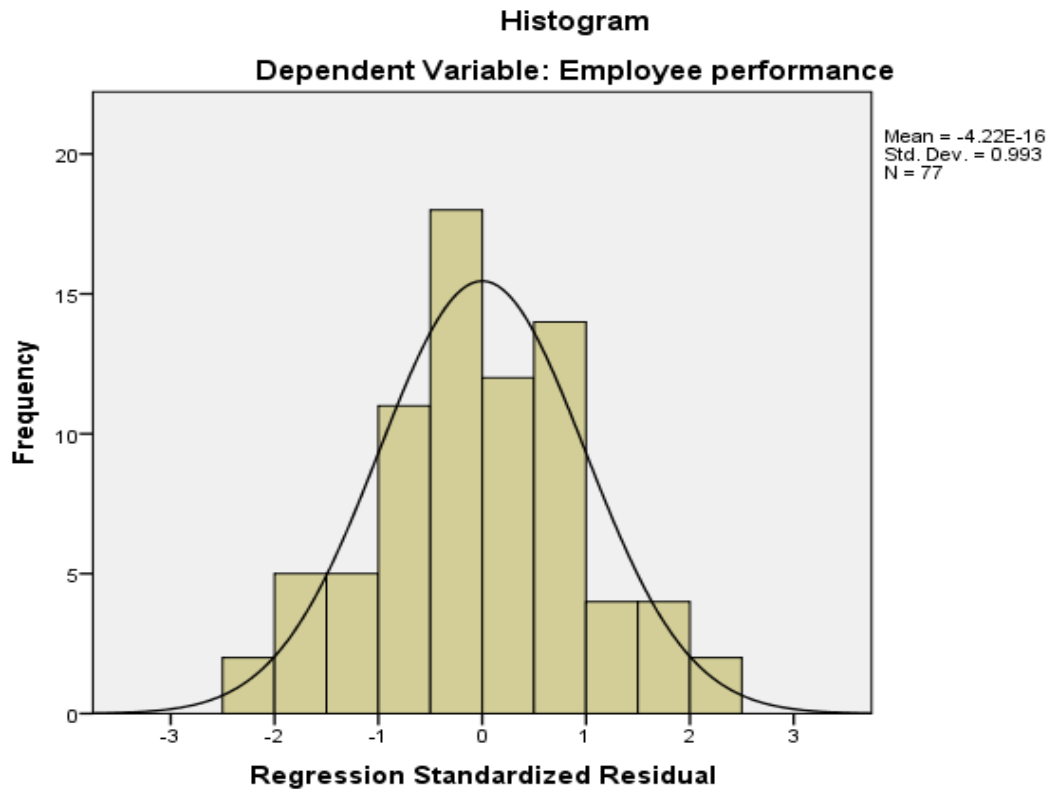
APPENDIX 2: Interview Questions' (Only for HR manager)

1. How do you design your company reward management system?
2. What are the impacts or expected roles of the reward management system in your company?
3. How do you evaluate the effectiveness of reward management system to know whether really it has an impact or not on employee performance?
4. What are the elements of your company reward management system?

APPENDIX 3 : Test for Linearity



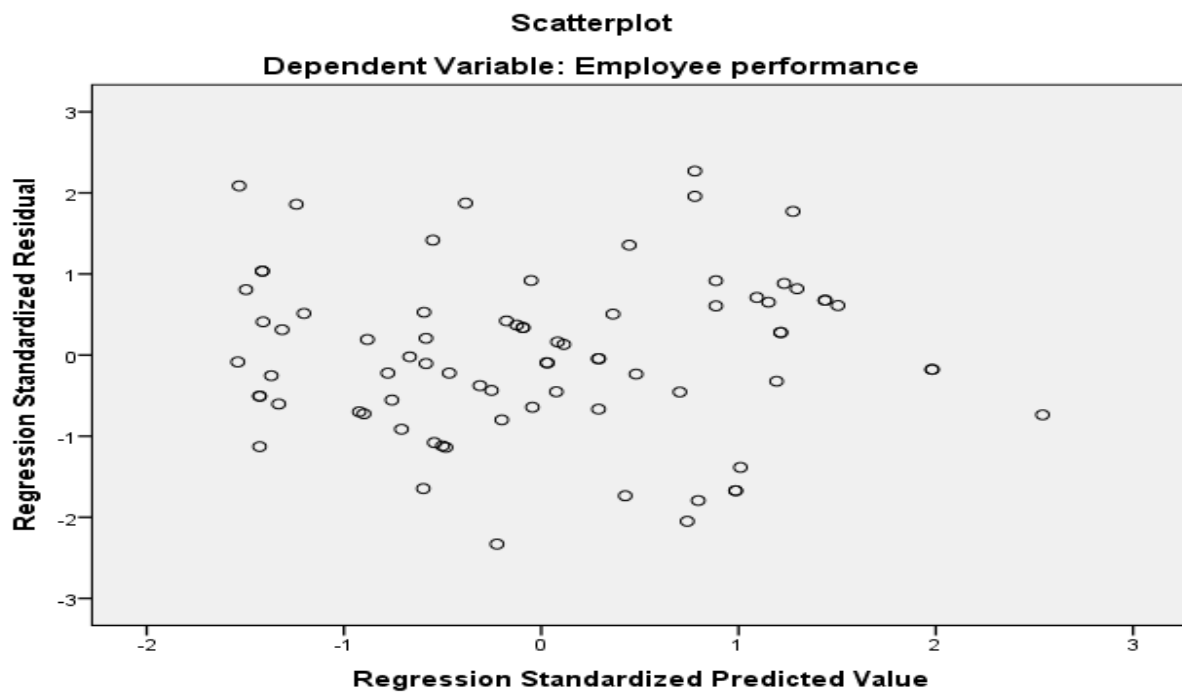
APPENDIX 4: Test for Normality



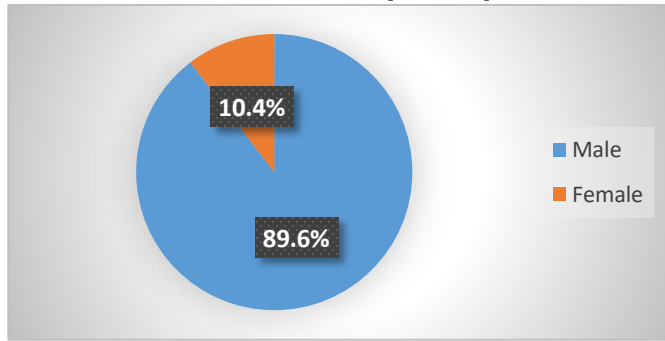
APPENDIX 5 : Test for Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Promotion	.618	1.618
	Recognition	.565	1.770
	Work condition	.900	1.111
	Salary	.849	1.177
	Benefit Packages	.975	1.025

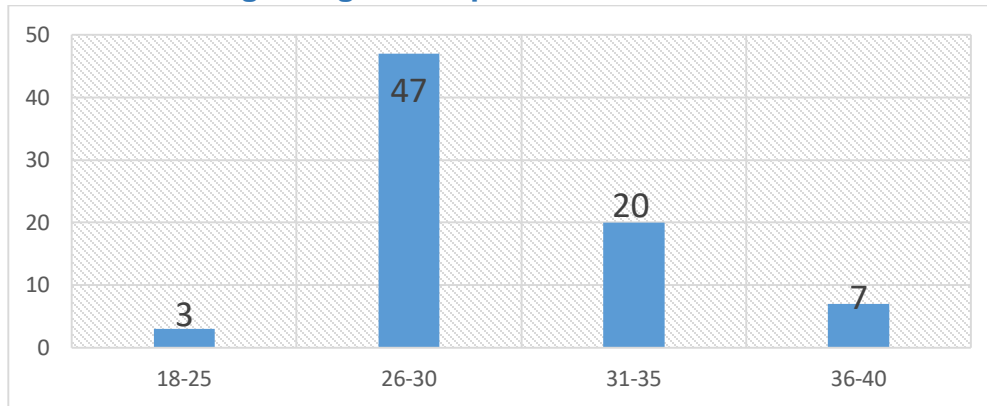
APPENDIX 6 :Test for homoskedascity



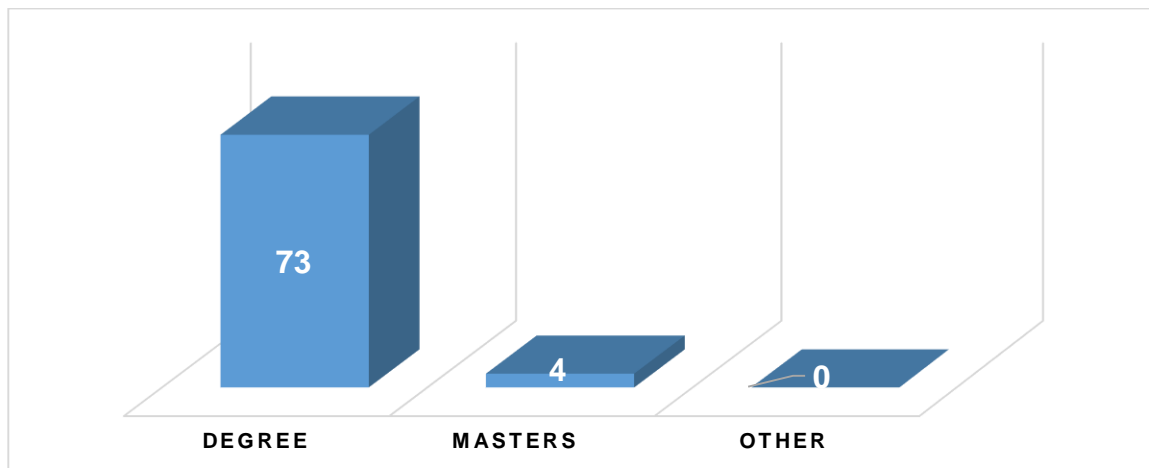
APPENDIX 7 : Gender of participants



APPENDIX 8: Age range of respondents



APPENDIX 9: Educational Qualification



APPENDIX: 10 Job Category

Job Category	Frequency	Percent
Valid Managerial	16	20.8
Operational	61	79.2
Total	77	100.0

APPENDIX: 11 Year of service and experience

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid < 1 year	2	2.6	2.6	2.6
1 year	13	16.9	16.9	19.5
2-3 years	56	72.7	72.7	92.2
3-4 years	4	5.2	5.2	97.4
5 and more years	2	2.6	2.6	100.0
Total	77	100.0	100.0	

(Own survey, 2020)

APPENDIX: 12 Employee's position

	Frequency	Percent	Cumulative fr.
Valid Software, Network computer engineers	35	45.5	45.5
IT, system engineers	25	32.5	77.9
Executives, senior managers	9	11.7	89.6
Other administrative staffs	5	6.5	96.1
other staffs	3	3.9	100.0
Total	77	100.0	

(Own survey, 2020)

APPENDIX: 13 Salary scale

		Frequency	Percent	Cumulative Percent
Valid	4800-6700	6	7.8	7.8
	6700-8000	11	14.3	22.1
	8000-9600	16	20.8	42.9
	9600-14000	18	23.4	66.2
	14000-17000	19	24.7	90.9
	>17000	7	9.1	100.0
	Total	77	100.0	

(Own survey, 2020)

APPENDIX: 14 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.761 ^a	.579	.549	.34738	2.216

a. Predictors: (Constant), Benefit Packages, Recognition, Work condition , Salary, Promotion

b. Dependent Variable: Employee performance

APPENDIX: 15 Correlation Matrix

		Employee performance	Promotion	Recognition	Work condition	Salary	Benefit Packages
Employee performance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	77					
Promotion	Pearson Correlation	.579**	1				
	Sig. (2-tailed)	.000					
	N	77	77				
Recognition	Pearson Correlation	.628**	.596**	1			
	Sig. (2-tailed)	.000	.000				
	N	77	77	77			
Work condition	Pearson Correlation	.445**	.204	.231*	1		
	Sig. (2-tailed)	.000	.075	.043			
	N	77	77	77	77		
Salary	Pearson Correlation	.381**	.087	.323**	.226*	1	
	Sig. (2-tailed)	.001	.452	.004	.048		
	N	77	77	77	77	77	
Benefit Packages	Pearson Correlation	.155	.100	.030	.122	.048	1
	Sig. (2-tailed)	.178	.387	.799	.291	.681	
	N	77	77	77	77	77	77

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

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

