

**THE EFFECT OF REWARD IN EMPLOYEES' JOB SATISFACTION ON  
THE CASE OF LION INTERNATIONAL BANK S.C.**



Addis Ababa University College of Business and Economics  
School of Commerce

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## DECLARATION

I, **Samuel G/Kidan**, hereby declare that the thesis entitled *The Effect of Reward in Employees' Job Satisfaction on the case of Lion International Bank S.C.* is my original work prepared under the guidance of my advisor Abeba Beyene (PhD). All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Samuel G/Kidan

Signature: \_\_\_\_\_

## CERTIFICATION

This is to certify that Samuel G/Kidan has carried out his research work on the topic entitled “*The Effect of Reward on Employees’ Job Satisfaction in Lion International Bank S. C*” for the partial fulfillment of Masters of Arts in Human Resource Management at Addis Ababa University School of Commerce. This study is an original work and not submitted earlier for any degree at this University or any other University. It is suitable for submission of Masters of Arts Degree in Human Resource Management.

Advisor: Abebe Beyene (PhD)

Signature: \_\_\_\_\_

## **LIST OF ABBREVIATIONS**

LIB- Lion International Bank S.C.

HR- Human Resources

HRM- Human Resource Management

CSM- Customer Service Manager

SPSS- Statistical Package for Social Sciences

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## ABSTRACT

*Human resource management is critical for the successful operation and profitability of an organization since people are the main assets that operate in organizations. Reward practice is one of core activities underlying in human resource management. This study examined effect of reward and its effect on the employees' job satisfaction taking Lion International Bank S.C. as a case study. The study used both primary and secondary source of data. A quantitative research approach of the data collection used and 244 questionnaires were distributed and 235 completed usable questionnaires for response rate of 96% returned. Stratified random sampling method was used and employees were selected from each stratum with a simple random sampling technique. Data was analyzed using descriptive, correlation and multiple regression analysis. The study result has implied that promotion, sense of achievement, recognition and work freedom are found to have strong positive relationship with employees job satisfaction, moderate relationship obtained with pay and benefit and working condition .Whereas , insignificant relationship is obtained with bonus. The result that obtained from regression analysis implied variations in employees' job satisfaction were explained by reward variables. In order to boost the level of satisfaction of the employee, the researcher recommended that the concerned parties have to revise and improve the existing reward practices. Since the current study was completed using employees' perception data on employee job satisfaction the study, findings may not be fully representing the population. Therefore, future researchers shall use objective data on employee job satisfaction and make a more concrete finding that can be representing all Lion International Bank's employees.*

**Key Words:** *Job satisfaction, Rewards, Pay and benefits, promotion, Recognition, work freedom, sense of achievement, bonus and Working Conditions.*

## CHAPTER ONE

### INTRODUCTION

#### 1.1. Background of the Study

Over the years, a considerable amount of literature has been developed, which seeks to improve understanding in rewards systems and the extent to which they can influence the levels of employees' commitment, motivation and eventually, job satisfaction. According to Lawler (1971), reward systems are one of the most widely researched topics in the field of management and organizational behavior, yet it remains one of the less understood topics.

However, in present days, among manager's tasks is to create an environment, which motivates people to perform satisfactorily and to be a profitable asset, so that they can foster the organization's growth. Thus, increased emphasis is given to financial and non-financial rewards from the human resource division.

Reward is a broad construct that has been said to represent anything that an employee may value which an employer is willing to offer in exchange for his or her contributions (Chiang & Birtch, 2008). The lack of rewards will create an unpleasant environment, thus diminishing employees' work efforts and may cause them to withdraw from their jobs. For these reasons, rewards are increasingly important. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees. (Bustamam, Teng & Abdullah, 2014)

Importantly, reward processes cover both financial and nonfinancial rewards. There are direct financial rewards that consist of payments in the form of wages, salaries and bonuses. There are also the indirect financial rewards, or benefits, such as insurance plans (life, health etc.), retirement plans, sick leave etc. The nonfinancial rewards consist of the satisfaction that a

person receives from the job itself, from the psychological and physical environment in which the person works (Mondy & Noe, 2002). Furthermore, non-financial rewards deal with feelings of recognition, achievement, responsibilities and personal growth (Armstrong & Murlis, 1998).

The term job satisfaction has also become a very significant one, now that managers seek for practices which are likely to make people more satisfied and therefore, more productive. It is easy to understand that job satisfaction is quite difficult to measure while it is considered as major determinant of organizational performance and effectiveness (Riketta, 2002).

According to Smith (1969), the problems associated with the measurement of satisfaction are the same with those encountered in the measurement of any attitude. However, Smith et al (1969) in their research, define job satisfaction as the feelings that a worker has for his/her job. He also stress the need for a wider context when talking on job satisfaction, as there are several aspects of the situation that contribute to total satisfaction.

On the other hand, whenever job satisfaction is studied, there is also an emphasis on motivation theories. Thus, motivation is vital in any job, if an individual is to be as productive and effective as possible. Additionally, according to Armstrong & Murlis (1998) motivation is a complex process depending on individual needs and aspirations; both intrinsic and extrinsic motivating factors; expectations; equity and fairness; attributions; self-efficacy; the social context.

Yet, foremost, among all, the fundamental theories of motivation are those of Maslow (1954), McGregor (1985) & Herzberg (1968), which deal with the needs hierarchy, the man's attitude to work (the X-Y theory) and the factors of satisfaction and dissatisfaction, respectively.

Reward system is considered one of the most important factors that increase job satisfaction among employee (Aziri, 2011). It is because reward system fulfills employees' needs

that increase the interaction between the employee and the organization. On the other hand, employees feel that they are valued when the organization pay them well, recognize their effort and through other dimensions of reward system, whatever it was extrinsic reward or intrinsic reward (Al-shaibah & Habtoor, 2015). In present day, among manager's tasks is to create an environment, which motivates people to perform satisfactorily and to be a profitable asset, that they can foster the organization's growth (Galanou, Georgakopoulos, Sotiropoulos, & Dimitris 2010)

In most organizations, poor reward systems lead to lower satisfaction and in turn produces very low organizational commitment (Caruth & Handlogten, 2001). Employees who experience job satisfaction are more likely to be productive, effective performers and committed to the organization. Research has shown that increased job satisfaction improves employees' organizational commitment, performance and creativeness, and reduces absenteeism and turnover (Oshagbemi, 2010).

Reward systems are made up of compensation, incentives and benefits provided for the employee as a reward for his/her contribution to the organization (Sims 2002). Poor reward packages are seen by employees as a source of unfairness in the system, which causes the employees to become dissatisfied with their jobs resulting into lack of commitment thus, affecting their overall performance (Bratton & Gold, 2007).

Reward in any organization should be geared to encourage productivity. In the modern world of business, most organizations have adopted reward systems or schemes to reinforce behavior management. (Chepkwony, 2014 as cited in Clark, 2001)

It has been argued by Saeed et al, (2014), rewards for employees can increase job satisfaction and helps them think to remain in organization for longer time. If employees

observed poor practice of reward, they are exposing to job dissatisfaction. Keeping this in mind, this study examined the effect of reward by selecting from both extrinsic and intrinsic variables (pay and benefits, promotion, bonus, recognition, sense of achievement, working condition and work freedom) as independent variables and job satisfaction as dependent variable and to answer by taking employees' of Lion International Bank S.C. as a case company. Furthermore, the study also aimed to answer the following matters: which of the two kinds of rewards can satisfy employees: which of the two kinds of rewards are the most influential factor for job satisfaction and identifying rewards that can help them to achieve high levels of job satisfaction.

## **1.2. Background of LIB**

Lion International Bank is privately owned bank, which is established by more than 8000 shareholders. Lion International Bank S.C. (LIB) is a privately owned share company, established on October 2, 2006 in accordance with Proclamation 84/94 and the Commercial Code of Ethiopia; officially inaugurated for public services on January 6, 2007. (Annual report, 2015/2016)

Currently, the workforce of the bank has reached 2,610; the combination of young and experienced personnel brought the average age of team of the bank to 31 years that matches the changing demography of the country. The bank has an equal opportunity employer, has also been taking deliberate steps to bring gender parity at different capacities, without compromising the quality, in order to gain the most of the diversity that comes long.

The bank tailor to support the needs and wants of the whole society the bank has opened 31 new branches across the country for the year 2015/2016, raising the total number of branch to 120. In addition, at least 20 branches shall commence operation in 2016/2017. The bank has scored remarkable financial achievement; as the year came to end, the bank's profit before tax

has reached Birr 350 million, registered a 27 percent increment from the previous year pre-tax profit of Birr 276 million. The total revenue of the bank has reached to Birr 923 million in the financial year, up by 39 percent from the previous same period; it has also invested on financial, physical and human resources, amounting Birr 574 million over the year to earn the above stated revenue.

The total asset of the bank has exhibited a 39 percent increment during the year, rising from the balance of Birr 5.9 billion to Birr 8.1 billion. The total deposit of the bank boosted from Birr 4.46 billion to Birr 6.33 by the end of June 2016 and it has 42 percent increase comparing with for the past year same period. The bank has also generated 188 million U.S dollars, which went up by thirteen percent from the previous year for the international banking transactions. (Annual report, 2015/2016)

### **1.3. Statement of the Problem**

Rewards have been identified as the most powerful motivators of performance that lead to job satisfaction. In today business climate, rewards have become more important than ever. However, for several reasons managers have fewer ways to influence employees and shape their behavior Armstrong, (2006).

As per the internal satisfaction survey, made on 2015/2016 high number of employees left the bank for a variety of reasons, but majority of them leave for reward-related reasons than other work-related issues. For instance, according to the internal report prepared on the end of September 2016 by HR Division of the bank employees who left the bank, 60% of them left the bank for reasons associated with reward. The annual employee attrition of the bank is an average of 13% every year (LIB's first quarter performance report, 2016). Hence, this unfavorably affecting the competitiveness of the bank and in turn cost the bank to revise and amend the

reward policies and facilitate training opportunities for the new coming employees specially the professional employees. Moreover, the existing employees also think to leave the bank and look outside for searching better opportunities and due to the reason their performance was diminished, this largely affects the overall performance of the bank.

Based the above facts, the research examined the effect of reward variables such as; pay and benefit, employee recognition, promotion, working condition, sense of achievement, bonus and task independence on job satisfaction on employees working in Lion International Bank S.C.

#### **1.4. Research Questions**

This research was guided by the following research questions: The main question of this research is, "What is the effect of Reward on employees' Job satisfaction in Lion International Bank S.C?" and the specific research questions of the study are:

1. To what extent the different extrinsic reward (pay and benefit, promotion, working condition and bonus) satisfy the employees?
2. To what extent the different intrinsic rewards (senses of achievement, recognition, and work freedom) satisfy the employees?
3. What is the perception of employees of the bank about the current reward system and practice?

#### **1.5. Research Objective of the Study**

The general and specific objectives of the study are presented below.

##### **1.5.1 General Objective**

The overall objective of the study was examined the effect of reward in employees' Job satisfaction in the case of Lion International Bank S.C.

### **1.5.2 Specific Objectives**

Particularly, this study desires to achieve the following objectives;

1. To assess to what extent the different extrinsic reward (pay and benefit, promotion, working condition and bonus) satisfy the employees
2. To investigate to what extent different intrinsic reward (senses of achievement, recognition and work freedom) satisfy the employees.
3. To examine the perception of employees of the bank about the current reward system and practice.

### **1.6. Significance of the Study**

This research anticipates discovering the effect of reward in Lion International Bank S.C. contribute to job satisfaction of employees in order to maintain better reward system, motivate employees and leads them to put their unreserved effort for the overall objective attainment of the bank.

The outcome of this study make the bank to get insight on what it takes to improve its reward system with respect to the job satisfaction in order to satisfy, maintain and retain its most valuable asset-human resource.

Besides providing further evidence to findings of prior studies, the current study would be worth for further research and validation. The other contribution of the current research is in relation to practice. As such, the study yields great contribution to further research and practice to the existing body knowledge and research regarding effect of reward system in employees' job satisfaction.

## **1.7. Scope of the Study**

This research paper, which is essentially about identifying one of the human resource variable which is reward that has effect on employee job satisfaction; the scope of the study is limited to one of the HRM function that is reward. Even if it covers intrinsic and extrinsic variables but it does mean than all variables would be address and there would be some variables would missed.

Moreover, the study not address the whole employees of the bank to give the full insight of the reward practice of the bank and due to time, geographical and cost constraints it only focused on head office organs and city branches particularly located in Addis Ababa who have more than one year experience .

Beside to this the data was analyzed using quantitatively and this method measure variables which are quantifiable only and there were some variable were missed which would measure qualitatively.

## **1.8. Limitations of the Study**

The limitations of this study were;

- Lack of prior experience in conducting such kind research may limit the quality of the research
- Some questionnaires were not filled properly with due concern and some respondents would failed to express their real opinion due to this fact it may affect the output of the research.
- Missing to address all reward variables that have effect of employee job satisfaction also had some impact on the outcome of this research as secondary data were not be communicative adequately to hand on information with employee real satisfaction.

In order to minimize such limitation, the researcher referred those prior researches made, and the instrument would prepare as easily understandable as possible and minimize secondary data as much as possible.

### **1.9. Organization of the Study**

The organization and overall content of the study have five chapters. The first chapter deals with the introduction part of the study which includes background of the study, statement of the problem, research question research objective, significance of the study, scope of the study, limitation of study and organization of study. Review of related literatures was presented in the second chapter. The third chapter focuses on research methodology. The fourth chapter deals with data analysis and interpretation and the fifth chapter deals with summary of findings, conclusions and recommendation were presented.

### **1.10. Definition of Terms**

**Reward-** State the benefits that workers receive from their jobs and significant elements of employee job attitudes (Steers & Porter, 1991).

**Reward system-** According to Armstrong (2006), reward system is the compensation given to employees for the services they render in terms of salary and incentives.

**Total reward-** is the combination of financial and non-financial rewards available to employees (Armstrong and Murlis, 2004).

**Extrinsic reward-** is type of reward provided by employers in the form of pay to attract and retain employees (Hackman & Oldham, 1976).

**Intrinsic reward-** rewards that do not involve any direct payments and often arise from the work itself (Ajila & Abiola, 2004).

**Job satisfaction-** This is the feeling by the employee towards the job they do with regard to conditions of work and the rewards accrued (Armstrong, 2006).

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Reward**

Reward is defined as anything that extrinsically or intrinsically reinforced, and has the ability to maintain and improve the employees' behavior in an organization (Goodale, Koerner & Roney, 1997). Reward is the compensation, which an employee receives from an organization for exchanging of the service offered by the employee or as the return for the work done (Zhou, Qian, Henan & Lei, 2009). The term reward is broader than compensation and it encompasses everything given by the organization and will satisfy the employees' needs (Hagen, 1985) claim that reward and incentive systems exist from the inception of an organization.

Bau & Dowling (2007) give examples such as a fixed base salary variable allowance and employee stock ownership plans, which can be used to reward achievements of employees. (Zhou, Qian, Henan & Lei, 2009) further states that rewards are not simply expressed in the monetary form, but it also includes those difficult to measure in monetary currencies. Several examples given are comfortable working conditions, involvement in decision-making process and future growth opportunities. At a minimum level, employees usually expect their organization to provide them fair pay, secure working environment and fair treatment (Beer, Spector, Lawrence, Mills & Walton, 1984).

#### **2.2. Types of Rewards**

According to Decenzo & Robbins (2012), reward is a token of appreciation, given by the employer to the employee for his/her service to the company. A well-designed reward system motivates employees and helps in building positive emotional response towards the job. It also leads to higher and better performance of employees, which has direct impact on the productivity

of the company (DeCenzo & Robbins, 2012). There are two types of rewards, extrinsic and intrinsic rewards;

### **2.2.1. Extrinsic Rewards**

Extrinsic rewards are those remuneration factors that are external to the job such as pay, work condition, security, benefits, promotion contract of services and work environment. It also refers to the core organizational reality, as equitable rewards distribution does drive employee's morale. Thrupp, (2008) found that, intrinsic value is far more reliable than extrinsic value, because it's self-reliant, independent and free of the influence of others.

In a related study, Kulkarni, (1983) compared both the intrinsic and extrinsic factors in measurement of job satisfaction among employees. He found out that the intrinsic factors outweighed the extrinsic factors in job satisfaction. Examples of extrinsic rewards include pay and benefit, bonuses, working condition and promotions. There are various ways a company can choose to reward its employees. According to Thomas (2009), some of extrinsic rewards are:

**Improved working condition:** An employee spends a lot of time at the workplace, completing tasks of the company and for the company. A company must acknowledge such attribution and reward its employees by providing a comfortable workspace. Comfortable furniture, air-conditioned rooms, latest models of computers, etc are some factors that contribute for an improved workspace (Thomas, 2009).

*H1-There is positive and considerable relationship between working condition and employees' job satisfaction*

**Pay and Benefit:** a company can design good payment for the employees as the reward for contributing their precious time and energy in achieving the organization's goal. A good payment is motivational and is a major factor that affects job satisfaction. Benefits are extra

facility provided to the employees in addition to their salary. Benefits can be a company's car, free life/health insurance, employee discount scheme, pension plan, etc (Ibid).

*H2-There is positive and considerable relationship between pay & benefits and employees' job satisfaction*

**Promotion:** Some employees are average performing, while some others are intensely hard working, because of which they make huge difference on the company's status. Such employees can be rewarded by handing them over new responsibilities and duties. Promotion is directly related with increment in status, payment and power (Ibid).

*H3- There is positive and considerable relationship between promotion and employees' job satisfaction*

**Bonus or commission:** When a company earns profit due to the effort of an individual or group of employees, the company should appreciate their contribution by giving them additional payment as a bonus or commission. Financial rewards are always known to have received more value from the employees (Ibid).

*H4-There is positive and considerable relationship between bonus and employees' job satisfaction*

### **2.2.2. Intrinsic Reward**

Intrinsic reward is an act of doing an activity for its inherent satisfaction rather than for some separable consequence (Ryan & Deci, 2000). It fulfills employee's intrinsic factors or motivators, thus motivating him. *Examples* include by giving challenging task, getting involved in decision-making process, giving a higher rank in hierarchy etc. Not all these rewards require any increased in salary but the employee is still being motivated, feeling a sense of satisfaction of being given the opportunity of working at a higher management rank. Research has suggested

that job satisfaction of an employee is greatly affected by the reward. An intrinsically motivated individual will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her (Ajila, 1997).

According to the self-determination theory, individuals with high intrinsic motivation exhibit high levels of confidence (Haines III, Saba & Choquette 2008).

Intrinsically motivated individuals are therefore likely to perceive the above issues as not being difficulties, but rather as challenges (Haines III, Saba & Choquette 2008). According to Thomas (2009), the following are descriptions of the four (4) types of intrinsic rewards and how employees view them: - meaningful

**Sense of achievement:** It takes many efforts, skills and courage to perform any task and there is no better feeling than the joy one feels seeing his hard work pay off (Ibid)

*H5- There is positive and considerable relationship between sense of achievement and employees' job satisfaction*

**Recognition:** Everyone wants to be renowned at the place where he/she works. It is rewarding for employees when the co-workers and other members of the company for the work recognize them they have done (Ibid).

*H6- There is positive and considerable relationship between recognition and employees' job satisfaction*

**Work freedom/autonomy:** When employees continue to make better output, supervisors may bother less to manage them. The freedom that employees receive to make their own decision and work as per their schedule is also a form of intrinsic reward (Ibid).

*H7- There is positive and considerable relationship between work freedom and employees' job satisfaction*

### 2.3. Total Reward

Total reward model demonstrates the dynamic relationship between employers and employees. Watson (2012) originally introduced in 2000, it has evolved to depict the strategic elements of the employer-employee exchange as well as to reflect how external influences and an increasingly global business environment affect attraction, motivation, retention and engagement (Worldatwork, 2012). According to Worldatwork, (2012) the six elements of total rewards that collectively define an organization's strategy to attract, motivate, retain and engage employees are:

**Compensation:** Pay provided by an employer to its employees for services rendered (i.e., time, effort, skill). This includes both fixed and variable pay tied to performance levels. (Watson 2012)

**Benefits:** Programs an employer uses to supplement the cash compensation employees receive. These health, income protection, savings and retirement programs provide security for employees and their families (Ibid).

**Work-Life Effectiveness:** A specific set of organizational practices, policies and programs, plus a philosophy that actively supports efforts to help employees achieve success at both work and home (Ibid).

**Recognition:** Either formal or informal programs that acknowledge or give special attention to employee actions, efforts, behavior or performance and support business strategy by reinforcing behaviors (e.g., extraordinary accomplishments) that contribute to organizational success (Ibid).

**Performance Management:** it is the alignment of organizational team and individual efforts toward the achievement of business goals and organizational success. Performance

management includes establishing expectations, skill demonstration, assessment, feedback and continuous improvement (Ibid).

**Talent Development:** Provides the opportunity and tools for employees to advance their skills and competencies in both their short- and long-term careers (Ibid).

## **2.4. Reward System**

Rewards systems are a fundamental function of human resource management as they deal with the assessment of job values, the design and management of payments, performance management, contingent pay, employees' benefits and pensions and the management of rewards procedures. Furthermore, reward policies should take into account organizational goals, values and strategies (Armstrong & Murlis, 1998).

A motivated workforce can be a significant factor in organizational success. When employees are satisfied to work at higher levels of productivity, the organization as a whole runs more efficiently and is more effective at reaching its goals. This is in contrast to an unmotivated workforce, who can negatively disrupt an organization and distract employees from their work. For this reason, it is imperative that managers understand the power of reward systems and how they are used to influence employee behavior (Watson, 2012).

Another important point that Armstrong and Murlis (1998) mentioned was that rewards systems also include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees as their philosophy must recognize the vital role of the workforce and also respect their needs.

Reward system is crucial for attracting and retaining employees with competence, knowledge and skills in order to achieve organization's strategic goals and create a supportive culture (Galbraith, 1973).

## **2.5. Motivation**

Defined as, the factor that arouses energy and desire in employee to be constantly interested in or committed to a job, in an attempt to attain to achieve desired result (Mooney, 2005).

Often, people confuse the idea of 'happy' employees with 'motivated' employees. These may be related, but motivation actually describes the level of desire employees feel to perform, regardless of the level of happiness. Employees who are adequately motivated to perform will be more productive, more engaged and feel more invested in their work (Mooney, 2005). It is a manager's job to motivate employees to do their jobs well. So how do managers do this? The answer is motivation in management, the process through which managers encourage employees to be productive and effective.

### **2.5.1. Types of Motivation**

Motivation is defined as, the reason behind one's behavior or action. In general, motivation is of two types. They are intrinsic motivation and extrinsic motivation. The combination of both intrinsic as well as extrinsic motivation helps in getting the best output from an employee. According to Mooney (2005), these motivation types are explained below in detail.

#### **2.5.1.1. Intrinsic Motivation**

Intrinsic motivation is the type of motivation that comes from within the person. Such motivation driven by the internal rewards and by the sense of satisfaction and pleasure one gets after completing the job (Mooney, 2005). Intrinsic motivation refers to the reason why we perform certain activities for inherent satisfaction or pleasure; you might say performing one of these activities in reinforcing in-and-of itself (Brown, 2007). Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials. Intrinsic motivation occurs when we

act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials (Coon & Mitterer, 2010). Intrinsic motivation includes:

**Achievement:** some people set their personal goal and are motivated to work hard to achieve them. Other than desire to achieve goals, people are motivated by the desire to learn, to improve skills and to be competitive. They find it satisfying to prove their abilities to themselves and to others. (Coon & Mitterer, 2010)

**Growth:** Coon & Mitterer, (2010) describes that growth is the desire to increase knowledge to grow and develop is a strong and true form of motivation and can be regarded the most powerful one too as it is the cause of true progress.

**Acceptance:** Everyone wants them and their opinions and views to be valued or accepted by their seniors and co-workers (Coon & Mitterer, 2010). An opinion from an excellent employee is always considered the best than from those whose performances are comparatively poorer. Therefore, people become committed to their work.

**Independence:** employees find it de-motivational if they are micromanaged all the time. Therefore, there is always a desire in employees to work hard and become independent so that their works and opinions are respected (Coon & Mitterer, 2010).

**Power:** it is a human nature to have desire to be superior to others. Regarding employees, every employee would love to be the one who gives order, rather than follow them. This desire regarded to be a strong motivation-driving factor (Ibid).

**Social factors (status and contact):** successful person recognized by everyone; in the office and in the society too. Their status rises, with which expands their influencing power and

reach to everyone. Another reason that people are motivated is that they are genuinely to do good for others such as establishing a free education institute, health care centers, etc (Ibid).

**Change:** no one would love to stay the same forever, as it is a human nature to seek change and development. People change their attitude, behavior and performance to bring changes in the results (Ibid).

**Fear:** not always good factors motivate people to be committed to their duty. Where factors like rewards and promotion fail to motivate employees, fear does its work. The fear of being demote, fired or suspended keeps the employees in track (Ibid).

### **2.5.1.2. Extrinsic Motivation**

Motivation can come from the outside, such as the motivation to win medals, receive financial rewards, and attract attention from the media. This is known as external, or extrinsic, motivation because it involves participation in sport for some kind of reward that is external to the process of participation (Karageorghis & Terry, 1969).

Extrinsic motivation refers to our tendency to perform activities for known external rewards, whether they be tangible (e.g., money) or psychological (e.g., praise) in nature (Brown, 2007).

**Award:** anyone would love to have their picture / name framed and hung on the wall of the office, with bold letters saying “Employee of the Month”. The hunger of fame, praise and recognition makes a man motivated to do his duty faithfully.

**Benefit packages:** many of the companies nowadays have the system to provide various fringe benefits as a return gift for their contribution. These benefits may be health insurance, transportation facility and others. They boost employee’s will to work hard.

**Bonuses:** several other companies have policies to add commission to the salary of employees as per their performance. Employees put all their efforts to make as better outputs as possible in desire of getting extra payment.

## **2.6. Theories of Motivation**

Herzberg's two-factor theory main idea is that employees in their work environment are under the influences of factors that causes job satisfaction and factors that causes job dissatisfaction (Aziri, 2011). Hence, job satisfaction is one of the tools that create motivation on employees. The following are some of theories of Motivation and they are described as follows :- ( Mooney, 2005)

**Equity theory of motivation:** Equity theory developed by J Stacy Adams (2004), which in a systematic way illustrates equity as a motivational factor (Kaufmann, 2005). It argues that people that feel that they were being treated equitably are better motivated and vice versa, that people that they are treated inequitably are less motivated (Armstrong, 2005). Equity is treated as a principal with predictable and strongly motivating and demotivating effects on people's willingness to perform and general motivation in work life (Kaufmann, 2005 as cited by Mikael & Caroline).

**Expectancy Theory of Motivation:** - This theory is a so-called cognitive theory. It emphasizes that actions most often is a result of rational and conscious choices and that this is the most fundamental in the human behavior. Expectancy theory points out that people are motivated to work when they expect to attain what it is that they aim to attain through their work Vroom (1964).

The expectation in this context is a conception regarding the effects of work on reward wishes and how much this rewards means to you. Reward in this context was used in a very

broad sense; it could be external rewards such as pay or things of material value as well as internal such as work satisfaction. What is special about cognitive motivational theory is that notions and rational calculations concerning personal goal fulfillment control the action considered. (Kaufmann, 2005 as cited by Mikael & Caroline)

**Achievement theory of Motivation:** is all about how needs of an individual change over a period with changes in his/her experience. The theory also explains what affects an individual's need for achievement; power and affiliation have on their behavior. Every individual's motivation is drive by the need of these factors, irrespective of age, gender, race or culture. (Ibid)

**Herzberg Motivation-Hygiene Theory:** Frederick Irving Herzberg (1995) was one of the most influential persons in business management. He was a psychologist from America who became renowned worldwide for introducing the Herzberg Motivation-Hygiene Theory. The theory also known by the name of Two-Factor Theory and Dual-Factor Theory.

In the theory, Herzberg has explained certain factors relating to the workplace that cause job satisfaction and dissatisfaction. Moreover, he has explained that the terms satisfaction and dissatisfaction act independently.

**Hot Stove Rule in Management:** is a commonly adopted management principle. The principle, the Hot Stove Rule, is an analogy between breaching company discipline and touching a hot stove. In the principle, McGregor (1960) has illustrated how an employer can impose disciplinary actions on its employees without creating the feeling of resentment or annoyance in them. The central idea of the principle is that the rational and effective employee discipline can be maintained by punishing employees for breach of discipline in ways similar to touching a hot stove.

**ERG Theory of Motivation:** is the condensed form of Maslow's Hierarchy of Needs. Clayton Paul Alderfer (1969) an American psychologist and consultant, between the 60s and the 70s, based on the empirical study conducted at a factory in Easton, Pennsylvania developed the theory.

Maslow's Hierarchy of Needs has been criticized and modified by various critics, among which Alderfer's is probably the most interesting and logical one. Alderfer has compacted Maslow's five needs into three broad categories – Existence, Relatedness and Growth, based on which the theory has been named as ERG Theory of motivation.

## **2.7. Job Satisfaction**

Despite its wide usage in scientific research, as well as in everyday life, there is still no general agreement regarding what job satisfaction is. In fact, there is no final definition on what job represents (Aziri, 2011)

Different authors have different approaches towards defining job satisfaction. Hoppock (1935) defined job satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job. According to this approach although job satisfaction is under the influence of many external factors, it remains something internal that has to do with how the employee feels. That is, job satisfaction presents a set of factors that cause a feeling of satisfaction.

Vroom (1964) on other hand focused on the role of the employee in the workplace in defining job satisfaction. Thus, he defined job satisfaction as affective orientations on the part of individuals toward work roles, which they are presently occupying.

For Specter (1997), job satisfaction has to do with how people feel about their job and its various aspects. It has to do with the extent to which people like or dislike their job. That is why

job satisfaction and job dissatisfaction can appear in any given work situation. Job satisfaction represents a combination of positive or negative feelings that workers have towards their work. Meanwhile, when a worker employed in a business organization, brings with it the needs, desires and experiences, which determinates expectations that he/she has.

Job satisfaction represents the extent to which expectations are and match the real awards. Job satisfaction has closely linked to that individual's behavior in the work place (Davis, 1985).

Job satisfaction is a worker's sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being (Kaliski, 2007). Accordingly, job satisfaction implies doing a job one enjoys, doing it well and being rewarded for one's efforts. Job satisfaction further implies enthusiasm and happiness with one's work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfillment.

For Statt (2004) job satisfaction, the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation.

According to Armstrong (2006), the term job satisfaction refer to the attitude and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction.

According to George and Jones (2008), Job satisfaction is "the collection of feeling and beliefs that people have about their current job. People's levels of degrees of job satisfaction can range from extreme satisfaction to extreme dissatisfaction. In addition to having attitudes about their jobs as a whole, people also have attitudes about various aspects of their jobs such as the kind of work they do, their coworkers, supervisors or subordinates and their pay".

Job satisfaction is a complex and multifaceted concept, which can mean different things to different people. Job satisfaction usually linked with motivation, but the nature of this relationship is not clear. Satisfaction is not the same as motivation. Job satisfaction is more of an attitude, an internal state. It could for example, be associated with a personal feeling of achievement, either quantitative or qualitative (Mullins, 2005).

Aziril (2008), defined job satisfaction a feeling that appears because of the perception that the job enables the material and psychological needs.

## **2.8. Importance of Job Satisfaction**

Employee Satisfaction has greatest importance in any organization be whether it small or large (Luthans, 1998). Thinking that employee satisfaction is important only for the employee but it is equally important for the organization for which the employee is working as well.

The following points show the importance of employee satisfaction (Sunil, 2015):

**Goal of Organization-** Every company has its own goal and objectives, which provides direction to the company and its people to work in the same direction so that they achieve the goals and objectives but sometimes the aims and objectives of the organization are likely to affect employee satisfaction.

**Salary -** Salary and wage is one of the most important factors behind employee satisfaction. The salary must be in accordance to the position, experience and ability of the employee in the company.

**Rewards and Recognition:** Employee should be always rewards and awarded by company for his/her efforts and penalties are other important things that affect level of satisfaction of an employee in his job.

**Behavior of Superior:** Way of approach is very important. The kind of treatment given by the supervisor to the employee largely determines his satisfaction level. It is always desired to treat employees in a good manner.

**Opportunities:** There should be any partiality within team because every employee is as much important as other are. Company should always treat everyone on same level and it has to provide equal opportunities to everyone for growing in his career.

**Right person for Right job:** It is essential to check that the personality of the employee matches the type of job being allotted to him.

**Meet Candidate's Expectations:** Expectations of the employee should also be in accordance to the level of organization in which he or she is working.

## **2.9. Factors Affecting Job Satisfaction**

Job satisfaction depends on several different factors such as satisfaction with pay, promotion opportunities, fringe benefits, job security, relationship with co-workers and supervisors and communication within the organization (Nguyen, Taylor, & Bradley, 2003). Job satisfaction may lead to cost reduction by reducing absences, task errors, conflicts at work and turnover. As work is an important aspect of people's lives and most people spend a large part of their working lives at work, understanding the factors involved in job satisfaction is crucial to improving employees' performance (UK Essays, 2013).

**Age:** Age is one of the factors affecting job satisfaction. Various studies carried out in this field have shown that job satisfaction tends to increase with age. That is older employees tend to report higher satisfaction and younger employees report the lowest job satisfaction rates (Warr, 1992). However, the study carried out by Oshagbemi (2003), in United Kingdom found

(UK) that the relationship between job satisfaction and age was insignificant for employees of the UK universities.

**Gender:** Several researchers have examined the relationship between job satisfaction and gender (Mason, 1995). However, most studies have shown contradictions in the relationship between job satisfaction and gender of the employees. On one hand, some studies have found women to be more satisfied than men (Ward & Sloane, 1998), whereas other studies have found men to be more satisfied than women (Forgionne & Peters, 1982).

**Working environment:** It is essential to provide employees with a work environment, which is conducive to their overall development. They need an environment which is healthy and safe and which caters for both personal comfort and facilitates doing a good job. As mentioned earlier, people spend a high percentage of their lifetime at work. So we can say that employees expect more than money for the work they do. Hence, it can be said that having a friendly and supportive environment can lead to increased job satisfaction. Syptak, Marshland & Ulmer (1999) advise organizations to create conducive work environment for the employees.

**Fair policies and practices:** "Individuals who perceive that promotion decisions are made in a fair and just manner are likely to experience satisfaction from their jobs" (Witt & Nye, 1992). Very often employees are de-motivated and dissatisfied with their jobs because unfair policies and practices prevail at their place of work. It is therefore of utmost importance for organization to have a fair and equal system in terms of practices and policies so that there is no discrimination and frustration. It is a fact that organization, which follows the right procedures to promote employees, creates a culture of trust, loyalty and beliefs in the whole organization. When an employee gets fair promotion, which is generally based on his/her true assessment, he/she gets a type of recognition, and hence, increases his/her job satisfaction. In other words, we

can say that promotion provides opportunities for personal growth, more responsibilities, and increased social status.

**Caring organization:** Taylor (2000) suggested that job satisfaction has directly related to a company's investment in its employees' well- being. Arthur (2001) pointed out that employees want to believe their company really cares about them. Care can be shown in various ways, but generally, it takes into consideration career development, adult treatment, being taken seriously and being appreciated for a job well done. When people feel that the organization for which they are working cares for them and takes actions in order to improve their work and lives, they are happy and this creates higher satisfaction. These employees furthermore become loyal and committed.

*H8- There is positive and considerable relationship exists between Intrinsic and extrinsic rewards and employees' job satisfaction*

## **2.10. Relationship between Reward System and Employee Job Satisfaction**

According to Balzar (1997), job satisfaction is a sensation that employees have about their work environment and their expectations towards work. Thus, job satisfaction can recognized as what one wants or values from a job (Brief & Weiss 2002). Different kinds of satisfaction lead to diverse objectives and behaviors that ascend from different types of motivation in getting different types of rewards (Luthanset, 2005).

Rewards with their aftermath relationship expected to establish on satisfaction of the employee with their organization (Milne 2007). Amabile, (1994) concluded that employee who reveals high job satisfaction is motivated by rewards, and rewards supported work engagement.

According to Zaini's (2009), satisfaction of rewards in public and private sector employee has been established certainly associated with job satisfaction.

Furthermore, Chew (2005), found that job satisfaction is associated with the monetary compensation (pay, promotion, and bonus) and non-monetary compensation is one of the most important explanatory variables in both sectors.

Organizations like banking sector have determined a balance between the performance of the employees and their commitment to the work which in result of job satisfaction. Reward and motivation is the factors that have an effect on the job satisfaction and motivation of employees. In reference to statistics, there is a significant relationship between reward and recognition, and between motivation and job satisfaction (Ali & Ahmed, 2009).

Providing the financial benefit to employees without any prominent expression also loses its importance. Rewards have a direct link with the motivation and job satisfaction of the employees. Variations in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employee (Ibid).

Smith (1969), defined job satisfaction as, it is the level to which an individual has a positive attitude towards his job, either in general or towards a specific dimension. The attitudinal type of job satisfaction suggests that an individual would attempt to stay with a satisfying job and quit a dissatisfying job (Spector, 1985).

Different studies treated job satisfaction as a predictor of significant behavioral outcomes, such as determined to leave, turnover, and absenteeism (Elangovan, 2001). Several researchers have also inspected role of job satisfaction. It has been an utmost researched topic and thousands of studies have been conducted on this single topic to measure the job satisfaction of industrial workers, teachers, bank officers, administrators, and managers in a variety of undertakings the world over (Sweeney, Hohenshil & Fortune 2002).

## 2.11. Motivation and Job Satisfaction

There are definite links between how motivated you are at your workplace and your level of job satisfaction (Myers, 2010). Companies should endeavor to increase job satisfaction so employee motivation will also improve, resulting in better job performance and increased efficiency. Concentrate on creating enthusiasm, optimism, contentment and feelings of teamwork to help your company flourish.

**Commitment:** employee commitment enhanced when an employee feels motivated and satisfied at his/her job. The link between motivation and satisfaction illustrated by the commitment a worker shows toward his/her company. Therefore, motivation plus job satisfaction equals commitment (Myers, 2010).

**Varied Approaches:** vary your approach to the job and encourage your employees to do so, as well. This keeps the workplace interesting, resultantly increasing motivation and job satisfaction. One way of varying the job approach is veering from the ordinary routine in order to build excitement at work. Managers can do this by implementing job challenges and contests, which garner the notice and efforts of workers and increase overall productivity. Expanding motivation and job satisfaction in your employers is one of the most difficult objectives of management (Myers, 2010). This can, however, be improved as the manager approaches the problem by looking at the desires and needs of his employees, using this knowledge, when feasible, to increase motivation. Also, lead your work teams by serving as a model, yourself. When employees see you approaching work in new ways to be more productive, they will be inspired to follow your actions.

**Feelings of Worth:** according to Frey (1997), it is important to an employee's mental outlook to believe she is valuable to your company. Encourage feelings of worth in your workers

as a means of increasing motivation and job satisfaction. Praise your employees for exceptional performance, thank them for extra efforts, congratulate them on their talents and reward them with gift cards and other expressions of gratitude. Also, give them challenges such as leading a work team, designing a project or mastering the new office equipment and software, which can help increase feelings of worth when the challenges successfully met.

**Optimism:** a natural link exists between optimism, employee motivation and job satisfaction. While seeing the glass as half-full, rather than half empty is innate to some, a skill that has to be practiced by others. Leaders in the workplace need to radiate optimism, especially during times of change or difficult circumstances, so their employees will follow suit. It might take time and repeated encouragement for some staff members to get on board with an "optimism" project, but it is worth the effort (Frey, 1997).

## 2.12. Summary of Hypothesis

According to Edwards et al. (2006), there is an association between rewards and job satisfaction. Therefore, hypotheses, which were developed, based on the detail literature review summarized hereunder.

H1- There is positive and considerable relationship exists between **working condition** and employees' job satisfaction

H2- There is positive and considerable relationship exists between **pay & benefits** and employees' job satisfaction

H3- There is positive and considerable relationship exists between **promotion** and employees' job satisfaction

H4- There is positive and considerable relationship exists between **bonus** and employees' job satisfaction

H5- There is positive and considerable relationship exists between **sense of achievement** and employees' job satisfaction

H6- There is positive and considerable relationship exists between **recognition** and employees' job satisfaction

H7- There is positive and considerable relationship exists between **work freedom** and employees' job satisfaction

H8- There is positive and considerable relationship exists between **Intrinsic and extrinsic** rewards and employees' job satisfaction

### 2.13. Conceptual Framework

The conceptual framework of this study specified the nature of hypothesis in diagrammatical form (Figure 1). Hence, job satisfaction is taking as dependent variable and extrinsic and intrinsic rewards are taking as independent variables. The relationships of these variables are support by the above literatures. The framework of the study is portraying below.

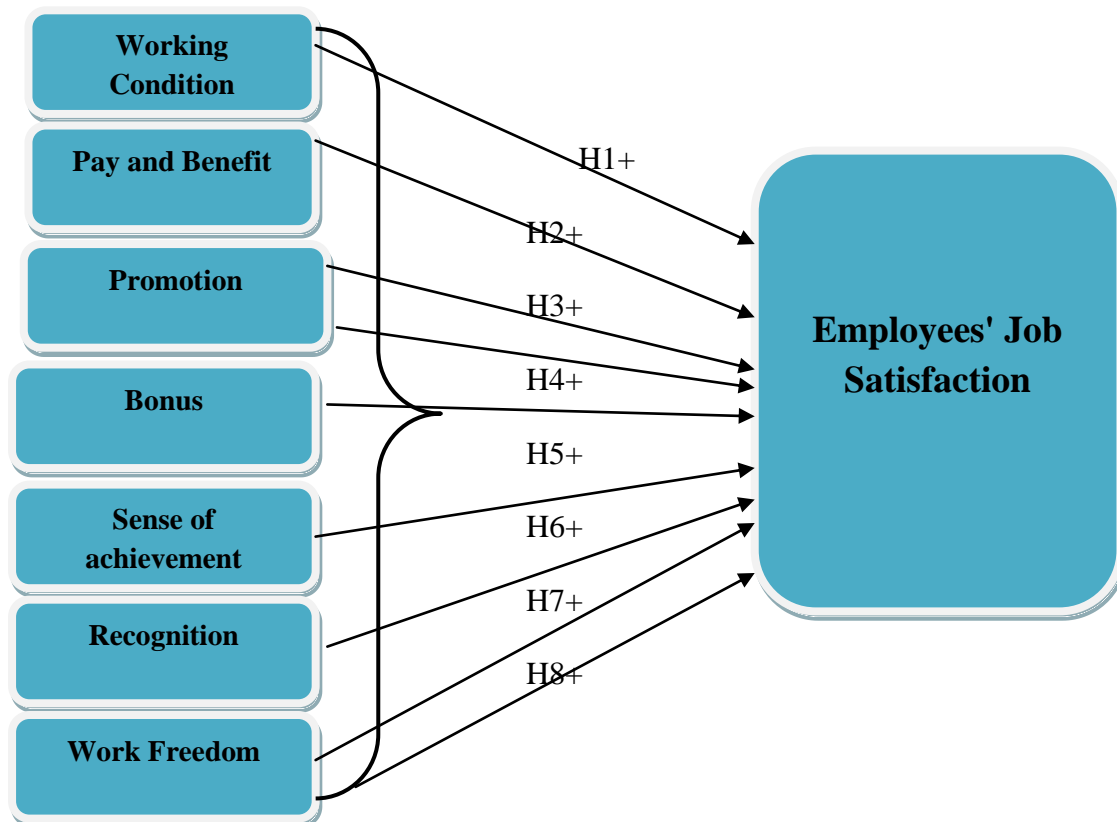


Figure 1. Conceptual framework

*(Source: Adopted from: Debeer (1987), and modified by the researcher)*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

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

In order to analyze data obtained from respondents; both descriptive and explanatory research methods were employed. According to Blumberg (2005), the major advantage of using descriptive research design is that it provides a relatively complete picture of what is occurring at a given time, based on this the study result summarized by frequencies, percentages, means and standard deviations. On the hand, explanatory approaches (correlation and regression analysis) were conducted to test the relationship between the dependent and independent variables, and to see the cause and effects of variables.

#### **3.2. Target population, Sampling Technique and Sample Size Determination**

##### **3.2.1. Target Population**

The population of the study was focused on all employees of Lion international Bank S.C, which were found in Addis Ababa (Head office), and its 47 city branches.

##### **3.2.2. Sampling Technique**

Since the respondents were diversified in terms of educational qualification, job's assortment and other bounds, the participants' perceptions of job satisfaction on issues like reward practice has expected to be varied accordingly. Thus, the researcher used stratified random sampling technique to distribute the survey questionnaires to acquire participants' perception towards the effects of reward practices on employee job satisfaction. Moreover, the questionnaires were distributed randomly to the respondents who were presented at the time where the questionnaires were distributed.

### 3.2.3. Sample Size Determination

The study population was consisted a total population of 492 permanent employees having seven categories, which consist of Senior Executives, Department Directors, Division Managers, Branch Managers/Section Heads, Senior Officers/CSM, Officers and junior staffs, which are, found in H.O and Addis Ababa city branches.

The sample size 244 was determined on the base of sample size determination formula for descriptive research. Here, in the study, the information used in the formula by assuming 95% confidence level, and a sampling error of 0.05 and sampling size calculated by formula (Yamane,1967).

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

$$n = \frac{492}{1 + 492(0.05)^2} = 244$$

Where; N-Total number of population

e- Sampling error for 95% reliability

n= sample size

Hence, by utilizing the above formula, the following detail-sampling frame was designated the subtotal of the population and the number of participants were sample proportionally from the total 244 samples of the study. Out of the total questionnaires distributed to the respondents, 235(96%) were collected and used for analysis purpose.

<b>Table 3.1. Sample size determination table</b>			
<b>S. N</b>	<b>Population category</b>	<b>Population size</b>	<b>Sample size</b>
1	Senior Management	3	1
2	Department Directors	7	3
3	Division Managers	18	9
4	Branch Mangers/Section Head	56	28
5	CSM/Senior Officers	81	40
6	Officers	117	58
7	Junior officer	210	105
<b>Total</b>		<b>492</b>	<b>244</b>

*Source: LIB Payroll Confirmation, 2017*

*Note: Employees who are below junior officers were not included in the study because employees below this position are employed through outsourcing.*

Distribution= No of individual on each stratum X sample size

Total number of population

The sample size represents 96% of the total target population. Based on this percentage the sample from each stratum selected proportionately. The respondents from each stratum were selected using simple random technique.

### **3.3. Data Sources and Types**

The study was used primary and secondary data. The primary data was collected from the sample participants through questionnaires. Secondary data was collected from internal report prepared by the HR division, annual magazine and published journals.

### **3.4. Data Collection Instrument and Procedures**

The main data-gathering instrument of this study was questionnaire. The questionnaire was self-administered and checked by the researcher advisor. It systematically categorized in order to make it easily understandable by the respondents. Each question allocated to five point Likert Scales ranging from "Very dissatisfied" (1) to "Very satisfied" (5).

### **3.5. Data analysis**

In order to analyze the data gathered and come up with answers to the research questions raised, both descriptive and explanatory methods employed. The collected questionnaires analyzed statistically with the help of SPSS (Statistical Package for Social Science) version 20. Moreover, it summarized by frequencies, percentages, means, and standard deviations. Determination of the relationship between the identified independent and dependent variables, the researcher used Pearson's correlation coefficient and to show the extent of variation in the dependent variable that explained by the independent variable, the data computed by regression analysis.

### **3.6. Data Quality Assurance**

#### **3.6.1. Validity**

As stated earlier, the questionnaire was developed with due care containing 39 items, out of which seven (7) were demographic items. Items in the questionnaire were prepared using a five point-Likert scale except the demographic items. Maximum effort was exerted to create logical link with the items in the questionnaire and the objectives of the study. Therefore, in order to ensure content validity of the items incorporated in the instrument highly experienced professionals have examined the instrument before it was distributed. Besides, the instrument

was given to my advisor and my colleagues to comment on it. Accordingly, based on their comments the questionnaires were distributed to the sample population.

### 3.6.2. Reliability

Internal consistency of items incorporated in the instrument was checked by using Cronbach Alpha. Means of each variable was computed and then the reliability was checked based on the means. The following table shows the SPSS result on the Cronbach Alpha.

<b>Table 3.2. Reliability of Statics</b>			
<b>Summary of Measures</b>			
<b>Variable</b>	<b>Source</b>	<b>No. of Items in the Scale</b>	<b>Cronbach's Alpha Result (<math>\alpha</math>)</b>
Working Condition	Thomas(2009)	4	.774
Pay and Benefit	Thomas(2009)	4	.733
Promotion	Thomas(2009)	4	.907
Bonus	Thomas(2009)	2	.941
Sense of Achievement	Thomas(2009)	4	.855
Recognition	Thomas(2009)	4	.876
Work Freedom	Thomas(2009)	4	.866
Job satisfaction	Aziri (2011)	6	.922
<b>Total Scale</b>		<b>32</b>	<b>.947</b>

*Source: SPSS output, 2017*

As indicated in the above table, the Cronbach Alpha test implies that the instrument was internal consistency as 94 %, which is above the acceptable percentage.

### 3.7. Ethical Consideration

Hart (2005, p. 307) states that “ethics in research, as in everyday life, are a combination of socialization, instinct, discretion and been able to put yourself in the position of others to reflect on and see our actions as others may do”. The researcher assured the respondents that the information obtained kept confidential and strictly for the research purpose only. The respondents also informed that they are free to participate or withdraw from the study at their free will. All ideas taken from literatures duly acknowledged.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

A total 244 questionnaires were distributed to collect relevant information from the sample respondents out of which 235(96%) were returned.

#### **4.1. Demographic Factors of the Respondents**

In this part, demographic factors of the respondents were presented on the table here under.

<b>Table 4.1. Demographic factors of the respondents</b>			
<b>Item</b>	<b>Description</b>	<b>Frequency</b>	<b>Percent (%)</b>
Gender	Male	150	63.8
	Female	85	36.2
	<b>Total</b>	<b>235</b>	<b>100%</b>
Marital Status	Single	164	69.8
	Married	71	30.2
	<b>Total</b>	<b>235</b>	<b>100%</b>
Age Category	Below 25	30	12.8
	25 to 35	173	73.6
	36 to 40	27	11.5
	Above 45	5	2.1
	<b>Total</b>	<b>235</b>	<b>100%</b>
Educational qualification	Diploma	36	15.3
	First Degree	83	77.9
	Master Degree	16	6.8
	<b>Total</b>	<b>235</b>	<b>100</b>
Current positions of the respondents	Junior Officer	101	43
	Officer	54	23
	Senior officer/CSM	40	17
	Branch Manager/Section Head	28	11.9
	Division Manager	9	3.8
	Department Director	3	1.3
	Senior officer/CSM	101	43
	<b>Total</b>	<b>235</b>	<b>100</b>
Work Experience	1 up to < 5 Years	164	69.8
	Above 5 Years	71	30.2
	<b>Total</b>	<b>235</b>	<b>100</b>
Salary range of the respondents	From Birr 3,000 to Birr 5,000	46	19.6
	From Birr 5,001 to Birr 10,000	61	26.0
	From Birr 10,001 to Birr 15,000	77	32.8
	From Birr 15,001 to Birr 20,000	37	15.7
	Above Birr 20,001	14	6.0
	<b>Total</b>	<b>235</b>	<b>100</b>

Source: SPSS output, 2017

As revealed in the above table out of total respondents, 63.80% (150) were male and the remaining 36.20% (85) were female. This clearly specifies the number of male is greater than the number of female in the organization and this indicate that the majority of the tasks and positions were performed and occupied by men employees.

From the total respondents 69.8 % ( 164) were single and the remaining 30.20 % (71) respondents were married. This indicates that most of the employees are single.

From the output shown from the above table we come to know that 30 respondents (12.80%) were below 25 years of age, 173 respondents (73.60%) were between 25 to 35, 27 respondents (11.50%) were between 35 to 40 and 5 respondents (2.10%) were above 45. Therefore, most of employees of LIB are youngsters, which their age falls within range of 25 and 35. Having group of professionals that belong to the most active and energetic age group may help the organization to achieve its goals. However, unless LIB tries its best to keep them satisfied by providing reasonable amount of extrinsic and intrinsic rewards, it might also lose them as their age might also allow them to be mobile.

Regarding to the qualification of respondents 36 employees (15.3%) are Diploma holder, 183 (77.90%) of them are first-degree holder and the remaining 16 (6.8%) are Master Degree Holders. This implies that employees of Lion international Bank are reasonably educated.

Moreover, 101 (43%) of respondents were drawn from the junior staff, 54(23%) were Officers, 40(17%), Senior Officers/CSM, 28(11.9%) were Branch Managers/Section heads, 9 (3.8%) were Division Managers and 3 (1.3%) were Department Directors.

On the other hand, from 235 respondents; 164(69.80%) had worked for a period of 1 year up to less than 5 years and the remaining constitutes 71(30.2%) and which had been working for a period of above 5 years. Out of the total respondents who have been working above five years, it is believed that employees are well experienced and have a sound knowledge about their organization reward policy, system, practices and procedure compared with employees having less than five years .

Regarding to the salary range of sample respondents, 46(19.6%) of the employees have earned a salary with the range of Birr 3,000 to Birr 5,000 , 61(26%) of the employees earn the salary with the range of Birr 5,001 to Birr 10,000, whereas 77(32.8%) have earn a salary within the range of Birr 10,001 to Birr 15,000, 37(15.7%) has earned a salary within the range of Birr 15,001 to Birr 20,000 and the reaming 14(6%) of the employees has earn a salary above 20,000.

#### 4.2. Descriptive Analysis

Since the objective of this study is to examine the effect of the reward on employee job satisfaction which is directed by the research question. According to Zedatol (2008), mean score 3.80 is consider high, 3.40-3.79 is moderate and below 3.39 is low satisfaction and the reward practices in the study considered by the above verges.

To this end, using univariate analysis in the form of Mean and standard deviation for reward variables and job satisfaction is calculated.

The means and standard deviations among the variables of the study are shown in the descriptive statistics displayed in Table 4.2

<b>Table 4.2. Descriptive statistics of Job satisfaction and reward</b>			
<b>Description</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Pay	235	3.4989	.61322
Promotion	235	3.2691	.74403
Working condition	235	3.4926	.66021
Bonus	235	3.6957	.58833
Recognition	235	3.4255	.77312
Work freedom	235	3.4156	.73648
Sense of achievement	235	3.4450	.70846
Job Satisfaction	235	3.2106	.63695
Valid N (list wise)	235		

*Source: SPSS output, 2017*

The above table shows that shows the mean and standard deviation of reward variables such as; pay, promotion, working condition, bonus, recognition, work freedom and sense of achievement rated by respondents. The result indicates that the levels of job satisfaction among employees had a mean of 3.21 (SD=0.6369). Because a mean of 3 is indicative of the average level of satisfaction on this scale, it can be concluded that respondents were moderately satisfied with their job.

The result from this study showed that relatively high mean result was recorded for bonus (M=3.69, SD=.588) compared with other variables and moderate for all variables;

Intrinsic reward question on this research has a mean value ranging from 3.41 to 3.44. The lowest mean results was perceived by question "The chance to do different things from time to time" in the sense of achievement (M=3.31, SD=.962). This result implies that employees in the company do not feel sense of achievement with the work that they were doing.

Besides, relatively the highest mean scoring item from intrinsic rewards are found on sense of achievement question which is "The chance to do things for other peoples" (M=3.60, SD =0.757) which implies that employees wants to do and show things for those employees who are not know how to do and, this creates satisfaction on employees since it is an indication that an employees is one step ahead from his/her colleague.

Extrinsic reward question on this research has a mean value ranging from 3.26 to 3.69. Among all questions in the promotion variables: question no 1 " the chance to get new positions" has the lowest mean value (M = 3.14, SD =.782). It shows that most of the respondents are not satisfied with getting new position. It probably caused by increasing number of employees found in the company from time to time and the chance that would be available new position makes less. Moreover, detail mean and standard deviation of all rewards are presented on Appendix B.

### 4.3. Correlation Analysis

The study is investigating a relationship between rewards (extrinsic & intrinsic) and employee job satisfaction. The strength of relationship between variables is obtained through Pearson product-moment correlation coefficient( $r$ ). The value of Pearson product-moment correlation coefficient ( $r$ ) normally varies between -1 to +1. The sign indicates whether there is a positive correlation (as one variable increase, other also increase) or negative correlation (as one variable increase, other decrease). The strength of relationship is indicated by the size of the absolute value (ignoring the sign). +1 or -1 shows a perfect correlation, it also indicates that the value of one variable can be determined exactly by knowing the value on the other variable. If a scatter plot is form for this perfect correlation it will be a straight line. Similarly, a correlation of 0 shows that there is no relationship between two variables, it also indicates that knowing the value of one variable provides no assistance in predicting the value of other variable.

In this section, the direction and degree of the strength of the relationship among the variables were determined on the table shown below.

**Table 4.3. Correlation coefficient results of relationships between rewards and job satisfaction**

		Pay	Promotion	Working Con.	Bonus	Recognition	Work freedom	Sense of Ach.	Job Satisfaction
<b>Pay &amp; Benefit</b>	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	235							
<b>Promotion</b>	Pearson Correlation	.181**	1						
	Sig. (2-tailed)	.005							
	N	235	235						
<b>Working condition</b>	Pearson Correlation	.257**	.221**	1					
	Sig. (2-tailed)	.000	.001						
	N	235	235	235					
<b>Bonus</b>	Pearson Correlation	.292**	-.044	.248**	1				
	Sig. (2-tailed)	.000	.502	.000					
	N	235	235	235	235				
<b>Recognition</b>	Pearson Correlation	.439**	.513**	.470**	.376**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	235	235	235	235	235			
<b>Work freedom</b>	Pearson Correlation	.358**	.382**	.193**	.081	.484**	1		
	Sig. (2-tailed)	.000	.000	.003	.214	.000			
	N	235	235	235	235	235	235		
<b>Sense of achievement</b>	Pearson Correlation	.494**	.636**	.312**	.028	.658**	.605**	1	
	Sig. (2-tailed)	.000	.000	.000	.664	.000	.000		
	N	235	235	235	235	235	235	235	
<b>Job Satisfaction</b>	Pearson Correlation	.424**	.554**	.472**	.143*	.709**	.545**	.774**	1
	Sig. (2-tailed)	.000	.000	.000	.028	.000	.000	.000	
	N	235	235	235	235	235	235	235	235

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

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

Source: SPSS output ,2017

According to Cohen, (1988) the correlation coefficient (r) ranging from 0.10 to 0.29 may regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may regarded as a high degree of correlation.

The above table 4.3 shows that, Promotion ( $r=.554$   $p<0.01$ ), sense of achievement ( $r=.774$ ,  $p<0.01$ ), recognition ( $r=.709$ ,  $p<0.01$ ), work freedom( $r=.545$ ,  $p<0.01$ ) have high degree of positive relationship with job satisfaction of employees. Whereas, working condition ( $r=.472$ ,  $p<0.01$ ) and pay and benefit ( $r=.424$ ,  $p<0.01$ ) have moderate correlation with Job Satisfaction and bonus( $r=.143$ ,  $P>0.01$ ) shows that there is insignificant (low degree) of relation between bonus and employee job satisfaction.

<b>Table 4.4. Correlation of Intrinsic Rewards and Job satisfaction</b>			
<b>Description</b>		<b>Intrinsic Reward</b>	<b>Job Satisfaction</b>
Intrinsic Rewards	Pearson Correlation	1	.795**
	Sig. (2-tailed)		.000
	N	235	235
Job Satisfaction	Pearson Correlation	.795**	1
	Sig. (2-tailed)	.000	
	N	235	235

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

Source: SPSS output, 2017

The above shows that the correlation between intrinsic rewards and job satisfaction are positively and significantly related ( $r = 0.795$ ,  $p < 0.01$ ). This implies that when there is an increase in intrinsic rewards, there is also a corresponding increase in job satisfaction.

<b>Table 4.5. Correlations of Extrinsic Rewards and Job satisfaction</b>			
<b>Description</b>		<b>Extrinsic reward</b>	<b>Job Satisfaction</b>
Extrinsic reward	Pearson Correlation	1	.654**
	Sig. (2-tailed)		.000
	N	235	235
Job Satisfaction	Pearson Correlation	.654**	1
	Sig. (2-tailed)	.000	
	N	235	235

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

Source: SPSS output, 2017

The above table 4.5 shows the result obtained from the correlation analysis and all the variables were identified to be significantly and positively inter-correlated. Accordingly, we can say that from the data that extrinsic rewards with employee's job satisfaction ( $r = 0.654$ ,  $p < 0.01$ ). That is, the more extrinsic rewards given, the more positive would be the perception of the employees towards their job satisfaction.

Based on the above preliminary test results, the assumptions of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below.

#### **4.4. Multiple Regression Analysis**

One of the purposes of this study was to find the effect of intrinsic and extrinsic rewards on employee job satisfaction. The researcher used multiple regressions because to find the effect of those independent variables (extrinsic rewards & intrinsic rewards) on one dependent variable (employee Job satisfaction). Multiple regressions allow using the independent variables as a predictor for dependant variable.

The strength of relationship between one dependant variable and one or more independent variables determined by coefficient of determination  $r^2$  (also called regression

coefficient). The regression coefficient varies between -1 and +1. -1 represents complete negative relationship while +1 represents perfect relationship (Saunders, 2012).

Table 4.6. Summary of Regression Model				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836 <sup>a</sup>	.700	.690	.35448

a. Predictors: (Constant), Sense of achievement, Bonus, Working condition, Pay and benefit, Work freedom, Promotion, Recognition

Source: SPSS output, 2017

In the above model summary, shows the coefficient of multiple correlation R, which is the degree of association between selected rewards and employees' job satisfaction is 0.836. The value of the adjusted r square is 0.690. This implies that 69% of variation in employees' job satisfaction was explained by sense of achievement, bonus, working condition, pay and benefit, work freedom, promotion and recognition where as 31% of variance is explained by other factors.

Table 4.7. ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.410	7	9.487	75.499	.000 <sup>b</sup>
	Residual	28.525	227	.126		
	Total	94.935	234			

a. Dependent Variable: Job satisfaction

b. Predictors: (Constant), Sense of achievement, Bonus, Working condition, Pay, Work freedom, Promotion, Recognition

Source: SPSS output, 2017

The F-statistic of 75.499 at 7 and 227 degree of freedom further shows that the explanatory variables (extrinsic and extrinsic rewards) considered in this study can moderately explain the variation of dependent variable at .000 (99%) confidence levels.

<b>Table 4.8. Regression Coefficients<sup>a</sup> result</b>						
<b>Model</b>		<b>Un-standardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
1	(Constant)	.093	.220		.422	.674
	Pay and Benefit	.001	.047	.001	.025	.980
	Promotion	.048	.042	.056	1.124	.262
	Working condition	.177	.040	.183	4.419	.000
	Bonus	-.017	.047	-.016	-.358	.721
	Recognition	.208	.049	.253	4.248	.000
	Work freedom	.076	.040	.088	1.901	.059
	Sense of achievement	.414	.059	.461	7.051	.000

a. Dependent Variable: Job satisfaction

*Source: SPSS output, 2017*

The above table shows the extent to which each independent variables influence the dependent variable. The relative importance of reward (independent variables) in contributing to the variance of the employees' Job Satisfaction (dependent variable) was explained by the standardized beta coefficient. The beta value for pay and benefit is ( $\beta = .001$ ,  $P > 0.05$ ), promotion ( $\beta = .056$ ,  $p > 0.05$ ), working condition ( $\beta = .183$ ,  $p < 0.01$ ), bonus ( $\beta = -.016$ ,  $P > 0.05$ ), recognition ( $\beta = .253$ ,  $P < 0.01$ ), work freedom ( $\beta = .088$ ,  $P > 0.05$  and sense of Achievement ( $\beta = .461$ ,  $P < 0.01$ ).

Among the independent variables, sense of achievement found to be best predictor, recognition, and working condition followed by respectively. This can be interpreted as a certain improvement on the sense of achievement, recognition and working condition will boost employee's job satisfaction. On the other hand, pay and benefit, promotion, and work freedom were found to be non-significant at 99% ( $p < 0.01$ ) confidence level.

Thus, sense of achievement, recognition and working condition are demonstrated to be a dominant factor in influencing the job satisfaction of employees in the bank.

**Table 4.9. Regression Analysis of Intrinsic and Extrinsic Rewards with Job satisfaction**

Variable	R	R Square	Adjusted R Square	Std. Error of the Estimate	F value	Beta	t	Sig
Intrinsic Reward	.795 <sup>a</sup>	.632	.631	0.40	400.61	.656	20.015	.000
Extrinsic Reward	.654 <sup>a</sup>	.428	.425	.483	174.193	.201	13.198	.000

a. Predictors: (Constant), Extrinsic, Intrinsic Rewards

b. Dependent Variable: Job Satisfaction

Source: SPSS output, 2017

The results shown in the above table 4.9 indicates a relatively high percentage of job satisfaction, which can be described by the variables of intrinsic rewards. The coefficient of relationship illustrates that the value of R<sup>2</sup> for extrinsic Reward is .428; which means 42.8% of the variance in job satisfaction was described by extrinsic reward. Whereas, R<sup>2</sup> for intrinsic reward is .632; which means 63.2% of the variance in job satisfaction was described by intrinsic rewards.

The column labeled Beta value of standardized coefficients indicates the variables that contribute to the dependent variable. ‘Standardized’ means the value for each of the different variables have been converted to the same scale in order to make comparison (pall ant, 2001).

Thus the regression analysis for this study indicates that job satisfaction is positively and significantly related with intrinsic rewards ( $\beta = .656$ ,  $p < 0.01$ ). Consistent with theoretical framework significant positive relationship between extrinsic rewards and job satisfaction has also existed as it is shown in Table ( $\beta = .201$ ,  $p < 0.01$ )

#### 4.5. Testing of Hypotheses

H1- There is positive and considerable relationship between working condition and employees' job satisfaction

The correlation result of the variable working condition shows that ( $r=.472$ ,  $p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that working condition has positive relation to employees' job satisfaction.

H2- There is positive and considerable relationship exists between pay & benefits and employees' job satisfaction

The correlation result of the variable pay and benefit shows that ( $r=.424$ ,  $p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that pay and benefit has positive relation to employees' job satisfaction.

H3- There is positive and considerable relationship exists between promotion and employees' job satisfaction

The correlation result of the variable promotion shows that ( $r=.554$ ,  $p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that promotion has positive relation to employees' job satisfaction.

H4- There is positive and considerable relationship exists between bonus and employees' job satisfaction

The correlation result of the variable bonus shows that ( $r=.143$ ,  $p>0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that bonus has positive relation to employees' job satisfaction.

H5- There is positive and considerable relationship exists between sense of achievement and employees' job satisfaction.

The correlation result of the variable sense of achievement shows that ( $r=.774, p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that sense of achievement has positive relation to employees' job satisfaction.

H6- There is positive and considerable relationship exists between recognition and employees' job satisfaction

The correlation result of the variable recognition shows that ( $r=.709, p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that recognition has positive relation to employees' job satisfaction.

H7- There is positive and considerable relationship exists between work freedom and employees' job satisfaction

The correlation result of the variable work freedom shows that ( $r=.545, p<0.01$ ) has positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that work freedom has positive relation to employees' job satisfaction.

H8- There is positive and considerable relationship exists between extrinsic and intrinsic rewards and employees' job satisfaction

The correlation result of the variable extrinsic reward shows that ( $r=.654, p<0.01$ ) and intrinsic reward shows that ( $r=.795, p<0.01$ ) respectively have positive relation with employees' job satisfaction. Therefore, the result supports the hypothesis that extrinsic and intrinsic rewards have positive relation to employees' job satisfaction.

## CHAPTER FIVE

### SUMMARY OF THE MAJOR FINDINGS, CONCLUSION, AND RECOMMENDATION

#### 5.1. Summary of the Major Findings

The specific research questions of this study aimed at answering were: To what extent the different extrinsic rewards (pay and benefit, promotion, working condition and bonus) satisfy the employees? To what extent the different intrinsic rewards (senses of achievement, recognition, and work freedom) satisfy the employees? and What is the perception of employees of the bank about the current reward system and practice?

Employees in different organization leave their job due to multiple factors. As explained by Arokiasamy (2013), reward can be one of the reasons for employee job satisfaction to lead them to leave the company. It might happen due to low pay, lack of career progression, poor relationship between employer and employees and bad fit between the work force and the job. To reduce or protect such type of problem effective reward system should be implemented. It is clear that reward system is an important tool that an organization can use to attract, retain, satisfy and motivate employees in order to achieve the desired goal. However, poor practices may leads to job satisfaction.

When we came to study, the result of the descriptive statistics tells that above average of respondents are moderately satisfied by the current practice of pay and benefits, promotion, recognition, sense of achievement, bonus, work freedom and working condition but it still needs improvement.

The Pearson's Product Moment Correlation Coefficient was computed for the purposes of determining the relationships: (a) the relationship between the different dimensions of the

reward variables and employee's job satisfaction and (b) the relationship between rewards and job satisfaction.

Regarding the relationship of the identified independent variable (sense of achievement, promotion, recognition and work freedom) and the dependent variable job satisfaction by quantitatively testing their relationship using the coefficient of value, it was found high degree of positive and statistically significant relationship between independent and dependent variable.

Similarly, regarding the relationship of the independent variables (working condition and pay and benefit) and employees' job satisfaction (dependent variable), it was found moderately positive and statistically significant relationship between these independent and dependent variables.

On the other hand, concerning the relationships of the independent variable bonus and employees' job satisfaction, it was found insignificant relationship between these variables. Moreover, intrinsic reward variables have high degree of positive relationship with job satisfaction of employees than extrinsic reward variables.

Under the result of the multiple regression analysis, the coefficient of multiple correlations R that is the degree of association between selected reward variables and employees' job satisfaction is 0.836. The value of the adjusted r square calculated as  $(.690 \times 100 = 69\%)$  of variation in employees' job satisfaction is explained by pay and benefit, promotion, working condition, bonus, sense of achievement, recognition & work freedom where as 31% of variance is explained by other factors. Besides, among the independent variables, sense of achievement was found to be best predictor and followed by recognition and working condition respectively.

Moreover, the result also indicates that relatively high percentage of job satisfaction, which can be described by the variables of intrinsic rewards 42.8% of the variance in job

satisfaction was described by extrinsic reward. Whereas 63.20% of the variance in job satisfaction was described by intrinsic rewards.

In general, the study finding shows that reward variables have effect on the employee job satisfaction. The existence of best reward practice the more employee job satisfaction and the higher the improvement of the organizations performance.

## **5.2. Conclusion**

The main objective of this study was to examine the effect of reward on employees' Job satisfaction. Both extrinsic and intrinsic rewards that contribute to employees' job satisfaction were explored in this study including pay and benefits, promotion, working condition, bonus, recognition sense of achievement & work freedom. In the same way, the specific objectives was examining the relationships of these selected rewards with employees' job satisfaction and to measure the level of employees feeling with their current job.

The result showed that different dimension of reward variables and job satisfaction is significantly related. However, insignificant relationship exists between bonus and satisfaction level of employees. It implies that when reward practices become effective and satisfactory, the level of employee job satisfaction becomes high.

Regarding the level of employees' satisfaction about the current reward, there is a moderate level of job satisfaction among employees of the company. Moreover, relatively high degree of variation in job satisfaction found on intrinsic rewards than extrinsic rewards. Therefore, intrinsic reward is the most influential factor of job satisfaction in LIB.

In finale, the major findings of this research show that reward is considered important factor for job satisfaction of bank employees.

### **5.3. Recommendation**

Human Resource Management can be a strategic partner for a business when it presents a tangible support for an organization's profitability and successes. This tangible support is achieved when the HR management in place is effectively implemented along with the individual HR practices, which are sure to lead to increased success of the organization.

Among HR practices; management and implementation reward is one of the important practices because an employee needs reward in turn for their contribution either in monetary terms or in non-monetary terms.

If the offered rewards are not competitive, it will be difficult to recruit and retain staffs since potential employees can shift where the better reward exists and existing employees tends to leave the organization seeking where the better reward is available. Therefore, based on the findings the following recommendations have been forwarded:

The bank should allow the employees always the possibility of using their abilities and skills keep them engaged and make them feel as if they are a part of something bigger than their individual tasks and activities. If employees find that their abilities and skills are not being used well or they do not find their work interesting, they often find dissatisfaction in their position.

The bank should create job satisfaction in the workplace by offering a positive work environment. A positive working environment shows that the company's willingness to go the extra mile to provide employees' needs. If the workplace is not positive, the company cannot expect the employees to be positive as well. Therefore, the company should give encouragement, offer positive critique and provide constructive feedback. Yet even beyond the internal positivity the company is trying to foster, it is important that employees requires within a positive physical

environment. So ensure that the workplace is well and offer employees the tools to be successful, which can increase, not just an employee's job satisfaction, but their productivity.

The bank should persuade managers and supervisors to recognize those who perform well on a regular basis. In addition, put together a more formal program throughout the company to acknowledge high achievers in each job category. Remember that healthy competition can increase team morale, support hard work, and raise job retention and satisfaction.

The bank should conduct incessant satisfaction survey on semi annually and annually basis on the satisfaction level of employees about the reward that they are gained from the bank because the output enables the bank to adjust itself to create best reward practices and work on it for those who need improvement.

The bank should consider the employees to create the chance for advancement and the chance to get new duties and responsibilities for employee to feel satisfied with their job.

Further research should be done considering other reward variables to investigate what other factors affect employees' job satisfaction in LIB.

If the above listed recommendation implemented by the bank, the organization can make employees satisfied and initiate to concentrate their unreserved effort for the accomplishment of the organization's objectives.

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## APPENDIX A: - QUESTIONNAIRE

### ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE MA PROGRAM IN HUMAN RESOURCE MANAGEMENT

This questionnaire is designed to carry out a research on the "Effect of Reward on Employee Job satisfaction" in the case of Lion International Bank S.C. as partial fulfillment of the requirements for the Degree in Master of Human Resource Management.

Here I kindly request you to respond all the questions in the questionnaire to meet the aim of the study. Whatever information provided will be treated with utmost confidentiality and strictly used for academic purpose only. There is no need to write your name.

#### **Instruction**

- Please put right mark (✓) in front of your choice box that express your real opinion.

I will appreciate you kind cooperation to fill this questionnaire in advance.

#### **Part I. Demographic Information**

1. Gender: Male  Female

2. Age: Below 25 Years  25 to 35 Years  36 to 45 Years  Above 45 Years

3. Marital Status: Single  Married  Divorce  Separated  Widowed

4. Current educational qualification: Diploma  First Degree  Masters Degree

Above Masters Degree  Other \_\_\_\_\_

5. Work Experience in LIB: 1 Year up to < 5 years  Above 5 Years

6. Your Current position: Junior Officer  Officer  Senior officer/CSM

Branch Mangers/Section Head  Division Manager  Director

7. Your Current earnings range between Birr 3,000 to Birr 5,000  Birr 5,001 to 10,000

Birr 10,001 to Birr 15,000  Birr 15,001 to Birr 20,000  Above Birr 20,000

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**Part II: Satisfaction Survey questionnaire**

On this part, you will find statements about your present job. Decide how satisfied you feel about the aspect of your job described by the statement. The purpose of this questionnaire is to give you a chance to tell how you feel about your present job, what things you are satisfied with and what things you are not satisfied with.

If you feel that your job gives you more than you expected, mark "5" (*Very Satisfied*), if you feel that your job gives you what you expected mark "4" (*Satisfied*), if you cannot make up your mind whether or not the job gives you what you expected, mark "3" (*Neither Satisfied nor Dissatisfied*),if you feel that your job gives you less than you expected do, mark "2" (*Dissatisfied*) and if you feel that your job gives you much less than you expected, mark "1" (*Very Dissatisfied*).

**Remember:** Keep the statement in mind when deciding how satisfied you feel about that aspect of your Job. Do this for all statements and answer every item.

**Be blunt and sincere.** Give a true picture of your feelings about your present job.

Item No.	Description	Level of Satisfaction				
		Very satisfied (5)	Satisfied (4)	(Neither Satisfied nor Dissatisfied)(3)	Dissatisfied(2)	Very Dissatisfied(1)
<b>Pay and Benefit</b>						
1	My pay and the amount of work I do					
2	My pay and the amount of work from others employees on same position					
3	My benefit and the amount of Work I do					
4	My benefit I get from others employees on same position					
<b>Promotion</b>						
5	The chance to get a new position					
6	The chance to get a new duties and responsibilities					



Item No.	Description	Level of Satisfaction				
		Very satisfied (5)	Satisfied (4)	(Neither Satisfied nor Dissatisfied)(3)	Dissatisfied(2)	Very Dissatisfied(1)
7	The chance to get a new position from others employees on same position					
8	The chances for advancement on this job					
<b>Working Condition</b>						
9	Suitable working conditions					
10	Facility availability on my work place					
11	Adequacy of resource on my work place					
12	The way my co-workers get along with each other					
<b>Bonus</b>						
13	I receive with respect to my effort					
14	Does not consider my effort rather group effort					
<b>Recognition</b>						
15	I renowned at the place where I work					
16	I get credit for my work that I do					
17	The chance to be "somebody" in the company					
18	The chance to give accreditation to my work					
<b>Work freedom/Job autonomy</b>						
19	Being able to do things that don't go against my conscience					
20	The chance to work alone on the job					
21	The chance to try my own methods of doing the job					
22	The freedom to use my own judgment					
<b>Sense of Achievement</b>						
23	The feeling of accomplishment I get from the job					
24	The chance to do things for other people					
25	The chance to do different things from time to time					
26	The chance to tell people what to do					
<b>Job Satisfaction</b>						
27	The bank reward policies and procedures are put in to practice					

Item No.	Description	Level of Satisfaction				
		Very satisfied (5)	Satisfied (4)	(Neither Satisfied nor Dissatisfied)(3)	Dissatisfied(2)	Very Dissatisfied(1)
28	The welfare facilities provided to you by the bank for your job					
29	The likelihood of getting appreciation and rewards if the desired work / targets are accomplished					
30	Your work according to your qualification and skill					
31	The way my job provide for steady employment					
<b>Overall Satisfaction</b>						
32	Your overall satisfaction with your current job					

**Thank you for your kind cooperation!**

Source (Weiss, 1967)



## Appendix-B

<b>Detail Mean &amp; Standard deviation of measurements</b>			
<b>No</b>	<b>Item</b>	<b>Mean</b>	<b>Standard deviation</b>
<b>Pay and Benefit</b>			
1	My pay and the amount of work I do	3.50	.753
2	My pay and the amount of work from others employees on same position	3.53	.850
3	My benefit and the amount of Work I do	3.40	.881
4	My benefit I get from others employees on same position	3.57	.815
<b>Promotion</b>			
5	The chance to get a new position	3.14	.782
6	The chance to get a new duties and responsibilities	3.38	.885
7	The chance to get a new position from others employees on same position	3.32	.846
8	The chances for advancement on this job	3.23	.852
<b>Working Condition</b>			
9	Suitable working conditions	3.44	.716
10	Facility availability on my work place	3.32	1.075
11	Adequacy of resource on my work place	3.37	.922
12	The way my co-workers get along with each other	3.87	.689
<b>Bonus</b>			
13	I receive with respect to my effort	4.17	.615
14	Does not consider my effort rather group effort	3.23	.596
<b>Recognition</b>			
15	I renowned at the place where I work	3.54	.939
16	I get credit for my work that I do	3.38	.937
17	The chance to be "somebody" in the company	3.43	.744
18	The chance to give accreditation to my work	3.32	.990
<b>Work freedom/Job autonomy</b>			
19	Being able to do things that don't go against my conscience	3.20	.935
20	The chance to work alone on the job	3.49	.803
21	The chance to try my own methods of doing the job	3.60	.843
22	The freedom to use my own judgment	3.40	.902
<b>Sense of Achievement</b>			
23	The feeling of accomplishment I get from the job	3.58	.733
24	The chance to do things for other people	3.60	.757
25	The chance to do different things from time to time	3.31	.962

<b>Detail Mean &amp; Standard deviation of measurements</b>			
<b>No</b>	<b>Item</b>	<b>Mean</b>	<b>Standard deviation</b>
<b>26</b>	The chance to tell people what to do	3.28	.960
<b>Job Satisfaction</b>			
<b>27</b>	The bank reward policies and procedures are put in to practice	3.15	.712
<b>28</b>	The welfare facilities provided to you by the bank for your job	3.19	.745
<b>29</b>	The likelihood of getting appreciation and rewards if the desired work / targets are accomplished	3.12	.747
<b>30</b>	Your work according to your qualification and skill	3.36	.795
<b>31</b>	The way my job provide for steady employment	3.19	.569
<b>Overall Satisfaction</b>			
<b>32</b>	Your overall satisfaction with your current job	3.26	.835

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