



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**

**An Assessment of Employee Recognition Practice in  
Awash International Bank**

**By**

**Mulugeta Beyene**

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in Human Resource Management**

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**A.A. Ethiopia**

## DECLARATION

I, the under signed, declare that this thesis is my own work and has not been presented for a degree in any other University, and that all the sources of material used for the thesis have been duly acknowledged. The purpose of this report is only for the partial fulfillment of my master's degree and the author doesn't accept responsibilities resulting from the use of this information.

By: Mulugeta Beyene Deme : GSR 1631/06

Signature \_\_\_\_\_ Date \_\_\_\_\_

Approved by: Worku (Phd) Advisor

Signature \_\_\_\_\_ Date \_\_\_\_\_

CERTIFICATION

As member of the examining board, we certify that we have evaluated and accepted the Thesis entitled "An Assessment of Employee Recognition Practice in Awash International Bank", in fulfilling the thesis requirement for the Degree of Master in Human Resource Management.

Prepared By: Mulugeta Beyene

Certified By: The Board of Examiners

_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date
_____	_____	_____
External Examiner	Signature	Date

# **An Assessment of Employee Recognition Practice in Awash International Bank**

## **ABSTRACT**

Today's organizations are operating in a very dynamic and highly competitive environment. To remain relevant in the market, they have to be able to respond quickly to ever changing human resource demands. Reward management is one of the ways used by organizations for attracting and retaining suitable employees as well as facilitating them to improve their performance. Awash International Bank is an organization that offers essential banking services in Ethiopia. The management has established rewards in their organization in pursuit of increasing employee performance so as to ensure prompt and quality service. This study therefore aimed at assessing the practice of recognition, which is one of the major dimensions of reward, at Awash International Bank. Specifically, the study sought to determine the extent to which the recognition adopted at the bank has influenced employees' motivation. The study adopted quantitative research design. Data was collected using questionnaires. Self administered questionnaires were distributed and 286 employees responded. Descriptive statistics (frequency tables, percentages) were used to present data. Mean and standard deviation were used to analyze the programs, criteria, forms and ways of recognition. Data were analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer program. The findings of the study showed that recognition practice of the bank is found less effective to motivate its employees. This is activated more by ineffective criteria and imbalance forms and ways of recognition. The organization should focus on creating a balanced reward system emphasizing more on recognition which is the least cost but the most effective way of rewarding employees. This will increase employee motivation as employees will get more autonomy, belongingness and responsibilities.

**Keywords: reward management, recognition, standard criteria, employee motivation, forms and ways of expressing recognition.**

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## CHAPTER ONE: INTRODUCTION

### 1. INTRODUCTION

This chapter presents the background of the study carried out in assessing recognition practices in the case of Awash International Bank. Statement of the problem, research questions, objectives, significance, delimitations and limitations of the study are also part of this chapter.

#### 1.1 BACKGROUND OF THE STUDY

The human resource management (HRM) aims to contribute to the achievement of any organizational goals. It is expected to maintain and encourage its efficient and experienced employees (Armstrong, 2006). This makes reward management, more specifically, employee recognition an important element of the HRM. This is to mean that HRM, in order to help the organization in achieving its objective, has to make effort to obtain and maintain the employees' organizational needs. It has to introduce policies, processes and systems to increase employees' motivation, job engagement as well as commitment (Kalaiselvi, 2014).

Reward management is a system in which an organization provides financial and non financial incentives to employees contributing to the achievement of its objectives. By doing so, it aims to promote certain behaviors in the workplace and increase employees' motivation and thus organizational productivity. Reward can be categorized as having intrinsic and extrinsic values (Kalaiselvi, 2014; Shanks, 2007). Within these broad

categories, there are a number of reward types implemented by organizations all over the world. Some of these types are pay or compensation, benefits, promotion, working environment, and recognition. Many scholars agree that these five types may have a positive impact on employees' motivation (Rynes, et al, 2004; Armstrong, 2010; DeCenzo & Robbins, 2010; (Daniel and Metcalf, 2005).

Employee recognition, as noted by Brun & Dugas (2002), is an authentic and productive response that evaluates and acknowledges employee's contribution, dedication and motivation or the results of his/her work process in general. It is an act of giving an employee a certain status within the organization to show that his/her work is assessed and deserves appreciation. In other words, recognition is a prize provided to employees in return to their contribution to the organization (Danish and Usman, 2010).

As explained by Bourcier & Palobart (1997) recognition to be a vital human need in the workplace. Employees with demonstrated loyalty and devotion have strong desire for appreciation and recognition. According to these scholars, recognition as an everyday ordinary practice in the human relationship has to be tailored to be meaningful to the beneficiary whether it is provided in the form of spoken, written, material, or symbolic.

Employee recognition, which is not tailored to meet the needs of the organization and its employees can bring negative effects and may cause consequences harmful to the company as well as its employees (Tahmincioglu, 2004). Brintnall, Jim (2011) suggests that employee recognition has to be SMART. This is an acronym that stands for the set of principles developed by Brintnall. According to these principles, effective employee recognition must be sincere, meaningful, adaptable, relevant, and timely. These criteria,

as claimed by Brintnall, aim to ensure that recognition is appreciated, properly received, and justified in the eyes of the recipient.

Using the above mentioned criteria, therefore, it is possible to assess the effectiveness of an organization's practices of recognition, which is the intention of this study.

## 1.2 STATEMENT OF THE PROBLEM

Employee recognition keeps high spirits among employees, boosts up their morale and creates a linkage between performance and motivation of the employees. For this reason, organizations nowadays are realizing the need to establish an equitable balance between the employees' contribution to the organization and the other way round (Flynn, 1998).

Payment, benefits, working condition, promotion and recognition are some of the major strategic components in creating this balance. However, several studies indicate that many organizations tend to focus compensation and benefits and miss the important component of recognition, which is practiced at low cost and yields high return (Deeprise, 1994). In Africa, as noted by Olowu and Adamolekun (1999), reward and enumeration in terms of employee recognition has been characterized as ineffective due to the lack of resources and know-how to develop systems for performance-related pay and incentive. Similarly, few studies conducted on Ethiopian organizations showed that employees seemed to be less satisfied or less motivated with the reward and recognition systems implemented (Workineh and Shimels, 2010; Nebiat, 2010). However, not much empirical evidence seems to exist to support the ineffectiveness of recognition programs

practiced in the country. Further studies need to be conducted to assess the reward and recognition practices of organizations in the country.

The study area selected for this research, Awash International Bank (AIB), was established in 1994. Based on firsthand information as well as brochures published by the Bank, AIB has the culture of rewarding and recognizing its employees. It provides 8% of its employees with monetary prizes whenever it earns good amount of profit. Using profits gained from loan services as a selection criterion, it provides awards and certificates of recognition to the top three best performing branches. Best performing employees in the top three branches are also awarded personal high-techs such as cell phones and tablets. AIB also recognizes collective contributions from teams which are prized with recreational grant ranging between Birr 25 to 40 thousand. Other forms of recognition include promotions, individual assignments, employee transfers, etc.

All these practices and activities are evidence that AIB is trying to implement the philosophy of reward and recognition of employees. However, AIB seem not to have as such a strategy or program planned and developed for the cause. It is the researcher's belief that the Bank may not constantly monitor the implementation and evaluate the outcomes of its practices. If this is the case, then neither the reward nor the recognition practices are being properly implemented. There might be discrepancy in the method employees are selected for award and recognition. Where there is recognition not properly implemented, there are the negative impacts. For instance, Tahmincioglu (2004) argues that not properly planned monetary rewards may result in demoralizing the employees. It could also anger employees resulting in decreased productivity. If

perceived inequitable, recognition may also create jealousy and negative competition among employees. The organization may also lose its credibility among its employees and customers.

Therefore, the purpose of this research is to assess the employee recognition practices of AIB. It aims to find out the extent in which recognition is applied compared to the major dimensions of rewards practiced in the Bank. It also aims to investigate whether the recognition practice fulfills the quality criteria for effectiveness of employee recognition which include sincerity, responsiveness, hierarchical proximity, legitimacy, consistency, variability and equity.

### 1.3 RESEARCH QUESTIONS

In order to meet the objectives of the study, the following research questions have been formulated:

- I. To what extent does AIB utilize recognition as a reward tool relative to the other reward components?
- II. To what extent does AIB's recognition practice meet the criteria set in the theoretical guidelines?
- III. How does AIB implement its recognition practices as assessed with regard to the forms of employee recognition?
- IV. In what ways can the various recognition practices of AIB be improved and integrated?

#### 1.4 OBJECTIVES OF THE STUDY

The main objective of the study was to assess employee recognition practices of Awash International Bank. Having the aforementioned general objective in mind, the research specifically attempted to:

- I. Identify the level of emphasis given to recognition as assessed relative to the other components of reward implemented by AIB's.
- II. To evaluate the extent AIB's recognition practice meets the criteria set in the theoretical guidelines.
- III. To assess what forms and ways of expressions AIB implements to recognize employees' contributions.
- IV. Identify ways of improving the various employee recognition practices of AIB.

#### 1.5 SIGNIFICANCE OF THE STUDY

The researcher believes that this study does have a significant role to play in shading light on the advantages and constraints of employee recognition within the human resources management. What the findings of this research study would be to influence organizations to consider an appropriate and effective approach to recognition that would result in a way of motivating employees. Ethiopian organizations in general could also benefit by incorporating and applying a controlling methods and coordinating the flow of effective and efficient employee recognition practices in their reward management systems. Furthermore, the study will have a paramount importance in providing a better

ground for investors and other stakeholders so that they could recognize the importance of employee recognition, in particular, and employee reward, in general. Apart from these, the study could potentially serve as a literature for further research in the area.

#### 1.6 SCOPE OF THE STUDY

The study was limited to the Head Office of Awash International Bank and other branches within the city of Addis Ababa. There are reasons for limiting the study to only these branches and the Head Office. Since the researcher is permanent resident of Addis Ababa, he has easy access to gather credible secondary resources. This has helped him in making all contacts personally. The other reason was to ensure that an in-depth and critical study was done, such that the results would provide useful information on the recognition practices of the Bank. The study is delimited to an in-depth assessment of recognition practice in Awash International Bank and thus the data only pertains to the Bank's employees in Addis Ababa city. Therefore the results cannot be generalized to the whole banking industry of the country. Any term found in this study should be interpreted in relation to the recognition practice of Awash International Bank in Addis Ababa city. Nevertheless, the results could also be valuable in the process of building knowledge.

#### 1.7 LIMITATIONS OF THE STUDY

In as much as lots of commitment was employed in conducting an intensive and thorough study, certain impediments were encountered. A major problem encountered by the researcher during the data collection process was the reluctance of respondents to return

the questionnaire in time. Insufficient secondary resources and lack of documentation on recognition practices of the bank were also limitation to the study.

A case study, which is an in-depth investigation of a problem, has to be conducted over an extended period of time. However, due to the time and budget constraints, the research had to rely on a limited time frame. Of course, a significant effort has been made to ensure that data covering an extended period of time is gathered through the experience of the selected sample individuals.

### 1.8 ETHICAL ISSUES

Prior to starting data collection, the researcher has sought and gained formal permission to conduct the study. He made every effort and obtained a convenience sample size through an advertisement posted on the companies' newspaper to describe the objectives of research and request employees to participate. Each person agreed to participate was made to read and sign an informed consent.

The researcher protects participants against any form of illegal measures imposed by the companies as a result of his/her participation in the research and his/her responses. To achieve this, the researcher has conducted pilot projects to establish trust and respect with the participants so that inquirers could detect any marginalization before the study was begun. The pilot project helped the researcher to assess the potential for risk, such as physical, psychological, social, economic, or legal harm to participants in a study. Moreover, during data analysis, the researcher disassociated names from responses during the coding and interpreting process to protect the anonymity of individuals, roles,

and incidents in the study. Finally, the researcher has disclosed the details of the research to the participants so that they could determine for themselves the confidentiality and credibility of the study.

## 1.9 ORGANIZATION OF THE STUDY

This thesis is organized into five chapters. Chapter one is already presented in the current section; Chapter two provides an overview of the state of analysis of the existing literature. Chapter three presents the methodology used in this thesis. The chapter includes the research approach as well as describes the data collecting and analysis methods used. Chapter four analyses and presents the research findings obtained through the thesis methodology by showing how each of the research questions has been answered and how these findings together contribute to the main purpose of the study. Finally, Chapter five ends the thesis with conclusions and a set of recommendations derived from the research findings. At the end of the thesis document, references and the questionnaires of the survey forms used to collect primary data for the study.

## CHAPTER TWO: LITERATURE REVIEW

### 2. INTRODUCTION

This chapter reviews the theoretical and empirical literature on the employee recognition. The chapter first makes an effort to explain the major dimensions of rewards, among which one is employee recognition. Apart from that, theoretical approaches, impacts, forms, principles and criteria for practicing employee recognition are explained. A brief overview of the reward and recognition practice of the study area, Awash International Bank, is also included in the chapter.

#### 2.1 REWARDS IN THE HUMAN RESOURCES

In today's competitive business world, human resource is the most vital asset for the success of any organization (Igwe et al., 2014). This is because the organizational performance is entirely dependent on the performance of its employees. However, without the proper management of this vital resource, which is even more important, it is difficult for any organization to survive let alone succeed in being productive. Clearly, any organization requires better productivity in order to compete in the business world. An organization can improve its outputs or productivity by simply increasing the productivity of its employees (Gohari & et al, 2013).

Consequently, the human resources of today's organizations are committed to implement possible means that may result in increasing employees' productivity. This has even gained more attention as many studies are being conducted on the subject.

Various approaches that increase employees' performance and productivity have also been developed and implemented (Ali & Ahmed, 2009). These scholars, citing Howes (2010), claim that rewards and recognition are among the many approaches that aim to effectively motivate employees so that their performance is maximized.

Employees' contribution towards achieving the organizational objectives needs to be rewarded and recognized. The HRM can use this as a tool for appraising employees' performance that results in an increased organizational productivity or success. This is why an organization has to develop and implement reward and recognition. However, Armstrong notes that this important tool is the most 'under-utilized and mishandled' (2006:6).

As explained in the previous section, reward and recognition can be used to appraise employees' contribution towards achieving the organization's goals. In other words, the more positive appraisal an employee gets, the better his/her performance gets. This is to mean that reward and recognition are approaches that increase performance. They are tools that improve employees' motivation. .

There are a number of studies regarding rewards and recognition and their impact on employees' performance in the workplace. Literature shows that reward and recognition are powerful tools that enhance employees' behaviors and improve their performance. According to the studies these tools have the power to make an impact on an employee's motivation, which is a psychological process or inclination that directs a person towards behaving in a certain way in order to get a specific desire (Kreitner, 1995). Hence, a motivated individual has the will to accomplish a certain task if that helps him/her

achieve the specific desire. When an employee is praised for his/her contribution and is provided with his/her specific desired, he/she is likely to follow the same behavior or direction. In other words, if it was a better performance that brought him to meet his/her specific desire, then he is more likely to repeat his/her better performance.

An organization's employees may have many unfulfilled desires and needs: better salary, promotion, personal growth, development, improved creativity, better interaction, favorable workplace, challenging tasks, and increased freedom and independence in implementing work methods might just be a few of the desires an employee needs to achieve (Armstrong, 2006). This leads us to say that every time he/she scores better performance, he is likely to achieve some of these desires, which Armstrong says are characteristics required for job satisfaction. According to him, an employee with much of his/her desires met may develop a positive attitude towards his/her task and workplace. This demonstrates that the employee has an improved job satisfaction, which likely means he/she will remain working for the organization. Therefore, it can be concluded that improved motivation may lead an employee to produce high performance or productivity which by itself is one of the purposes of any HRM with aim of maximizing the organizational productivity or success.

Reward and recognition may increase an employee's motivation and job satisfaction resulting in higher performance. The organization in turn benefits from the increased performance while it also attains the employee it desires. The next briefly reviews the major dimensions of reward, which are payment, benefits, working condition, promotion and recognition.

## 2.2 MAJOR DIMENSIONS OF REWARDS

Something given to an employee for his/her contribution to the organization is called reward. It is the total return given for demonstrating a level of services towards achieving the organizational objectives. With a well design system consistent with the organizational goals, visions, missions and job performance, such reward may result in shaping the behavior of an individual. Reward attracts the interest of and motivates a worker's to perform his/her assigned task. Therefore, implementing an effective reward system helps an organization to maintain and improve employee performance (Armstrong, 2012).

With the recent growing need to obtain the full potential from its workforce, reward management has become a crucial aspect of the human resources management that helps to improve organizational performance and get people motivated at work (Lewis, 2001). This is to say that the employees' needs are getting more recognized by the management, which is making efforts to develop and implement different techniques and strategies to fulfill their needs. One of the most effective strategies is the reward system which provides monetary benefits or recognition to employees (Mehmood et al, 2013).

Reward management is, therefore, an 'aim to meet the needs of both the organization and its stakeholders' (Armstrong, 2006: 623). Its system, a set of consistent processes, practices and procedures, aims to ensure that reward management is carried out effectively in a way that benefits the organization and its employees.

Ghoshal and Bartlett (1995) claim that the sole purpose of reward management is to increase the value of employees (Cited in Armstrong, 2010). It aims to reward employees' contribution and develop a performance culture through improving employee motivation and commitment. It can also be used to attract and retain skilled human resources. Reward management recognizes the value of both monetary and non monetary rewards and thus aims to generate a total reward process (Armstrong, 2006).

As identified by various research studies, reward systems may potentially affect six factors which in turn impact organization effectiveness. The first factor is concerned with attraction and retention of employees. Research conducted on job choice, career choice and turnover has shown that the kind and level of rewards influences employees' interest in working and continuing to work for an organization (Lawler, 1993). Overall, those organizations which give the most rewards tend to attract and retain the most people (Becker and Gerhart, 1996). This is because high levels of reward cause high satisfaction among employees which results in lower turnover.

The second factor is related with motivation of performance. Important rewards tied in a timely fashion to effective performance have been demonstrated to motivate performance. Such reward may influence employees to perform effectively because performance motivation depends on the needs of the employees and how they perceive the situation (Becker and Gerhart, 1996; Lawler, 1993; Vroom 1964).

Thirdly, with regard to skills and knowledge of employees, reward systems can also be used to motivate learning and development as individuals are motivated to learn those changes which are rewarded. Fourthly, behaviors caused by reward systems may become

the dominant patterns in the organization and may orient the culture of human resources. Fifthly, reward systems are observed to reinforce and define the organization's structure (Lawler, 1993). Such impact, though unintentional since it not fully considered in the design of reward systems, is strong in conveying how the organization (Lawrence and Lorsch, 1967). And finally, reward systems are often a significant cost factor. Indeed, pay alone may represent over 50% of an organization's operating costs. Thus, it is important in strategically designing the reward system to focus on how high these costs should be and how they will vary as a function of the organization's ability to pay (Armstrong, 2006).

One of the most common ways rewarding employees for their contribution in the workplace is money in the form of pay. However, rewards may also include other alternatives such as promotions, desirable work assignments, smile, peer acceptance, work freedom, recognition, or others (DeCenzo and Robbins, 2010). DeCenzo and Robbins note that rewards can be classified into three categories on the basis of their relationships. The first category is intrinsic versus extrinsic rewards. Intrinsic rewards are self-initiated and may come in different forms such as taking pride in one's work, having sense of accomplishment, or the feeling of belongingness in a specific work team. On the other hand, extrinsic rewards are initiated by an external factor such as money and benefits. In the second category are financial versus non financial rewards. These are rewards that may directly or indirectly enhance the financial well being of employees. The third category is concerned with performance-based versus membership-based

rewards. These include rewards given to employees on either performance or membership criteria.

A number of awards or reward types may at least fall under one of these categories. Various studies have been conducted on organizations that implement one or more of the types of rewards to praise and recognize their employees' contribution made towards achieving the organizational goals. Some of the common types are discussed in the following subsections.

## PAYMENT

As suggested by Buchan et al (2000), the range of financial rewards vary from pay to direct and indirect financial benefits. Pay or compensation is a type of financial reward given to employees on the basis of the services or performance they provide to the organization (Rynes, et al, 2004). Any payment made to an employee in return of his/her input towards the organization is also called compensation. A definition given by WordatWork (2000) states that compensations are basic rewards mainly provided to fulfill employees' financial needs. The most common forms of pay or compensation include bonuses, wages, salaries and tips. As noted by Rynes, et al (2004), money is one of the top factors that motivate people as they need it to fulfill their basic needs. Hence some claim it to motivate employees more than any other incentive. According to them, however, there are studies to show that this is not entirely true. Rynes & *et al* (2004) cites different studies to demonstrate both claims.

In their review of literatures of 16 studies, Herzberg et al (1957) showed that the importance of pay was placed sixth after job security, interesting work, opportunity for advancement, appreciation, and company and management. Lawler (1971), who conducted a review on 49 studies, found out that pay was ranked as the third factor in motivating employees. Similarly, after collecting more than 50,000 applicants to rank the importance of rewards, Jurgensen (1978) claimed that pay was the fifth and seventh factor in motivating men and women respectively. Conducting a survey on more than 35,000 employees, Perin (2003) also came up with the conclusion that the rank of pay in retaining employees was sixth. On the other hand, in a metaanalysis on interventions that enhance productivity, Locke et al (1980) found that an average increase of 30% was demonstrated after the introduction of individual pay. In a similar metaanalysis, Guzzo and Katzell (1985) concluded that of all interventions, financial pay had the largest impact on productivity. Similar results have also been reached by Judiesch (1994), Stajkovic and Luthans (1997) and Jenkins et al (1998). Rijalu & et al (2014) also conducted a study to investigate the role of compensation and its components towards 1337 academic staffs work motivation in Jimma University. Their findings indicated that there is a relationship between compensation and its components and employee work motivation.

## BENEFITS

Apart from cash payments, employees may receive different compensations referred to as benefits. Organizations make certain arrangements to provide employees with forms of value other than salaries in order to improve the well-being of their employees. These

arrangements may include retirement plans, health life insurance, sick pay, holidays, disability insurance, vacation arrangements, or loans provided to employees (Armstrong, 2010). While these are tangible, intangible benefits may include appreciations, better office environment, company cars and others. Both tangible and intangible benefits may create an optimistic, motivating work environment and increases output and productivity (Rynes & *et al*, 2004). They are a means to improve employee commitment by making an indication that the organization does care for employees' well-being (McNamara, 2013). Armstrong (2006) notes that by placing benefits practices, organizations aim to attract and retain qualified employees, meet employees' individual needs and increase employees' commitment to the organization. According to him, however, motivating employees is not among the aims of benefits. The reason is that instead of directly affecting their performance, benefits tend to generate employees' positive attitude which in turn increases their commitment and the organizational performance gradually. In line with this, WordatWork (2000) claims that benefits, which aim to mainly satisfy employees' needs of protection, are less likely to be performance-based.

## PROMOTION

Another type of reward given by organizations is promotion. According to Armstrong (2006), by promoting employees an organization mainly aims to fill a more senior position by selecting a better qualified employee within the company. However, employees can also get an opportunity to develop their skills and careers while still working within the organization. DeCenzo & Robbins (2010) noted that organizations may use promotion procedures to pull their employees to higher positions. These writers

argue that promotion procedures have a number of benefits among which are promoting good public relations, building employees' morale and encouraging qualified individuals. A 2014 recognition trends survey from feedback collected from almost 400,000 employees in about 5,000 organizations reported that promotion was ranked 6th in its value and frequency for employees.

## WORKING CONDITION

A better workplace environment leads to increased employee commitment and productivity. It boosts employee motivation and improves productivity. Employees are motivated to work by a work environment where they feel they have reasons for doing the work and get pleasure from doing it. In working conditions where employees are not provided with adequate resources, tools, training, software supplies lead to de-motivation and lesser productivity. Inefficient working conditions including poor ventilation, seating, lightening, and noise can cause anxiety and decrease the output (Huges, 2007). Lack of praise, recognition and promotions in the workplace affect the motivation of employees. As a result, the absenteeism rate increases and employees are less likely to continue the job (Roeloeofsen, 2002).

## RECOGNITION

'Recognition is constructive, genuine feedback based on acknowledging people as sincere, worthy of respect, having needs, and equipped with their own personal expertise.' (Brun & Dugas, 2002 as cited in 'Employee Recognition', a web article).

According to Armstrong (2010), recognition is one of the most effective ways of rewarding employees. This is because employees have strong desire to know that their efforts and achievements are noticed and valued by the organization. Recognition makes people feel respected which increases their self esteem. Since it is a means of feedback, it acts as a positive reinforcement on employees' performance.

Many scholars have written that organizations implement employee recognition programs to benefiting their employees as well as to gain a number of organizational results (DeCenzo and Robbins, 2010; Armstrong, 2010; Silverman, 2004; Schuler et al. 2014). According to WorldatWork (2003), creating a positive work environment was the top reason for the 80% of the companies surveyed when responding to why they implemented employee recognition programs. Other goals revealed by the report included performance motivation, desired behavior reinforcement, increasing employee retention, and decreasing employee turnover (Daniel and Metcalf, 2005).

### 2.3 EMPLOYEE RECOGNITION

As claimed by Silverman (2004), there are discussions that confuse the concepts of reward and recognition because of the large common characteristics that exist between the two concepts. In elaborating these concepts, Silverman argues that the Dictionary definitions of reward basically focus on the notion of something given in response to some good deed or service provided. In other words, the means to get a reward is to perform certain expected behaviors after which the reward could be considered as an incentive. An employee, for instance, performs a certain task in order to get rewarded. On the other hand, when an employee does something good, the employee or his/her deed

receives a 'special notice or acknowledgement' (Silverman, 2004:2). This means that the concept of giving the 'special notice or acknowledgement' is what recognition is concerned about. Recognition may boost employees' confidence and encourage them to behave in certain ways, however, it does differ from reward in a way that "it does not have the same 'in order to' relationship as reward" (Silverman, 2004:2).

Both reward and recognition aim to inform employees that their contributions are valuable to the organization. In doing so, employees are made aware of their validation, importance and deserving to be respected (Limaye and Sharma, 2012). Yet, Silverman (2004:2-3) further argues that both concepts have principal difference. The difference lays in the way rewards and recognitions are presented to an employee. This is to mean that rewards are promised at the beginning or before the employee performs a given task. However, unlike reward recognition is given 'in a post hoc manner', meaning it is caused by the performance not promised ahead. This difference is crucial because recognition is needed to increase intrinsic motivation. Mere focus on financial reward encourages people to 'join and remain with organization for the wrong reasons, meaning that intrinsic motivation is undermined' (2004:2-3). This implies that giving primary emphasis to financial rewards would result in overlooking other non-financial characteristics of motivation. In elaborating this, Silverman cites Pfeffer (1998), who notes:

*'People do work for money – but they work even more for meaning in their lives...Companies that ignore this fact are essentially bribing their employees and will pay the price in a lack of loyalty and commitment.'*  
(Pfeffer, 1998 cited in Silverman, 2004:3).

In recent years, human resources management is making efforts to integrate employee recognition schemes with the overall reward system implemented in organizations.

Recognition is getting wider attention except that concept is still complex and unclear around the human resources management. Brun & Dugas (2008:718) note that recognition:

*Has not been systematically conceptualized nor has it been subject to a satisfactory theoretical integration, which is reflected in the vagueness of the written corpus on the issue.*

As current research on the role of recognition in the workplace shows, there is great positive impact on developing the overall value of businesses when non-financial reward programs integrated with financial rewards are joined with the amount and value of individual performance (Stolovitch et. al, 2002).

Nelson and Spitzer (2010) define recognition as “A positive consequence provided to a person for a behaviour or result. Recognition can take the form of acknowledgement, approval, or the expression of gratitude. It means appreciating someone for something he or she has done for you, your group, or your organization. Recognition can be given while an employee is striving to achieve a certain goal or behaviour, or once they have completed it.”

Recognition, which is practiced by different organizations, is a reward scheme that enables the management to demonstrate appreciation to employees because their contribution. Such scheme may take place in formal or informal basis. It can be demonstrated to individuals, teams or group of employees (Armstrong, 2010).

Dr Jean-Pierre Brun and Ninon Dugas are renowned Canadian researchers who looked specifically at employee recognition to examine the growing employees’ need for recognition. These scholars have tried to assess the social and organizational context

surrounding the concept and presented the foundations of recognition in an organization and the various approaches and methods to encourage it.

Brun and Dugas were finally able to analyze four conceptual approaches to recognition. These are the ethical perspective, the humanistic and existential view, the work psychodynamics school, and the behavioral outlook. Based on this analysis, they assert that employee recognition may occur in four major forms, namely existential recognition, recognition of results, recognition of work practice, and recognition of job dedication.

### 2.3.1 THEORETICAL APPROACHES TO EMPLOYEE RECOGNITION

#### 2.3.1.1 THE ETHICAL PERSPECTIVE

The first conceptual approach to recognition is the ethical perspective. As noted by Brun and Dugas (2008), ethics are considered as the current trends in the human resources management and organizational management because they have an influence on every aspect, activity, function and process in the organization. Not surprisingly, the ethical perspective presents substantial remark to consider employee recognition because it claims recognition to be ‘a question of human dignity and social justice, and not just an organizational performance or workplace mental health issue’ (2008:721). Human dignity and respect are something that go hand in hand for the employees (Brun and Dugas, 2008).

As emphasized by Bourcier and Palobart (1997), cited in Brun and Dugas (2008), the equality of people is related to employee recognition as recognition has to be a function of a modern organization due to the demanding environment to which the subjects of the

organization are its employees. Citing various scholars, Brun and Dugas (2008) note that some people tend to support the ethics of a management to complete employees' need to feel the sense of belongingness and to have meaning in their work. Thus, this perspective comprises a common joint responsibility shared by all organizational members. Therefore, they conclude that recognition connected with concern for others.

#### 2.3.1.2 THE HUMANISTIC AND EXISTENTIAL VIEW

Similar to the ethical perspective, this view focuses on the ideas of human beings as fully distinct and places unreserved faith in humans and their potential. According to this perspective, employees provided with appropriate conditions for work could easily draw themselves near their work and positively incline towards the objectives of the organization. In addition to financial and material, conditions such as 'in the area of relationships, communications, power and independence' are the appropriate working conditions, according to this theory. And the presence of these conditions is what enables workers to make efforts to achieve the goals set by the organization they work in. As cited in Brun and Dugas (2008), Bourcier and Palobart (1997) put emphasis on the importance of knowing the employees and using recognition to 'fully acknowledge their existence and ultimately give meaning to their actions'. In the humanistic and existential view, recognition is expressed in day to day interpersonal relationships based on the principle of equality of people.

### 2.3.1.3 THE WORK PSYCHODYNAMICS SCHOOL

This view looks at the subjective experiences of employees in the workplace. Based on this approach, employees are concerned with maintaining their psychic balance between pleasure and pain regardless of the existence of some threatening conditions because pain and pleasure do exist within the work domain. Therefore, recognition is a symbolic gesture of reward that is expected by employees and it is the actual work that is emphasized instead of the one ordered. In other words, recognition is granted as an expression of gratitude to stress the contribution of the employee to the work performance. It may also be granted as a form of judgment merely on the accomplished task and the results (Brun and Dugas, 2008).

### 2.3.1.4 THE BEHAVIORAL APPROACH

The focus in this approach is on observable and controllable behaviors of employees and the results of their performance. The approach also emphasizes that results can direct and stimulate behavior. Therefore, employee recognition is considered as a means to positively reinforce performance. In other words, the purpose of recognition is to promote the duplication by employees of desired behaviors and stress on expected results (Brun and Dugas, 2008).

## 2.3.2 FORMS OF RECOGNITION

Based on the analysis they conducted to examine employees' need for recognition, Brun and Dugas (2008) assert that employee recognition may occur in four major forms,

namely existential recognition, recognition of results, recognition of work practice, and recognition of job dedication.

Existential recognition relates to the notion that employees are distinct individuals with their own intelligence, feelings and expertise (Jacob, 2001 cited in Aourzag and Rajaa, 2014). Such recognition, granted everyday for mere reason that employees are human beings, makes individuals feel free to speak and perhaps influence organizational decisions (Aourzag and Rajaa, 2014; Employee Recognition, Web article).

Recognition of work practices is concerned with the way employees perform a given task and emphasizes on the behaviors, skills, and qualifications of employees. It also focuses on creativity, innovation, continued improvement of methods of work, and the means employees perform the tasks assigned to them every day. In brief, it gives notice to how the work is carried out (Employee Recognition, Web article).

Recognition of dedication to work is the form of recognition that concerns itself with how much and how well an employee puts an effort to contribute to the work process. The employees' contribution, risks taken to complete tasks, and the energy expended, are highlighted regardless of results (Employee Recognition, Web article).

Finally, recognition of results is concerned with the notion that employees should get recognition on the basis of the end of the product or result of their performance. Effectiveness, efficiency and quality of work done are valued. Thus, this type of recognition a reward given to an employee based on the judgment of and as a means of gratitude for his/her efficiency, usefulness, and quality of work performed. In addition to

that, the essence here is that this form of recognition is only granted after the assigned task is completed (Employee Recognition, Web article).

### 2.3.3 WAYS OF RECOGNIZING EMPLOYEES

The web article 'Employee Recognition' further divides these four forms of recognition can be expressed in different ways. Some of these ways are listed below.

**Formal Recognition:** It is a set of structured and planned activities as an official recognition based on standards, rules, and values that support organizational work. Examples may include providing employees with opportunities for training and flexible working schedule.

**Informal Recognition:** This is a day to day recognition characterized by being unprompted. It is offered orally or in a short note that expresses appreciation shortly after the good performance. For instance, an organization may set aside some time so that employees could engage themselves in social activities (Armstrong, 2010).

**Public Recognition:** This is recognition that aims to appreciate an excellent work performed by an employee and make it visible to everyone else. An example of such recognition is a ceremony held to appreciate a completion of a project. Also a good example could be to post an employee's successful performance on a spot that can be seen by others

**Private Recognition:** The management of an organization may send an employee a letter recognizing to recognize his/her contribution or may provide its support when an employee is in a difficult event. These are examples of private recognition, which is a

type of recognition with more personal features focusing on the performance of individual or group of employees.

**Individual Recognition:** Individual recognition basically aims at rewarding individual employees. Examples of such recognition may include applause for employee to appreciate his/her performance or writing a recommendation letter for an employee wishing to change departments.

**Collective recognition:** This is a type of recognition that focuses on group of employees or work team. For instance, a ceremony held to recognize teamwork is an example of this subcategory.

#### 2.3.4 PRINCIPLES AND CRITERIA FOR EFFECTIVE RECOGNITION PRACTICE

Recognition, according to a web article 'Employee Recognition,' is a vital human need. Employees demonstrating loyalty and devotion have strong desire for appreciation and recognition regardless of their job status. Thus, if it has to bring the desired effects, any recognition has to be meaningful to the beneficiary or the receiver. Properly practiced employee recognition improves general employee wellbeing and organizational dynamics. However, expressing recognition can get complicated because of various factors such as ineffective communication processes, personality clashes, etc.

As explained in the article, ineffective employee recognition can bring negative effects on the company and its employees. If considered inequitable, it may create jealousy and an atmosphere of negative competition may develop among workers. For this reason, the

development of effective recognition programs should be based on certain principles. The following paragraph summarizes the principles suggested by Armstrong (2010:213).

Accordingly, a recognition program to be successful should incorporate these principles. A recognition program should be: granted to recognize certain valued behaviors, achievements and efforts; relevant to the receiver; equitable, fair, and consistent; authentic and not mere means of motivation; granted in a timely manner; not limited on the number of employees it recognizes; considered as a scheme that is all about rewarding winners; and finally should consider individuals as well as teams.

Also noted in Armstrong (2010) is a 2009 reward management survey conducted by CIPD showing only 32 % of the respondents assess the impact of their reward programs while 54% are not exactly aware of the total amount of money they spend on their reward practices. The percentage is huge for respondents that do not evaluate the cost as well as effectiveness of their reward programs.

However, as suggested by scholars, it is essential for organizations to assess the implementation and effectiveness of the reward and recognition programs so that organizations can succeed in improving productivity by promoting employees' motivation and increasing the levels of engagement in the workplace. Organizations that practice reward or recognition programs need to evaluate its effectiveness so that they have practical knowledge whether the programs are being implemented according to the plan and if they are helping to attain the desired goals set by the organizations. These organizations should also make efforts to identify any problems and challenges faced during the implementation of the programs. These help organizational managements in

developing approach to improve the programs based on evidences available from the evaluations (Armstrong, 2010).

In cognizant with the above point, scholars suggest the use of certain criteria as well as steps by organizations intending to evaluate the effectiveness of their reward or recognition programs.

Many employee recognition programs need to employ the principles of effective employee recognition which are developed by Jim Brintnall and appeared in his article “What Makes a Good Reward?” published in Recognition News, Vol. 2, and Issue 2 . According to Brintnall, employee recognition can work best if it follows the five principles called SSMART. These principles are sincerity, meaningfulness, adaptability, relevance, and timeliness (Daniel and Metcalf, 2005).

The foundation for implementing an effective recognition program is a system developed on the basis of values shared by organizational management as well as its employees. Methods employed by the program must represent the organizational culture. For this reason, an organization has to adopt basic principles in developing its recognition program. In order to ensure effectiveness, it must constantly monitor and modify the program whenever necessary (Tucker, 1998).

Many writers such as Medina (2013), Daniel et al (2005), Lake-Bacon et al (2010), and Smith (2014) as well as works of literature such as Corporate Executive Board (2006), DHRM (2000) and Indiana State University (2011) have been observed to employ or advise the use of SMART in designing an effective recognition program. First appeared

in his article ‘What Makes a Good Reward?’, the acronym SMART was developed by Jim Brintnall. In his article, Brintnall claims that an effective recognition program has to be SMART which stands for sincere, meaningful, adaptable, relevant and timely. Following is the details of the acronym.

**Sincere:** An organization management should adhere to honesty and authenticity when presenting any recognition to its employees. If the recognition is perceived as not a genuine one, it could bring employee resentment and fail to achieve the goal or intention of the program.

**Meaningful:** Recognition should align to the values and interests of the employees that are targeted by the program. In other words, the recognition must have a meaning to the employee granted. The organizational management should take time to understand what interests and the values and interests, praises, and rewards are valued and preferred by employees as such information is vital for the recognition program to succeed.

**Adaptable:** Recognitions granted to employees should consist of varied alternatives. This is because one type of recognition may not work effectively for every employee. As the working environment as well as the needs of employees change with time, the recognition program must be characterized by flexibility and creativity. It needs to be adjustable to preserve the organization’s culture of reactive and adaptive recognition.

**Relevant:** A recognition program is relevant when it is appropriate with the behavior or task of the employee being recognized. It is essential that any recognition granted to an employee has some personal touch whether it is presented formally or informally.

Timely: Another essential element of recognition is the time in which it is offered to employees. An effective recognition is one that is reactive to the behavior or action it intends to promote. Recognition offered late may be perceived by the employee as unreliable and unsatisfactory. It may also fail to achieve the desired intention of the program.

### 2.3.5 EMPIRICAL STUDIES ON THE IMPACTS OF RECOGNITION

When considering the development and implementation of employee recognition, organizations may have different rationales. In establishing why organizations implement recognition programs, Rose (1998 cited in Silverman, 2004) surveyed 81 organizations and came up with these four major reasons: to acknowledge beyond average employee performance, improve customer service, recognize achievement, and provide support to line managers. Thus, it can be said that employees are not the only ones that benefit from recognition programs.

Many scholars also agree that, apart from benefiting their employees, organizations implement employee recognition programs hoping to gain a number of results (DeCenzo and Robbins, 2010; Armstrong, 2010; Silverman, 2004; Schuler et al. 2014). According to the 2003 National Recognition Survey sponsored by WorldatWork and the National Association for Employee Recognition (NAER), 80% of the companies surveyed responded that their top reason for implementing employee recognition programs was to create a positive work environment. Performance motivation, desired behavior reinforcement, increasing employee retention, decreasing employee turnover are some of the other goals revealed by the survey (Daniel and Metcalf, 2005).

As identified by Armstrong (2010), employee recognition is an effective tool that motivates employees and improves performance engagement by promoting behaviors the organization appreciates. A web article 'Employee Recognition' also argues that recognition is known to develop the overall well-being of employees and the dynamics of the organization. Moreover, customers of the business organization may benefit from employee recognition.

From the above discussion, it can be concluded that the impacts of employee recognition may occur in three major areas: impacts on employees, the organization, and on the customers these two exist to serve. The following sub-sections of this chapter aim to review the existing empirical literature concerning the benefits recognition programs.

Some employees perform beyond what the organization may expect from them. In such cases, the organization may be expected to recognize the effort and express its appreciation so that the employees may develop a sense of belongingness (Whitney, Year Unknown).

Employees do want financial rewards. But this is not the only reward they expect for their contribution. They also want to be valued and appreciated by the organization. When this need is fulfilled, their morale is improved (DHRM, 2000). According to this web publication, the implementation of recognition programs may result in satisfying the recognition need of employees. That is it contributes to developing positive recognition experience.

According to a survey of WorldatWork (2008), 68% out of 554 human resource professionals responded that their organization implemented recognition program to increase employee morale. This is because recognition helps employees to develop their carrier identity, sense of dignity, satisfaction and pleasure that arises from their work. As a result, they tend to make meaning out of the work itself. It also encourages them to develop their personal skills and boost their self-esteem.

Recognition highlights employees' importance increasing their satisfaction and motivation for further performance. Since work can affect our mental health directly, employees who receive recognition for their achievement will tend to have better mental health. As cited in the web article, Brun and Dugas (2002) found out that lack of employee recognition was the second cause of distress among employees surveyed in Quebec.

As identified by Armstrong (2010), an organization can benefit by implementing recognition effectively to improve employee motivation because it is an acknowledgement of their contribution. It also improves their work performance by promoting the behaviors the organization values. According to a study conducted by the Society for Incentive and Travel Executives, an effective reward program can increase employee performance by up to 44% ([www.executiveboard.com](http://www.executiveboard.com), 2006). Of course, this means an increase in the organization's productivity and return of investment.

Organizations implementing effective recognition programs, as research shows, can benefit from an increased investment return. Recognition program is a cost-effective tool to increase employee morale and decrease employee turnover, absenteeism, and stress.

Since the last three are some of the reasons for poor employee performance, the end result of reducing their effect would mean improved organizational productivity, revenue, and profits. A study conducted in 2005 by Watson Wyatt Worldwide discovered that organizations that implemented effective recognition program have earned return to shareholders that is almost as double as organizations that didn't implement a program.

A survey conducted on more than 58000 staff members in 59 different organizations demonstrated that among the many ways an organization can increase employee engagement one is creating a culture of recognition (ROI, 2009).

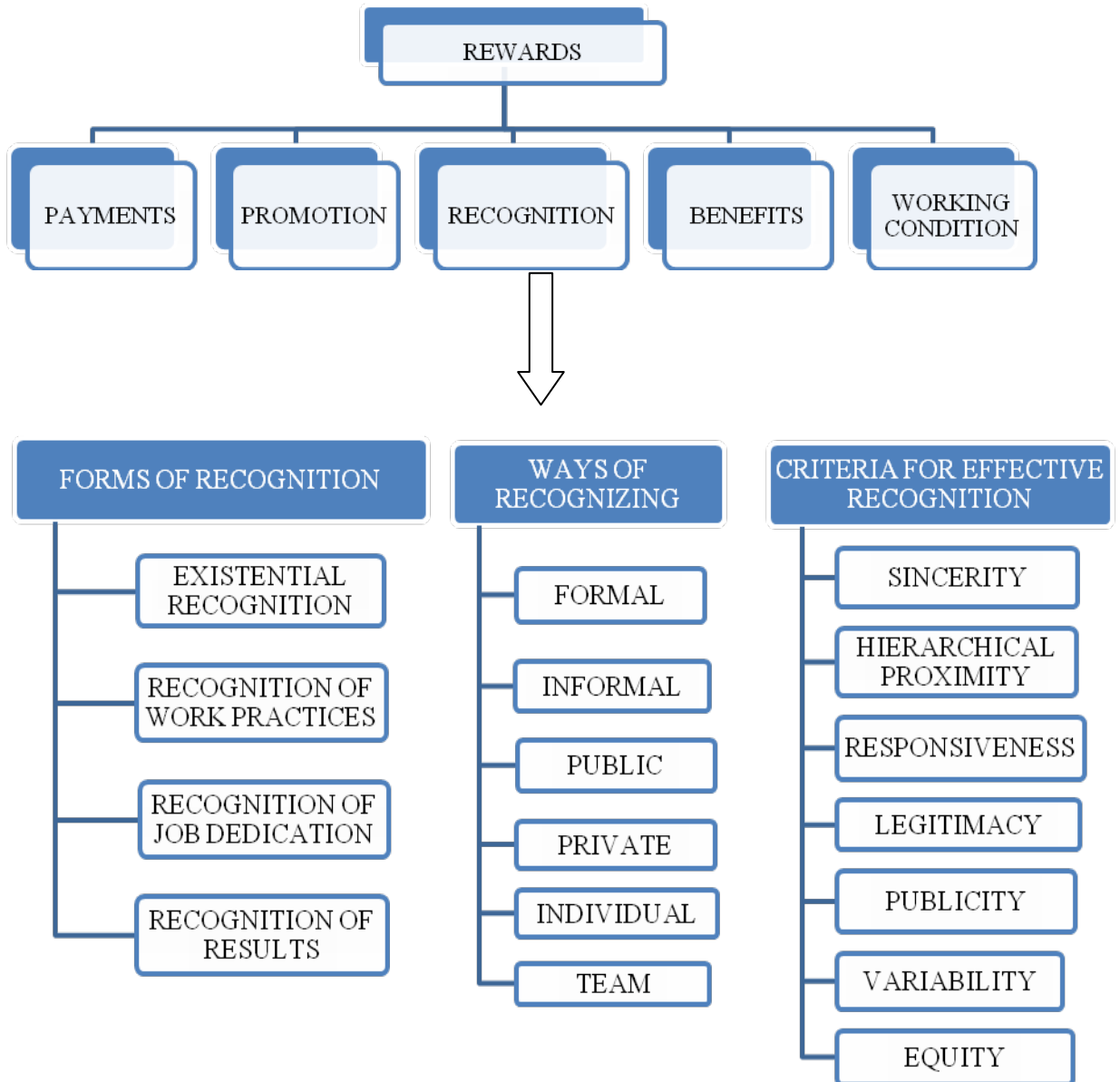
A survey conducted by WorldatWork (2008), the major reasons respondents give for developing recognition programs include (from top to bottom) creating a positive work environment, motivating high performance, creating a culture of recognition, recognizing years of service, increase morale, promote desired behaviors, support organizational mission/values, increase retention or decrease turnover, and others (ROI, 2009).

To sum up, one of the ways an organization benefits from recognizing its employees is that the quality of work life within the organization improves as a more pleasant and cooperative atmosphere develops side by side with daily recognition. Another benefit is that the organization tends to motivate as well as retain its employees. This is because when employees receive recognition for their contribution, they tend to feel appreciated and develop a sense of belongingness. This helps them to get even more involved in the organizational activities. This would be followed by a higher productivity and performance in the organization as employees exert more energy on performing their assigned tasks.

## 2.4 CONCEPTUAL FRAMEWORK FOR ASSESSING EMPLOYEE RECOGNITION

Reward management may include both financial and non financial aspects. Payments, promotion, working condition, benefits and recognition are among the major dimensions of rewards. As noted in the previous sections of this chapter, there are approaches to employee recognition. These approaches can take effect through the following practices: existential recognition, recognition of work practices, recognition of job dedication, and recognition of results (Brun and Dugas, 2008). An organization that implements the practices may prefer different methods to express recognition to its employees. In other words, employee recognition can be developed and implemented in a variety of ways. For instance, an organization may formally or informally recognize employees' contribution. The recognition may also be given in public or in private. Another method may include recognizing contributions from individual or collective (team) employees. This is illustrated by diagram next page.

Diagram 2.1: Conceptual Framework



While it is important to implement reward and recognition schemes, it is even more important to plan and develop the schemes before launching them. It is also important to monitor and evaluate the programs. Any organization that practices reward and employee

recognition must be aware of the expenses allocated for such practices and compare them with the outcomes. Based on the information gathered, it is also expected to modify and develop effective schemes and programs.

An organization must constantly evaluate the implementation as well as outcomes of its recognition practices based on the criteria for an effective recognition. Different scholars such as Jim Brintnall have suggested a number of criteria to measure the effectiveness of recognition practices. These criteria can be summarized as sincerity, responsiveness (immediacy), hierarchical proximity, legitimacy, consistency, variability and equity.

Cognizant with this, an organization can assess and compare those major dimensions of reward which are practiced in its context. A survey can also be used to collect data on employees' opinions regarding the forms and ways of recognition. It can be said that an organization's practice of employee recognition is more effective if it meets the majority of the criteria used to measure its effectiveness.

With this regard, the above explained approach can be used to assess the practice of employee recognition in the study setting that is Awash International Bank.

## CHAPTER THREE: METHODOLOGY

### 3. INTRODUCTION

This chapter discusses the research design and the strategy applied in order to gather the information for the findings. The chapter also explains the technique used for selecting the appropriate sample out of the total population, the procedures and instruments employed in data collection, data analysis, ethical issues expected while conducting the study and limitations.

#### 3.1 RESEARCH DESIGN AND STRATEGY

Marshall (1996) claimed that the choice between quantitative and qualitative research technique should be determined by the research questions and not by the liking of the scholar. This was supported by Creswell (1994) argued that the choice of which method to use whether qualitative, quantitative or a combination of them, depends on the nature of the problem to be discovered.

Creswell (1994) states that if the research intends to explain, identifies and relates variables in questions, observes and measures information and employs statistical procedure, quantitative approach is the best method to use. Therefore, based on the research problem that this paper intends to discover, the study employed quantitative approach to collect primary data. This study chooses this method as it is essential for collecting numerical data to explain a particular phenomenon and particular questions.

So that, using quantitative approach, recognition practices are explained, forms of recognition are identified, ways of expressing recognition are identified and related in questions and criteria for effective recognition practices are measured using statistical procedures.

The study adopted the cross-sectional survey method. As noted by Yin (1994), survey is a systematic method for gathering information from a sample of individuals for the purposes of describing the attributes of the larger population of which the individuals are members.

Hagan (2006) also argued that the survey method is also appropriate for requesting individuals to self-report about particular behaviors, beliefs, attitudes, opinions, characteristics, expectations, self classification and knowledge. Furthermore, surveys are beneficial instruments for describing characteristics of large sample populations.

The self-administered survey method was employed for this study because the Researcher was able to identify and access the sample population easily. Furthermore, the sample population are well-educated and could read and understand survey questions, which eliminated the need for someone to read the questions to them. Moreover, self-administered surveys allowed respondents to complete the questionnaires at their own convenience. The survey methodology for this study was adapted from Dillman's (2007) tailored designed approach, which is concentrated primarily on reducing survey mistake.

### 3.2 STUDY POPULATION AND SAMPLING TECHNIQUES

More often than not, researchers study a fraction of the population instead of everybody in the population. When this is done, conclusions may be drawn about the entire population under study provided the sample is considered representative (Adams et al., 2007).

The sampling frame of the research paper has included all cases to make it complete. The list of employees of the selected branches who are active members of Awash International Bank are compiled. Having the accurate and precise sampling frame, the next step was deciding the sample size which is representative of the population. Saunders, et al. (2009), argue that selection of sample size is a matter of judgment and calculation. Based on this, the researcher directly deployed the sample size selection technique provided Saunders, et al. (2009) which gives a 95 per cent confidence level.

Due to possible non respondents, and as well to ensure sufficient responses for the margin of error the paper require, the researcher decides the sample size to be larger in order to minimize the likely error in generalizing to the population. Accordingly, 333 respondents were in effect at the time of data collection. Selection of the respondents will be made through simple random sampling technique.

### 3.3 DATA COLLECTION INSTRUMENTS AND PROCEDURES

According to Bjorklund & Paulsson (2003), a researcher can use two sources for data collection, primary and secondary. Primary source is used to elicit previously unused information for a specific study. Secondary data is data previously gathered for other

purposes. In obtaining relevant primary data concerning the practice of recognition a carefully prepared questionnaire self-administered among the 333 employees selected as representatives of the population of Awash International Bank.

### 3.3.1 DATA COLLECTION INSTRUMENTS

A structured questionnaire was used to collect data for this research. According to Babbie (2013), a questionnaire contains questions and other types of items designed to seek appropriate information for data analysis. Five instruments were used to assess the variables in this study. These are the biographical questionnaire, reward dimensions questionnaire, forms of recognition questionnaire, recognition criteria questionnaire and recognition expression questionnaire. A self designed biographical and occupational questionnaire was used for sample description.

Rewards dimension practices were measured using 5 to 7 items developed by Rijalu Negash & et al (2014) and each item has an alpha coefficient within the range of 0.64 and 0.85. Forms of recognition questionnaire, recognition criteria questionnaire and recognition expression questionnaire were measured using the shortened version of the questionnaire journals from Laval and Maryland Universities. Responses to each of the items were rated using a 5-point Likert scale with anchors labeled: 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5= strongly agree.

### 3.3.2 DATA COLLECTION PROCEDURES

The researcher has followed the suggestions forwarded by Saunders, et al. (2009). These are careful design of individual questions, clear and pleasing layout of the questionnaire,

lucid explanation of the purpose of the questionnaire, pilot testing, and carefully planned and executed administration. Secondary data was also gathered from various documents, web articles, and brochure.

### 3.4 DATA ANALYSIS

A mixture of descriptive statistics and graphs were used using SPSS data base. Once the data from all the questionnaires was entered into a file on computer, the researcher first checked the data for accuracy .Variables resulting from questionnaire responses were analyzed using mean, standard deviation, percentile and frequency table. These data were illustrated using, tables, pie charts, and bar charts.

### 3.5 VALIDITY AND RELIABILITY

Reliability refers to the consistency of results obtained from responses to a data collection instrument. It shows whether there is consistency in test administration and scoring. In other words, it shows whether the item responses are consistent across constructs and stable over time. The validity issues that might arise in quantitative methods research may relate whether one can draw meaningful and useful inferences from scores on the instruments.

The study conducted pilot test and employed a series of steps to check the reliability and validity of both the instruments and the findings.. The questionnaires internal consistency was checked; different questions were incorporated and the researcher has checked whether responses to those questions are consistent with the other responses given to questions in the questionnaire. In order to get accurate data, the researcher has also

checked content validity criteria validity and construction validity of the questionnaires. Preliminary analysis was also made to ensure that the information gathered is adequate and appropriate enough to investigate the research questions.

## CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

### 4. INTRODUCTION

The research strategy employed is based on quantitative research, which according to Babbie (2010), involves a collection of numerical data and as presents a view in its findings. Hence, the data collected for this study are analyzed and discussed under this chapter. This has been done in through five major sections; the first section presents demographic characteristics of respondents. Following this, findings of employee opinions on rewards, recognition, the effectiveness of recognition practice, and ways of expressing recognition are discussed.

#### 4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The demographic section of the questionnaire shows the information about the age, gender, educational level and, job tenure to have a better understanding of their responses and resulting conclusion for the research.

Table 4.1: Demographic Characteristics of Respondents

Demographic characteristics of respondents	Value / label	Percent
Gender	Male	65.9
	Female	34.1
	Total	100.0
Age	18-29	53.7
	30-39	33.1
	40-49	12.1
	50-59	1.1
	≥ 60	--
	Total	100
Educational level	below grade 12	2.5
	12 complete and tvet	6.8
	Diploma	18.9
	Degree	66.5
	Masters	5.3
	PhD	----
	Total	100.0
Service in the bank	less than 1 year	22.1
	1-3 years	27.7
	4-7 years	21.8
	8-10 years	16.2
	above 10 years	12.2
	Total	100.0

Source: Rijalu, et.al.,(2014)

In the current sample, the number of male respondents is more than female respondents, as there are, (65.9%) males and (34.1%), are females. The majority of the respondents are of age between 18-29 years (53.7%) and between 30-39 years (33.1) whereas the lowest majority of the respondents fall in the age of 40 or above (sum 13.2%). The demographics showed that majority of the respondents in the sample are degree graduates (66.5%) and next 18.9 % of the respondents have diploma whereas less number of respondents hold their second degree (5.3%). The data also shows that there are insignificant percent, 2.5 %, of the respondents' educational level is below grade 12. Most of the respondents have a job tenure between 1 to 3 years and below 1 year which

accounts (27.7%) and (22.1%) respectively while least respondents having job tenure of higher than 10 years are (12.2%).

From the respondents demography one can conclude that the respondents' educational levels had a positive impact on the findings since 97.5% of the respondents were educated and capable of understanding the self administered questionnaire. In addition to this, despite the fact that the Bank has a 20 years of service in the sector, almost half of them have a job tenure between one and three years and the percentage of respondents with more than 10 years of recorded job tenure is only 12.2, which is the least percentage of all. In this regard, though it needs further studies, the study plainly put it remarks that the bank needs to implement effective mechanisms to retain experienced workers.

#### 4.2 EMPLOYEE OPINIONS ON THE MAJOR DIMENSIONS OF REWARDS

Nowadays organizations are realizing that there is a need to establish an equitable balance between the employees' contribution to the organization in forms of the work they do for the organization and reward to the employees in return for the work done.

Among the main reward dimensions that an organization follows in its reward management, payment, promotion, recognition, working condition and benefits are the main ones. Therefore, this section intends to assess to what extent recognition has been incorporated and implemented in Awash Bank in order to create a balanced reward system. For each dimensions of reward system, the author has adopted standard instruments from previous research findings and presented summary of respondents' opinion in the next five consecutive tables.

Since the objective of this section is to compare and contrast the importance of recognition relative to other dimensions of reward, the study has given less emphasis to the detailed analysis of the result of the former four tables on payments, promotion, working condition and benefits.

The data gathered through the administered questionnaire was in Likert Scale. Respondents were provided with 5 options. 'SD' stands for strongly disagree, 'D' stands for disagree, 'N' stands for neutral, 'A' stands for agree and 'SA' stands for strongly agree. Hence, results presented in the tables need to be interpreted on such basis.

#### 4.2.1 PAYMENTS

Table 4.2: Respondents' Opinions on Payment

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The salary is satisfactory in relation to the job I am doing.	14.5	27.3	8.5	41.5	8.2	100.0	3.0142	1.26539
The basis of payment is fair	17.4	22.5	14.9	40.6	4.7	100.0	2.9275	1.23074
Employees earn the same as other people in similar job in other organization.	6.7	15.9	6.0	56.5	14.8	100.0	3.5689	1.12579
Money that I get from the Bank motivate me	14.8	33.2	12.6	35.7	3.6	100.0	2.8014	1.17966
The bank paid me incentives for all jobs I perform in the bank.	20.1	28.8	24.5	25.5	1.1	100.0	2.5863	1.10697

Average Mean= 2.97966

Respondents were asked to provide answers regarding their opinions of the payment they get from the Bank. As can be seen from Table 4.2, the average mean regarding

respondents' opinion towards the payment system is 2.97. This means that the Bank's payment system was regarded with both high and low opinion of respondents. This is true despite the high percentage of respondents (41.5%) who claimed the payment to be satisfactory. However, the majority of respondents had strongly disagreed or disagreed with the two items measure the fairness of payment and the availability of incentives for extra jobs. This has lowered the average mean of respondents' opinion that they are less motivated by the money they get from the bank.

The average mean, 2.97, placed payment at the fourth rank in comparison to the other four components of reward presented in this study. Even if the average mean inclined towards negative opinion, the placement of payment at the fourth rank is not a surprised to the scholars who have conducted research in this area. Herzberg et al (1957) showed that the importance of pay was placed sixth after job security, interesting work, opportunity for advancement, appreciation, and company and management. Similarly, after collecting more than 50,000 applicants to rank the importance of rewards, Jurgensen (1978) claimed that pay was the fifth and seventh factor in motivating men and women respectively.

The research findings indicate that employees are not generally satisfied with the payment system. The dissatisfaction could be activated due to the traditional pay system of the Bank in which individual based performance pay is ignored and due to the insufficient incentives employees have gained for the extra work they do. This pay dissatisfaction can influence employees feeling about their job. It can increase the desire for more money and it can lower the attractiveness of the job.

#### 4.2.2 PROMOTION

Table 4.3: Respondents' Opinion on Promotion

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The career advancement in the bank is motivating.	2.1	8.0	10.1	60.8	18.9	100.0	3.8636	.88592
I am promoted in fair and honest way.	8.0	12.0	19.3	50.9	9.8	100.0	3.4255	1.07937
There is opportunity to improve job related skills and knowledge	8.4	17.1	18.5	42.7	13.3	100.0	3.3531	1.15975
Promotion in the bank is motivating.	10.2	14.5	24.0	39.6	11.7	100.0	3.2792	1.15922
Assignment of responsibility is fair.	9.9	11.7	20.9	43.3	14.2	100.0	3.4007	1.16552
There is performance based promotion in the bank	6.7	17.7	27.6	32.2	15.9	100.0	3.3286	1.13992

Average mean = 3.4418

Similarly, respondents have provided their opinion with regard to the promotion practice of the Bank. Table 4.3 demonstrates the details of responses given to each statement related with the Bank's practice of promotion. The average mean is 3.4418. 60.8% of the respondents were in agreement that the Bank's career advancement was motivating. 50.9% were agreed to have been promoted in a fair honest way and only 14.5 disagreed that the promotion in the bank was motivating. It can therefore be summarized that the average mean of respondents' have become as high as 3.4418.

In this regard, even if the average mean (3.44) has shown weak positive results, promotion took the second rank next to working condition. This implies that, relative to

other dimensions of reward, employees are more or less satisfied with the promotion system of the bank in general and the fairness of career advancement in particular.

#### 4.2.3 WORKING CONDITION

Table 4.4: Respondents' Opinion on Working Conditions

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The supporting equipment that helps my jobs is enough and motivating.	5.9	22.4	24.5	37.1	10.1	100.0	3.6452	1.04550
The working environment is attractive.	3.6	15.4	10.8	53.4	16.8	100.0	3.7385	.92761
There is participation of employees in decision making of compensation system.	9.2	23.7	25.8	31.4	9.9	100.0	3.0919	1.14485
Effectiveness of communication in work is motivating.	5.7	12.9	17.9	48.6	15.0	100.0	3.5429	1.07344
There is autonomy at work place.	5.4	12.5	26.8	42.9	12.5	100.0	3.4464	1.03556
I am motivated in flexible working hours of the bank.	11.0	18.9	11.7	38.8	19.6	100.0	3.3701	1.29216

Average mean=3.4725

The summary of questionnaire items used to measure respondents' opinion of working conditions shows that 37.1% of respondents agreed to have been adequately motivated by the supporting equipment that helps them to perform their jobs. 53.4% of respondents expressed their agreement that the environment in which they work was attractive. This is a high number compared with the percentage of respondents (15.4) who disagreed with the statement. The average mean for respondents' opinion towards the working conditions, 3.4725, took precedence over the other components of reward.

This implies that, relative to other reward systems of the bank, working condition of the bank is good. In particular, the environment in which they work was attractive and the supporting equipment which helps employees on the job were enough and motivating. However, still the bank should give more emphasis in participating employees in decision making of compensation system so as to create a more conducive environment that would enhance effective interaction between employees and managers.

#### 4.2.4 BENEFITS

Table 4.5: Respondents' Opinions on Benefits

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
Benefit packages are satisfactory	20.7	30.0	17.1	30.0	2.1	100.0	2.6286	1.17527
Retirement benefits are motivating.	10.6	13.4	29.3	39.6	6.0	100.0	3.2544	1.34702
The medical schemes are satisfactory.	8.9	20.2	10.6	54.6	5.7	100.0	3.2801	1.12061
Housing allowance is motivating me.	27.2	25.8	16.6	25.8	4.6	100.0	2.5477	1.26057
Recreational benefits are satisfactory.	27.6	30.8	24.1	14.3	3.1	100.0	2.3462	1.12192
Employees understand the available benefit package	10.9	19.2	23.2	42.0	4.7	100.0	3.1051	1.10857

Average mean 2.8603

The benefits provided by the Bank seemed to get the least average mean (2.86) when compared to the other reward types, as it can be seen from the table summarizing the questionnaire items used to measure opinion of respondents about benefits. The highest percentage of respondents among those who agreed with the items is 54.6 where respondents agreed that the Bank's medical schemes were satisfactory. However, 20.7% and 30% of the respondents strongly disagreed and disagreed respectively with the first

questionnaire item: that benefit packages were satisfactory. 27.2% strongly disagreed with the questionnaire item stating that the housing allowance was motivating. 25.8% disagreed with the same item.

Therefore, one can conclude that benefit packages are unsatisfactory, housing allowance is de-motivating and recreational benefits are insufficient.

#### 4.2.5 RECOGNITION

Table 4.6: Respondents' Opinions on Recognition

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
There is provision of recognition for good Performer.	5.9	22.4	24.5	37.1	10.1	100.0	3.2308	1.09026
I am praised regularly for my work	3.5	25.2	28.7	36.0	6.6	100.0	3.1713	.99579
There is appreciation of employees on the job.	11.0	25.4	21.2	37.1	5.3	100.0	3.0035	1.13143
There is opportunity to participate in Professional development.	5.7	14.7	18.6	50.9	10.0	100.0	3.4480	1.04399
I am recognized for the extra effort I am put at work	7.4	17.8	26.4	42.0	6.3	100.0	3.2193	1.05105
There is credit for the job I am doing in the bank.	8.2	19.3	33.1	34.2	5.2	100.0	3.0892	1.03278
There is feedback for my work	5.8	18.8	21.0	45.3	9.1	100.0	3.3297	1.06344

Average mean= 3.2131

The fifth type of reward for which respondents' opinion was gathered was employee recognition. As can be seen from table 4.6, 37.1% of respondents agreed that there was provision of recognition for good performer in the Bank while 36.0 responded to have

been regularly praised for their work. The percentage of respondents who disagreed the former two items was 22.4 and 25.2 respectively. 50.9% were in agreement that the Bank provides employees with opportunity to participate in professional development. To being recognized for the extra effort they put at their work, 42.0% were in agreement while 17.8 and 26.4% were in disagreement and neutral respectively. Respondents overall opinion towards recognition seems to be more than the average with 3.21 being the average mean.

Relative to the other dimensions of reward types, recognition is found to be third in the list of rewards practiced in the Bank. Literature shows that recognition is one of the most effective ways of rewarding employees (Armstrong, 2010). It can be effectively implemented with lower cost relatively than the other dimensions (Deeprise, 1994). It has also been suggested that recognition can increase performance motivation, employee retention as well as decrease employee turnover (Daniel and Metcalf, 2005). For these reasons, recognition should have been given more emphasis by the Bank. This would have enabled the Bank to change the less motivating environment, as suggested by almost one third of respondents. In other words, the Bank could have created more positive work environment to include the one third respondents with the motivated ones. Giving higher emphasis to recognition would result in employees increased sense of belongingness. According to the literatures reviewed in this study, recognition has been found to be the first motivating factor preferred by employees. Therefore, the Bank should use recognition as the prime tool and implement it effectively in motivating and retaining its employees.

Specifically, among the seven items included in the survey to measure the recognition practices of the Bank, two of these items aimed at assessing whether or not the bank recognizes its employees on the job and at a regular basis were given least results. Two thirds of the respondents provided negative responses. This implies that recognitions awarded by the bank were given neither on the job nor on a regular basis. This may negatively affect employees' improvement of on the job performance. This is to mean that employees on job performance may have improved if the recognitions they received were given on the job in timely manner and on a regular basis. Doing this may also have brought the Bank another advantage. Even though data collected shows that there is a positive opinion towards the working condition in the Bank, almost one third of respondents have disagreed to having enough supporting equipment to help them in their jobs as well as to motivate them. These employees might have felt motivated by the working condition that included regular and on the job recognition. In other words, almost one third of the respondents would agreed and align themselves with those already feeling motivated enough by the working condition. This is because employee recognition could be more effective if it is expressed on timely manner, which is while the employees are doing their job or right after they accomplish the task.

Even if all dimensions of reward are complementary and interdependent, there are reasons to claim that recognition has to be the first reward tool of the Bank. According to Armstrong (2010), recognition is one of the most effective ways of rewarding employees. This is because employees have strong desire to know that their efforts and achievements are noticed and valued by the organization. Recognition makes people feel respected

which increases their self esteem. Therefore, the bank must recognize employees' effort prior to paying, promoting, and fulfilling their benefits. Without praising and adequately publicizing their efforts, employees would feel less satisfied with the other components of rewards. As a result, the overall reward system of organization may become less effective attaining its objectives.

#### 4.3 ASSESSMENT OF THE FORMS OF RECOGNITION

According to the revised literature, forms of employee recognition could take various forms depending on the perspective from which we approach the work process. Based on this fact this paper identified four forms of employee recognition with respect to the key dimensions of work: existential recognition, recognition of work practices, recognition of dedication to work and recognition of results. Instruments for each forms of employee recognition were developed and distributed to respondents in order to measure their level of agreements on to what extent Awash Bank Employee recognition practice is inclusive to the aforementioned forms.

##### 4.3.1 EXISTENTIAL RECOGNITION/ RECOGNITION FOR EXISTENCE

This form of recognition is found in every day interaction and is expressed for no other reason than because individuals are human. Here, human being, their personalities and reflecting their importance one is the basic elements to recognize employees. In return, this would result individuals are free to speech and perhaps influence organizational decisions.

Table 4.8: Respondents' Opinions on Existential Recognition

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
My supervisor cares about me as a person	5.3	12.4	17.0	47.2	18.1	100.0	3.6028	1.08289
My opinions are taken into account at work	3.9	5.3	28.6	50.1	12.1	100.0	3.6559	.93102

Average Mean= 3.6293

With regard to existential recognition, respondents were asked to express their opinions in relation to the nature of respect they get as human beings. 47.2% out of the total respondents agreed that their supervisors cared about them as a person. The disagreement level was as low as 12.4% which is still lower than those who strongly agreed (18.1%). A high number of respondents (50.1%) also responded to agree that their opinions were taken into account at the workplace. Only 5.3% out of the total respondents disagreed with the same statement. The average mean of respondents' opinion towards existential recognition was found to be 3.62.

Relative to the other forms of recognition, the study found out that existential recognition have gained more positive responses of the respondents. From the above result one can infer that employees are respected and praised for mere reason that they are part of the community. Their opinions are taken into account.

#### 4.3.2 RECOGNITION OF WORK PRACTICES

This form of recognition focuses on how an employee performs a task. It takes in to account a worker's skills, professionalism, and the continued improvement of work

methods. In short, recognition of work practices is given based on how an employee performs work duties on a daily basis. In addition recognition of work practice has laid a fertile ground for every employee to appreciate and recognize his/her co-worker's professionalism. Taking the above facts in to account, respondents were asked their opinions about how effective the Bank is in implementing recognition of work practice.

Table 4.9: Respondents' Opinions on Work Practices

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
At work, am encouraged for my development	9.8	21.0	23.8	38.8	6.6	100.0	3.1154	1.11637
In the last 6 months, I've been appreciated for my progress	16.4	20.4	25.7	28.6	8.9	100.0	2.9321	1.22652
The Bank gives recognition based on the values of departments.	8.1	20.1	37.7	23.9	10.2	100.0	3.0810	1.08171

Average Mean= 3.0428

The average mean of respondents' opinion towards recognition of work practices is 3.0428. As can be seen from table 4.9, respondents who felt to have been encouraged for their development in the workplace were up to 38.8 while the percentage gets lower with 28.6% of respondents feeling appreciated in the last 6 months for the progress they achieved 23.9% claiming that recognition in the Bank to be awarded based on the values of departments.

On the contrary to the above forms of recognition, recognition to work practices was given least results by respondents. That is 3.0428 average mean. This indicates that the bank's recognition to employees while they are doing their job is unsatisfactory. Similarly, as it was explained in the previous section, data gathered shows that the Bank gives less emphasis to recognize its employees regularly during the work process and right after a job is completed. As explained by Silverman (2004) ineffective recognition practices of work processes would result in minimizing creativity, innovation and continued improvement of work methods. Therefore, as it was found effective in existential and dedication to work recognition practices, the bank should give to recognize while employees are doing their job.

#### 4.3.3 RECOGNITION OF DEDICATION TO WORK

In this regard the quality and quantity of efforts an employee makes to contribute to the work process are the major concerns. It focuses on the contribution of employees, the commitment they take to accomplish company's objectives and the energy they exerted. The table below presents respondents' opinion on to what extent recognition of dedication to work has been implemented in Awash Bank.

Table 4.10: Respondents' Opinions on Recognition of Dedication to Work

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
At work, I'm given the opportunity to do my best	2.8	12.4	12.4	56.9	15.5	100.0	3.6996	.97025
My associates (fellow workers) are committed to doing a quality work	3.5	12.6	51.4	31.1	1.4	100.0	4.1434	.78388
The Bank gives recognition to employees with outstanding attendance.	8.7	19.1	26.4	39.4	6.5	100.0	3.1588	1.08182

Average Mean= 3.667

There is a remarkable increase in the percentage of respondents who expressed their agreement towards the items used to measure opinion of respondents about recognition of dedication to work, which has an average mean of 3.667. 56.9% of them responded to agree that they were given opportunities to do their best in the workplace. 31.1% agreed that their colleagues were committed to do quality work while 39.4% responded in agreement with the Bank giving recognition to employees with outstanding attendance. The disagreement level in each respective item was only 12.4, 12.6, and 19.1%.

This implies that employees have the opportunity to better interact, freely express their attitudes, and participate in influencing organizational decisions since the Bank recognizes their effort, commitment, dedication and contribution.

#### 4.3.4 RECOGNITION OF RESULTS

This form of recognition depends on results and that it is only expressed once a task has been completed. The achievements of organizational objectives as well as the effectiveness of the end products are the basis to beer recognition of results.

Table 4.11: Respondents' Opinions on Recognition of Results

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The Bank recognizes outstanding performers on individual basis.	5.6	15.8	21.8	39.1	17.6	100.0	3.4718	1.12280
The Bank recognizes outstanding performers on team basis.	7.0	20.1	29.9	31.3	11.6	100.0	3.2042	1.10597

Average Mean= 3.338

With respect to recognition of results, for which the average mean is 3.338, two questionnaire items were presented to the respondents. These were used to solicit respondents' opinions on the level of agreement with the Bank awarding recognition on individual and team basis. 39.1% of respondents agreed while 15.8 disagreed with the bank giving recognition on individual basis. The level of disagreement with the Bank recognizing on team basis was higher (20.1) than the former one which is only 15.8.

The overall result of this section, with 3.33 average mean could take the study to conclude that recognizing employees based on their achievement is less satisfactory relative to the other forms of recognition. Consequently, as it is argued by Silverman

(2004), the quality of work may degrade resulting in ineffective products and services. More obstacles may get in the way of the processes of achieving Bank's objective. More specifically, the Bank should give more emphasis in recognizing department values which got positive response from only 34.1% of the total respondents.

#### 4.4 ASSESSMENT OF THE EFFECTIVENESS OF RECOGNITION PRACTICE

Recognition should follow some quality criteria to be effective and acceptable to the recipients. Different scholars have developed different criteria to what they argues, important to bear effective recognition practices. Table 4.12 presents the definition of each criterion.

Table 4.12: Recognition Criteria

No	Criteria
1	Sincerity- Concerns how genuine and honest to recognition is.
2	Responsiveness (immediacy)- measures how soon as the bank expressed its recognition after work is accomplished
3	Hierarchical Proximity- measures who are responsible in the hierarchy to recognize.
4	Legitimacy- measures how the bank's recognition practice are credible/ significant to the recipient
5	Consistency- measures to what extent do the bank recognition practices consistent with the predetermined objectives and produces
6	Publicity - to what extent do the bank publicize employees achievement to the community of the organization.
7	Equity- a criteria which measures to what extent the Bank's recognition practice is accessible to all workers

Table 4.13: Respondents' Opinions on Recognition Criteria

Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The Bank recognizes employees based on reliable information. /Sincerity/	5.0	13.5	40.1	33.0	8.5	100.0	3.2660	.96754
The Bank gives recognition to its employees in timely manner. / Responsiveness/	4.3	29.4	29.0	26.5	10.8	100.0	3.1004	1.07488
The Bank gives recognition through the manager/supervisor. /Hierarchical Proximity/	5.4	7.9	20.8	54.9	11.4	100.0	3.6774	1.22470
Sources for recognition are free from biases. /Legitimacy/	13.3	33.9	25.2	21.7	5.9	100.0	2.7308	1.12120
The Bank's criteria for recognition are consistent. / Consistency/	11.2	14.7	33.2	27.6	13.3	100.0	3.1713	1.17370
The Bank gives additional gifts after recognizing employees' efforts. / Variability/	4.5	25.5	26.2	37.8	5.9	100.0	3.1503	1.01659
All employees have equal access to be recognized. /Equity/	4.3	15.4	32.5	37.1	10.7	100.0	3.3464	1.00429

Average mean=3.2061

According to Appelbaum, S.H (2000) the effectiveness of any recognition program depends on its sincerity, responsiveness, hierarchical proximity, legitimacy, consistency, variability, and equity. With this regard, respondents were asked to express their opinion towards the recognition practiced in the Bank. Out of the total respondents, 33% agreed that the recognition practiced in the Bank to be sincere. This is to mean that almost one third of the respondents believed that the Bank used reliable information to recognize its employees. On the other hand, 13.5% were found to disagree with the item. The level of

agreement was lower when it comes to responsiveness. Only 26.5% of the respondents agreed that recognition was given in timely manner. 54.9% of respondents agreed that recognition was given by their manager/supervisor. 33.9% of respondents were found to disagree the sources of recognition are free from bias. Only 27.6 agreed that consistent criteria were used to recognize employees. And while 37.8% were in agreement that recognitions were in various forms, 37.1% agreed on the equitability of recognitions in the Bank. The average mean for respondents' opinion regarding the criteria is 3.2061.

It can be seen from the responses of the respondents that positive opinion is found only for the items presented to measure hierarchical proximity of recognition practices of Awash Bank. Even though, there is a high percentage (66.3) of respondents who agreed that recognition were given by manager/supervisor of the Bank, respondents' level of agreement with regard to the quality of the other criteria is below 50% . Moreover, their mean values are closer to level three which is the middle value of Likert Scale used to measure their level of agreement. This means that with larger number of respondents falling under neutral, the mean value of the respondents' opinions shows close to being neutral, which means neither agree nor disagree. Hence, it can be said that the recognition practices of the Bank may only be considered as mildly effective.

#### 4.5 EMPLOYEE OPINIONS ON THE WAYS RECOGNITION IS EXPRESSED

The four forms of recognition presented in the above section can be expressed in different ways, but one commonality seems to emerge despite differences in the literature, all are complementary and interdependent and need to be implemented in a balanced way so as to maintain more effective recognition practices in the work place.

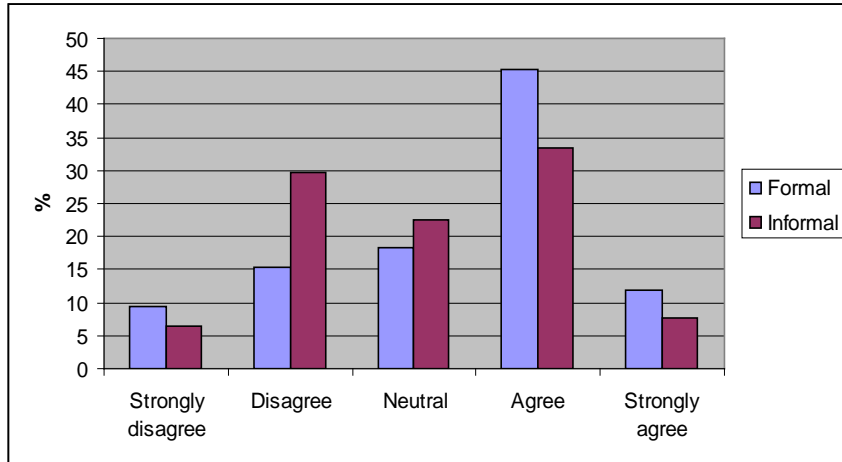
The study has selected six most effective ways of expression and explained each ways in the literature review how they contribute to the effectiveness of recognition. They are formal recognition, informal recognition, individual recognition, team or group recognition, private recognition and public recognition. The following table presents summary of respondents' opinion about the effectiveness of each ways in Awash International Bank as follows.

Table 4.14: Respondents' Opinion on the Ways of Expressing Recognition

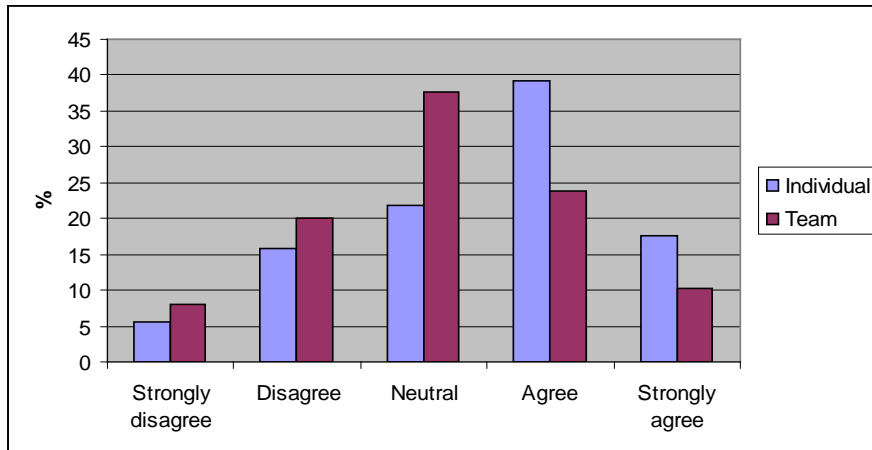
Questionnaire Item	Level of Agreement in Percentage							
	SD	D	N	A	SA	Total	Mean	Std. Deviation
The Bank gives recognition to employees on formal basis (through awards, letters, award ceremonies, etc). /Formal/	9.3	15.4	18.3	45.2	11.8	100.0	3.3477	1.15565
The Bank gives recognition to employees on informal basis (through verbal thank you, short emails, etc). /Informal/	6.5	29.8	22.5	33.5	7.6	100.0	3.0582	1.09589
The Bank recognizes outstanding performers on individual basis. /Individual/	5.6	15.8	21.8	39.1	17.6	100.0	3.4718	1.12280
The Bank gives recognition based on the values of departments. /Team/	8.1	20.1	37.7	23.9	10.2	100.0	3.0810	1.08171
The Bank gives recognition in private/individually not in public. /Private/	5.3	23.5	23.1	40.2	7.8	100.0	3.2171	1.05857
The Bank gives recognition public ceremonies. /Public/	10.7	19.2	26.7	31.0	12.5	100.0	3.1530	1.18686

Moreover, the following bar charts are illustrated in such a way that the readers could easily make a comparison between two complementary items: Formal and Informal, Individual and Team and Private and Public.

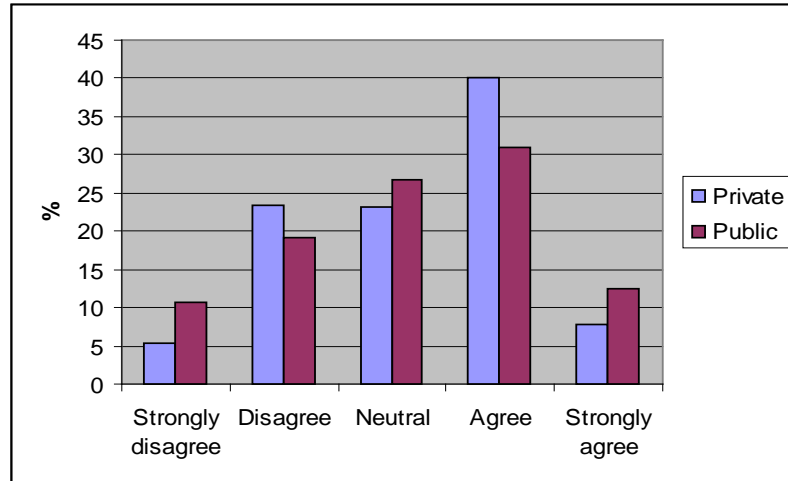
Bar Chart 4.1: Respondents' Opinions on Formal and Informal Employee Recognition.



Bar Chart 4.2: Respondents' Opinions on Individual and Team Bases of Employee Recognition.



Bar Chart 4.3: Respondents' Opinions on Private and Team based Employee Recognition.



According to table 4.13 and the above bar charts the respondents' opinions towards the six ways of employee recognition practices of the bank are as discussed below.

In the questionnaire item that measure to what extent the bank recognition practice incorporated and implemented both formal and Informal recognition, 57% of the respondents have agreed that the bank recognizes employees more of in formal ways. This can be perceived as employee recognition of the bank is an official practice. It could also be concluded that the Bank has somehow a set of structured and planned activities to express its recognition to employees. In other words the bank was found less effective in expressing recognition informally. Since both ways have their own benefits to employees the bank should work more on recognizing employees in everyday activity spontaneously.

In the case of individual and team based assessment, as of bar two shows, the Bank's recognition expression is essentially directed toward one person in particular. Tough individual recognition is a very important to develop self esteem of the recipient and create competition among workers, work groups of varying sizes should also be recognized in a balanced way so as to encourage team works and give opportunity for skill sharing and work method improvement.

The last but not the least, the bar chart has shown that there is minor difference between the respondents who agreed and disagreed on the items that measure private and public ways of employee recognition expression. However, those who agreed on the implementation of private ways of expression have accounted a bit higher than public ways of expression of the Bank. Specifically, even if the bank has created a balance between the two, the cumulative positive response of each variable is still below 50 %.

Based on the above facts, it can be concluded that the Bank presents recognition with less effective ways which hinder every day interaction with individual employees privately and as well visibility for outstanding achievements in public.

## CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMEDATION

### 5. INTRODUCTION

As indicated in chapter one, the objectives of the study was to assess employee recognition practices of Awash International Bank. In order to achieve this, an attempt has been made in this paper to lay the basis for conducting the research study. That is the background, objectives and significance for conducting the study was discussed in the first chapter. Following this, review of theoretical and empirical literature regarding the subject matter was presented. The third chapter was dedicated to describe the research methodology applied. Statistical data was then analyzed and presented in chapter four. Based on these, an attempt has been made to answer the research questions which this study first intended to address. This has been done in final chapter, chapter five, which includes summary of findings, conclusions and recommendations based on the objectives of the study.

#### 5.1 SUMMARY OF FINDINGS

- ❖ According to the data collected in the study, almost half (49.8%) of the respondents have a recorded job tenure of less than 3 years. Out of these respondents, those who worked in the Bank for more than 10 years have a percentage of only 12.2%.

- ❖ Based on the average means of the five major dimensions of rewards, working condition has received the highest positive opinion from the respondents. This is followed by promotion and recognition ranking second and third respectively.
- ❖ Recognition that it is less costly and more effective tool for the human resources management that aims to motivate employees and increase their performance and productivity is being given less focus
- ❖ Data revealed that, with average mean of 3.667, recognition given for dedication to work is more frequent than the rest forms of recognition.
- ❖ The Bank's recognition practice is more effective with regard to hierarchical proximity than the rest of the criteria used to measure the effectiveness of employee recognition. However, the average mean value of the criteria (3.2061) is just a little more than 3, which the value neutral or neither agree nor disagree. Hence, the recognition practiced in Awash International can be considered to be mildly effective.
- ❖ With regard to the ways of expressing recognition, data revealed that recognition on individual basis is more frequently used by Awash International Bank. Moreover, the practice seems to lend itself towards being formal. However, responses from the respondents demonstrate that many of the ways of expressing recognition are still practiced in the Bank. Hence, using a variety of ways to express its appreciation to employees can be considered as strength of the Bank's recognition practice.

## 5.2 CONCLUSION

The study concluded that there is a limited nature of reward packages in Awash International bank and the existing few are tailored to working condition and promotion overlooking recognition which is the most valuable non financial rewards to motivate its employees.

Another aspect of the Bank's recognition practices is that dedication to work which is effort and energy exerted by employees is more frequently recognized and give less emphasis on recognizing employees based on how they perform tasks and results.

In addition to this, the existing ways of presenting recognition is limited to formal ways and individual basis ignoring other methods like informal ways, team based and public recognition practices. Absence of such practices may hinder day to day interaction with employees and as well visibility for outstanding achievements in public.

Most of all, the study concluded that even though there is the practice of recognition in Awash International Bank, its implementation and evaluating its effectiveness in a continual basis seems to be less systematic and unplanned.

## 5.3 RECOMMENDATIONS

### 5.3.1 RECOMMENDATIONS ON AWASH INTERNATIONAL BANK

The total reward mix should comprise more of a non monetary rewards such as being recognized and respected for the values employee contribute towards achieving the Bank's goals and objectives. By this intrinsic motivation will be increased and workers

will have the feeling that the organization is taking care of its total need. Dissatisfaction will be greatly reduced.

As the results show, the effectiveness of the recognition practice of Awash International Bank is mildly effective. Rewards and employee recognition practices in Ethiopian organizations seem to be not developed and implemented systematically. Cognizant with this, it can be said that Awash International Bank is on its way forward. Nevertheless, the Bank may need to take some measures to get the most out of its employee recognition practices. In other words, there might be a need to consider the improvement in the development and implementation of this important tool in motivating and retaining its employees as well as in improving the productivity of both the employees and the organization itself.

Sources of recognition should be significant and credible for the recipient. Recognition can seem more legitimate if it comes from a person who knows the trade. To be consistent, recognition practices should be revised in tune with company objectives and priorities.

The Bank should evaluate the perceived and implemented criteria to ensure that recognition is appreciated, properly received, and justified in the eyes of the recipients. Sincerity can be maintained by implementing genuine, straightforward, and honest recognition criteria. As it was discussed earlier, the Bank can be responsive to its employees' needs in time if it expresses its recognition right after the work is accomplished, results are obtained, or a change in a desired behavior is noted.

### 1.1.1 FURTHER RECOMMENDATIONS

Additional recommendation can be forwarded based on the limitations of this study. That is a more broad study should be undertaken encompassing more organizations and more indicators that will help unearth the impacts and effectiveness of employee recognition in organization found in Addis Ababa and throughout Ethiopia. Further comparative studies of organizations that do and do not practice recognition might also be taken to strengthen the findings.

Addis Ababa University  
School of Commerce

**Dear Respondents**

I, Mulugeta Beyene, am conducting a master's research entitled as 'An Assessment Of Recognition Practice In Awash International Bank. Therefore, this questionnaire is distributed among employees of Awash International Bank to enable the researcher collect relevant information regarding the research subject. The questionnaire aims at assessing your organization's current and potential employee recognition program as a tool for motivating its employees. This survey is purely conducted for academic purpose. The responses to this questionnaire will be kept strictly confidential.

Thank you in advance for your time, honest responses and sincere cooperation.

**INSTRUCTION**

Dear employee, the success of this study depends on the quality of the responses you provide, so that, please make an effort to give your honest responses to the items presented.

1=Disagree Strongly 2= Disagree 3= Neither Agree nor Disagree 4= Agree 5= Agree Strongly

**SECTION I: EMPLOYEE PROFILE**

1. Sex     Male     Female
2. Age group of the respondent:  18-29             30-39             40-49  
 50-59             60 & above
3. Educational Level     Below Grade 12     Grade 12 complete and Vocational  
 Diploma     Degree     Masters     PHD
4. Service in Awash Bank     Below 1 year     1-3 years     4-7 years     8-10 years  
 Above 10 years

**SECTION II: EMPLOYEES' OPINION ABOUT 'TO WHAT EXTENT DOES EACH REWARD PACKAGES MOTIVATES THEM.**

*The aim of this section is to gain an understanding about the Employee’s opinion about PAYMENT, PROMOTION, RECOGNITION, WORKING CONDITIONS AND BENEFIT.*

2.1 Questionnaire Item on Payment

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	The salary is satisfactory in relation to the job I am doing.					
2.	The basis of payment is fair					
3.	Employees earn the same as other people in similar job in other organization.					
4.	Money that I get from the Bank motivate me					
5.	The bank paid me incentives for all jobs i perform in the bank.					

2. 2 Questionnaire Item on Promotion

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	The career advancement in the bank is motivating.					
2.	I am promoted in fair and honest way.					

3.	There is opportunity to improve job related skills and knowledge					
4.	Promotion in the bank is motivating.					
5.	Assignment of responsibility is fair.					
6.	There is performance based promotion in the bank.					

### 2.3 Questionnaire Item on recognition

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	There is provision of recognition for good Performer.					
2.	I am praised regularly for my work					
3.	There is appreciation of employees on the job.					
4.	There is opportunity to participate in Professional development.					
5.	I am recognized for the extra effort I am put at work					
6.	There is credit for the job I am doing in the bank.					
7.	There is feedback for my work					

### 2.4. Questionnaire Item on working condition

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	The supporting equipment that helps my jobs is enough and motivating.					
2.	The working environment is attractive.					
3.	There is participation of employees in decision making of compensation system.					
4.	Effectiveness of communication in work is motivating.					
5.	There is autonomy at work place.					
6.	I am motivated in flexible working hours of the bank.					

## 2.5 Questionnaire Item on benefit

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	Benefit packages are satisfactory					
2.	Retirement benefits are motivating.					
3.	The medical schemes are satisfactory.					
4.	Housing allowance is motivating me.					
5.	Recreational benefits are satisfactory.					
6.	Employees understand the available benefit package					

### SECTION III: AWASH INTERNATIONAL BANK RECOGNITION SYSTEM

The aim of this section is to gain an understanding about the organization's Current Recognition forms, ways and criterion of recognition.

#### *Subsection A*

S. N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	I am well aware of what is expected from my work					
2.	I have the materials and equipment to do my work right					
3.	At work, I'm given the opportunity to do my best					
4.	My supervisor cares about me as a person					
5.	At work, am encouraged for my development					
6.	The objectives of my organization make me feel my job is important					
7.	My opinions are taken into account at work					
8.	My associates (fellow workers) are committed to doing a quality work					
9.	In the last 6 months, I've been appreciated for my progress					
10.	In the last year, I was given ample opportunities to grow					
11.	In the past seven days I've received recognition and praise for my work					

***Subsection B.***

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	The criteria for recognition programs have been clearly explained to me.					
2.	I'm aware of the procedures for nominating an employee for an award.					
3.	The Bank's criteria for recognition are consistent.					
4.	The Bank's criteria for recognition are free from biases.					
5.	The Bank recognizes employees based on reliable information.					
6.	All employees have equal access to be recognized.					
7.	Recipients of recognition are adequately publicized.					
8.	The Bank gives additional gifts after recognizing employees' efforts.					
9.	I can select an award, if recognized, that will have value to me.					

***Subsection C.***

S.N	Question Item	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
1.	The Bank values and recognizes employees' accomplishment on a regular basis.					
2.	The Bank recognizes outstanding performers on individual basis.					
3.	The Bank recognizes outstanding performers on team basis.					
4.	The Bank gives recognition based on the values of departments.					
5.	The Bank gives recognition based on the purposes and objectives of departments.					
6.	The Bank gives recognition to employees with outstanding attendance.					
7.	The Bank gives recognition to employees on formal basis (through awards, letters, award ceremonies, etc).					
8.	The Bank gives recognition to employees on					

	informal basis (through verbal thank you, short emails, etc).					
9.	The Bank gives recognition that is meaningful to the receiver.					
10.	The Bank gives recognition to its employees in timely manner.					
11.	The Bank gives recognition that is fair to all employees.					
12.	The Bank gives recognition based on criteria that well understood by the employees.					
13.	The Bank gives recognition through the manager/supervisor.					
14.	There is a system where employees are recognized by colleagues.					
15.	The Bank gives recognition public ceremonies.					
16.	The Bank gives recognition in private/individually not in public.					

***End of Questionnaire.***

*The researcher appreciates all respondents for their precious time they dedicated to contribute to the study*

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