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**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**THE CORRELATION BETWEEN REWARD SYSTEM AND EMPLOYEE  
ENGAGEMENT: Evidence from COMMERCIAL BANK OF ETHIOPIA  
(CBE) AND BERHAN BANK SHARE COMPANY (BBSC)**

**A THESIS SUBMITTED TO THE SCHOOL OF POST GRADUATE STUDIES  
COLLEGE OF BUSINESS & ECONOMICS FOR PARTIAL FULFILLMENT OF THE  
EXECUTIVE MASTER OF BUSINESS ADMINISTRATION.**

**SUBMITTED BY: ABEBE LEMMA**

**ID- GSE/0005/10**

**ADVISOR: YOHANNES WORKAFERAHU (PH.D)**

**Addis Ababa, Ethiopia  
January, 2024.**



**ADDIS ABABA UNIVERSITY**

**Statement of Certification**

This is to certify that the thesis prepared by Abebe Lemma, entitled THE CORRELATION BETWEEN REWARD SYSTEM AND EMPLOYEE ENGAGEMENT: Evidence from COMMERCIAL BANK OF ETHIOPIA (CBE) AND BERHAN BANK SHARE COMPANY (BBSC), a Study of the correlation of reward system and employee engagement, submitted in partial fulfillment of the requirements for the degree of Executive Master of Business Administration complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

**Approved by:**

Internal Examiner: Dr. Demeke Chimdessa Signature  Date 27 February, 2024

External Examiner: Mebrahtu L. Tekelhaimanot Signature  Date 27-Feb-2024

Advisor: Dr. Yohannes Workeferahu Signature  Date Jan.29/2024

## ACKNOWLEDGEMENTS

First and foremost, I would like to give glory and praise to our Almighty GOD who deserve it for how far He has brought me, for His grace, mercy and protection throughout my lifetime and in starting and completing this master's program.

I would like to express my gratitude to my advisor Yohannes Workaferau(PhD), associate professor of management, for his support and guidance to bring this thesis to reality.

I would like to thank my family, especially my beloved wife Betel Teshome, my elder daughter Salem Abebe, my second daughter Haset Abebe, my son Eyasu Abebe and the youngest daughter Zoe Abebe for their patience and understanding during the times when I could not be there for them.

Finally, let my warm and deepest heartfelt thanks goes to those whose name is not mentioned here yet their encouragement, prayer and support have gone a long way to assist me to complete this program successfully.

## Abstract

*The study was Conducted, to examine, The Correlation between Reward System and Employee Engagement.: A Case Study at Commercial Bank of Ethiopia and Berhan Bank Share Company. The study developed hypotheses H1: the payment/compensation plan, benefit reward, performance feedback and recognition, work-life balance reward factor, and Employee Development and Career Opportunities have a positive significant relationship with employee engagement in CBE and Berhan Bank S.C. To evaluate the correlation of reward system and employees' engagement at work. The study distributed 100 questionnaires to selected homogenous samples to CBE, and 100 questionnaires to BBSC using convenience sampling technique, and a descriptive, Pearson Correlation, and Paired T-test statistical analysis conducted. Regarding this, the study obtained findings of, employee performance feedback, and recognition, and employees development and career had negative correlation with employee engagement in CBE with correlation ratio of -0.802 and -0.134, while very week correlation in BBSC with correlation ratio of .404 and .352. Finally, the study recommended that both CBE and BBSC are better to improve non-financial reward system feedback and recognition, and development and employees career opportunities.*

**Key Words: Reward system, and employees engagement at work**

## ACRONYMS

|      |                             |
|------|-----------------------------|
| BBSC | Berhan Bank Share Company   |
| CBE  | Commercial Bank of Ethiopia |
| DV   | Dependent Variable          |
| IV   | Independent Variable        |

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## **CHAPTER ONE:**

### **INTRODUCTION**

#### **1.1. BACKGROUND OF THE STUDY**

The study is based on the theoretical foundation of self-determination theory, which is augmented by expectancy and social exchange theories. The Self-Determination theory is based on the idea of self-fulfillment and can be used as a theoretical framework when explaining employee engagement (Meyer & Gagne, 2008). The Social exchange theory explains that constant interaction between parties that is reciprocally interdependent results in the generation of obligations. The theory also explains that relationships evolve into mutual, trusting, and loyal commitments as long as exchange rules are adhered to (Croponzano & Mitchell, 2005).

According to the expectancy theory, what motivate actions is what an individual expects the action will result in and how attractive that outcome is to the individual. The extent to which the reward is considered attractive establishes the energy levels required to attain the said goal (Vroom, 1964). Employee engagement is crucial for the success of any organization. It primarily relies on psychological connections rather than physical ones, as stated by Cook (2014). Employee engagement is the willingness of employees to go above and beyond their job requirements, trust in the company and its practices, and help the organization achieve its goals and objectives. According to Khan (2010), there are two types of employee engagement: individual and work engagement.

To create employees' engagement in the organization, appropriate practices of motivation is an effective instrument that motivate employees engage to their work. Positively motivated employee puts in extra effort, is self-assured, identifies with their organization, has a clear intention to improve things, comprehends the business context, respects their colleagues, and is always willing to help. Research shows that engaged employees tend to perform better, be more innovative, experience low turnover rates, and enjoy high personal well-being (Murlis, H and Watson, S., 2001).

Positive attitudes such as organizational commitment, job satisfaction, identification with the employer, improved staff and organizational performance, as well as positive behavior such as reduced employee turnover and absenteeism, are signs of effective employee engagement. Trust perception and fairness in psychological contract exchange are crucial in building a positive two-way commitment and fulfilling promises for successful employee engagement. (Robinson, Perryman & Hayday, 2014; Alfes, 2010; Guest, 2009).

(Armstrong, 2012) states that through the engagement of employees, a company can attain improved results which results in improved levels of customer satisfaction and profitability. Also, it assists in aligning the objective of employees with those of the organization and motivates them to adhere to the primary values of the organization, which makes it possible to define and agree with expectations in line with role responsibility and what is expected to be done, the skills needed and behavior, providing opportunities allowing identification of personal goals and development of skills and well as competencies. Human resource managers have ensured job satisfaction by employees in the organization (Kahn, 2010). There is a high possibility that an improved reward system in the organization will bring highly engaged employees which is a clear indication that reward, and engagement of employees are related. This shows appropriate reward system and employee engagement have a direct relationship which is an indication of improving the engagement of employees. This has an impact on improved levels of performance.

Thus, this study is conducted to examine the correlation between a reward system in the organization and employees' engagement at their work in the Commercial Bank of Ethiopia and Berhan International Bank.

## **1.2. STATEMENT OF THE PROBLEM**

Managers aim to improve employees' engagement at work to enhance their performance, which is essential in achieving sustainability, reducing turnover rates, and promoting the well-being of an organization's employees (Macey & Schneider, 2016). Engaged staff take pride in their work, value it, and enjoy it, more willing to collaborate with colleagues to ensure organizational

success. LePine, Johnson, and Erez (2012) defined engaged staff as individuals who are invested in their tasks, share useful information with coworkers, and are willing to stay with the organization for a longer time. Although engagement programs primarily focus on team building and non-financial rewards, cooperation, satisfaction, involvement, and commitment are all proxies for employee engagement (Bloom & Michael, 2012).

Many types of research revealed the effect and relationship between reward systems in the organization and their engagement at work to enhance performance. According to Konard (2016), a study revealed that highly involving work practices and efficient employee engagement techniques applied by management lead to improved employee performance. Kariuki and Makori's (2015) study found that employee engagement positively enhances motivation toward tasks and work efforts if there is an appropriate reward system in the organization. According to a 2007 CIPD survey, the main elements influencing employee engagement include the type of work, the resources available, opportunities for professional advancement, the work environment, and benefits and rewards. Numerous investigations have been carried out to examine the connection between work satisfaction, employee engagement, and performance. Tepayakul and Rinthaisong (2018) discovered that among human resources employees at private higher education institutions in Thailand, job satisfaction had a favorable direct effect and relation to employee engagement.

Abdulwahab and Shmailan (2015) conducted an explorative study in Canada and discovered a link between employee satisfaction, performance, and engagement. Mulliner (2018) explored the relationships between engagement, motivation, resilience, and leadership in a higher education institution in the UK and found that motivation, resilience, and engagement and leadership all interrelate, but that leadership interrelated with the other concepts to a lesser extent. Otieno, Waiganjo, and Njeru (2015) researched the effect of employee engagement on organization performance in Kenya's horticultural sector and concluded that employee engagement is a major determinant of organization performance in this sector. According to Derara's (2014) research, employees are more likely to respond with higher levels of engagement when they receive awards and recognition from their employer. The study also found that employees are more inclined to try to fulfill their responsibilities to the company by being more involved when they

feel that their employer values them and is concerned about their well-being. According to Maslach et al. (2001), engagement can be facilitated by proper acknowledgment and reward, but tension can result from inadequate recognition and reward.

According to Reilly and Brown (2008), effective reward practices and processes, both financial and non-financial, when managed properly, can enhance employee performance. Conversely, poorly designed or executed reward systems can hinder it. The authors' model is built on research that shows how reward policies influence employee engagement and ultimately, performance. This is achieved through regular open feedback, team building, career development, and work-life balance, which can be facilitated using a variable pay strategy, team rewards, and recognition. The goal is to achieve employee engagement through satisfaction, involvement, development, and commitment, which drives performance.

According to Derara (2014), employees who receive rewards and recognition from their organization are more likely to respond with higher levels of engagement. The study also found that when employees feel that their organization cares about their well-being, they tend to become more engaged by fulfilling their obligations to the organization. Similarly, Maslach, Schaufeli, and Leiter (2001) suggest that a lack of rewards and recognition can lead to burnout, while appropriate recognition and rewards are essential for engagement.

Begashaw Tsegaye's research places greater emphasis on payment and compensation (financial reward) than on the total amount of reward. (In 2017 Begashaw). Reward management is plagued by issues such as the disregard for non-monetary benefits, inconsistent application of monetary rewards, and subjectivity and bias in the performance assessment instruments. As a result, jobs are ranked according to the degree of knowledge needed, their intensity, and other variables. Streetwick (2005) claimed that although motivation might vary widely among people, money can be a motivator to a certain extent. In light of this, motivating the worker to emulate the actions of top achievers is a more logical and practical strategy for raising worker performance. Armstrong noted that in light of these, formal reward programs in businesses need to be coordinated with the strategy. Once more, most businesses only think of rewards as money given to workers as payment for their work; however, non-cash benefits like acknowledgment,

chances for growth and learning, and more job responsibility encourage each worker to perform to the best of his abilities should also be included in rewards.

Numerous studies have been conducted on the impact of reward management practices on employee performance, including ones by Scott in 2006, Aktar in 2012, and Adeyemi in 2013. They found that the design and implementation of reward management practices significantly influence employee performance. To achieve high levels of employee performance, organizations should involve individual employees in designing reward management practices and ensure that the system is transparent, clear, and easy to understand.

A preliminary study conducted by a researcher in CBE, and Berhan Bank S.C. revealed that the organizations have a reward management system in place to evaluate employee satisfaction. However, both banks (CBE and Berhan Bank S.C.) have not yet determined which type of reward system (financial or non-financial) is more effective in engaging employees. To address this gap, this proposal is to conduct a study to analyze and compare the financial and non-financial reward systems in CBE, and Berhan Bank S.C.

### **1.3. BASIC RESEARCH QUESTIONS**

Based on the defined problems, the study has the following basic research questions:

1. Is there a correlation between reward practices and employee engagement at CBE and Berhan Bank S.C.?
2. Which specific elements of reward management practices are highly associated with employee engagement at CBE and Berhan Bank S.C.?
3. Which reward management system has a positive and significant correlation with employees at CBE and Berhan Bank S.C.?
4. Which bank has a better reward system for employee engagement: CBE or Berhan Bank S.C.?

## **1.4. OBJECTIVE OF THE STUDY**

### **1.4.1. GENERAL OBJECTIVE**

The objective of the study is to investigate the correlation between employee reward systems and workplace engagement in CBE, and Berhan Bank S.C.

### **1.4.2. SPECIFIC OBJECTIVE OF THE STUDY**

The study includes the following specific objectives:

1. To examine the correlation between reward practices and employee engagement in CBE and Berhan Bank S.C.
2. To evaluate which specific elements of reward management practices have a high association with employee engagement in CBE and Berhan Bank S.C.
3. To identify which reward management system has a positive and significant correlation with employees' engagement in CBE and Berhan Bank S.C.
4. To examine the comparative evaluation of the reward of CBE and Berhan Bank S.C.

## **1.5. HYPOTHESIS**

The study proposed hypotheses to evaluate the correlation of reward management systems.

H1: the payment/compensation plan has a positive significant correlation with employee engagement at work in CBE and Berhan Bank S.C.

H2: Other/benefits (house allowance, fuel allowance, mortgage, emergency loan) reward plan has a positive significant correlation with employee engagement at work in CBE and Berhan Bank S.C.

H3: The performance feedback and recognition factor has a positive significant correlation with employee engagement at work in CBE and Berhan Bank S.C.

H4: The work-life balance reward factor has a positive significant correlation with employee engagement at work in CBE and Berhan Bank S.C.

H5: The Employee Development and Career Opportunities program has a positive significant relationship with employee engagement at work in CBE and Berhan Bank S.C.

## **1.6. THE SCOPE OF THE STUDY**

The study had a specific focus area covering a particular period, literature, and methodology. It concentrated on a few selected special branches of CBE and Berhan Bank S.C. located in Addis Ababa. The study was conducted between a specific start date of October 2023 and an end date in January 2024. In terms of literature scope, the study considered empirical studies that were relevant to the reward system of employees and their engagement. To obtain the appropriate sample size, convenience and random sampling techniques were employed.

## **1.7. LIMITATION OF THE STUDY**

The main challenge of this study is a time constraint, and lack of reference books that can be easily accessed. While conducting the research, the researcher encountered difficulties with respondents who were unable to return the distributed questionnaire sheets in a timely and proper manner. Additionally, the respondents were not willing to accept the questionnaires related to human resource management of their banks due to fear of providing their genuine responses.

## **1.8. SIGNIFICANCE OF THE STUDY**

This study will benefit both commercial banks, CBE and Berhan Bank S.C. by providing new insights to develop appropriate employee reward systems that consider the current dynamism of the business environment. This will help retain skilled and knowledgeable employees, ultimately enhancing productivity. Additionally, organizations can update their existing reward packages and reassess their human resource policies to increase the quality of service in this competitive banking industry.

## **1.9. ORGANIZATION OF THE STUDY**

The study is divided into five chapters. The first chapter serves as an introduction to the study and includes a statement of the problem, research questions, objectives, scope, and significance of the study. In the second chapter, a detailed review of the literature and empirical studies is provided. The third chapter focuses on research design, including research approaches and methodology. Chapter four emphasizes on data analysis, discussion, and interpretation. Finally, chapter five provides a summary of findings, conclusions, and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2. INTRODUCTION**

The chapter tries to provide theoretical background of the reward system and to understand factors that relate with employee engagement. It reviews the literature on the relationship between the reward system of organizations and their employees' engagement

#### **2.1. THEORETICAL FOUNDATION OF THE STUDY**

This study will advocate social exchange theory and expectancy theory as it seeks to establish the relationship between reward plan and employee engagement.

##### **2.1.1 SOCIAL EXCHANGE THEORY**

One of the most important conceptual frameworks for comprehending behavior in the workplace is the Social Exchange Theory (SET) (Croponzano & Mitchell 2005). The social exchange theory is developed by George Homans in 1958 (Redmond, 2015). According to Homans, social exchange theory emphasized on the social interactions between people, involving cost and

rewards. The anthropological writings of Malinowski are the source of the hypothesis. Blaus (1964), who distinguished between social and economic exchange, is recognized as the originator of the social exchange theory since he popularized it. Other researchers that have advanced the hypothesis include Das and Teng (2002) introduced alliance building which is self-centered into the theory Similarly, Globerman and Nielsen (2007) introduced trust as the cornerstone of interaction between parties into the theory.

The social exchange theory suggested that, individual will spend more time in rewarding relationship and conversations (Redmond, 2015). According to the Human Resources Management Practices (2021), the rewards reflect the outcome of extraordinary performance in an organization.

Engaged employees invest time and energy in the belief that their investment will be rewarded in a meaningful way. Therefore, SET is an important theory to anchor on the influence of the reward system on employee performance at CBE and BBSc.

### **2.1.2 EXPECTANCY THEORY**

The expectancy theory, developed by Vroom in 1964, suggests that an individual's tendency to act in a certain way depends on their expectation of a given outcome and the attractiveness of that outcome. When an outcome is favorable, an individual is more likely to repeat a behavior, while an unfavorable outcome leads to avoidance of such an action. Motivation arises when an individual's efforts result in desirable outcomes. The attractiveness of the reward determines how much energy an individual will expend in achieving their goals. To achieve a goal, individuals must have a clear understanding of what is expected of them and assess the probability of achieving their goals.

Porter and Lawler, in 1968, refined the expectancy theory by adding that ability and role clarity are important factors that should be taken into account. Managers should choose appropriate rewards for different groups of workers to make them committed to the organization and its mission and vision. The commitment of each worker is determined by the benefits they receive from their continued stay in the organization. Expectancy theory takes into account individual

differences in behavior and motivation. This study applied the expectancy theory to establish the influence of employee engagement on the performance of employees in Kenya Commercial Bank.

## **2.2. DIMENSIONS OF EMPLOYEE ENGAGEMENT**

Employee participation in the business's goals determines the social effects the organization has on society. For a work environment to be considered productive, the relationships between employees are also crucial. Employee involvement in decision-making is critical because it can increase job satisfaction and adherence to organizational commitments due to concerns about employee welfare and organizational consequences on social lives (Gruman & Saks, 2011). Gallup (2010) asserts that there are numerous dimensions to engagement and that employers need to be fully aware of the various ways in which employees might be engaged in their organizations. The four primary dimensions of employee involvement are behavioral, emotive, cognitive, and physical.

### **2.2.1. PHYSICAL ENGAGEMENT**

When employees put in effort towards their work, it is a clear indication of physical engagement. Effort refers to the energy exertion in one's role, which can be measured through factors such as direction, duration, and intensity (Fletcher, 2013). Apart from the physical energy applied to work, physical engagement also involves the frequency and intensity of effort and energy expended by an individual. Thus, the concept of physical work engagement encompasses the bodily involvement of employees in tasks, company activities or objectives, by using their energy and effort to execute and complete them (Bakker & Leiter, 2010). Khan (2010) further explains that physical engagement occurs when individuals feel involved in their role and tend to physically employ and express themselves.

### **2.2.2. COGNITIVE ENGAGEMENT**

Investing personal energy in cognitive labor results in employee engagement, a crucial

aspect of cognitive engagement (Khan, 2010). According to Gallup (2010), cognitive engagement refers to an individual's understanding of their role in the organization's objectives and goals. Research indicates that there are two ways employees manifest this engagement: absorption and attention (Rothbard, 2011). As Brewster (2017) suggests, employees need to be cognitively engaged in supporting and comprehending a company's strategies and direction to ensure effective engagement, which ultimately drives financial performance. An employee understanding ways they can contribute towards the strategic goals of an organization has a greater likelihood of feeling a sense of belonging. Business needs for maximizing employee inputs have also enhanced interest in engagement aspects.

### **2.2.3. AFFECTIVE ENGAGEMENT**

The affective dimension of engagement refers to how employees connect with their work and display actions that reflect their emotional and energetic investments. Sandeep (2008) asserts that high levels of personal energy investment in task performance engage emotions significantly. It is at this level that people are fully present in their tasks due to the emotional bond that exists between them and their tasks. Additionally, Kahn (2010) clarified that when individuals were emotionally invested in their work, they demonstrated work engagement.

An individual's job experience is typically the product of feelings of jealousy, pride, and zeal. According to Welbourne (2007), a business can raise employee engagement levels by emphasizing demonstrated actions. Increasing organizational performance is the main goal of any type of engagement and doing so also improves employee performance. Any role-based performance model that begins with the organization's desired outcome helps it determine the kinds of behaviors that its workers must exhibit to meet the objective.

### **2.2.4. BEHAVIORAL ENGAGEMENT**

Employees' behavioral engagement in the workplace refers to the amount of effort they put in, including their energy, extra time, and brain power (Saks, 2008). According to the definition of

behavioral engagement by Macey and Schneider (2008), this engagement is an adaptive behavior that serves the organization's purpose (p.18). This dimension of engagement is observable and includes initiative, innovative and proactive behavior, and goes beyond what is expected. However, Maslach and Leiter (2008), as well as Saks (2008), warn against the idea of discretionary effort, arguing instead that behavioral engagement is the extent to which employees are vigilant and conclusive in expressing themselves regarding their tasks, and are present psychologically. Employee engagement is not about performing beyond expectations but about the ability to adapt, cope with transformation, and take initiative, which is crucial in modern organizations (Kahn, 2010).

## **2.3. REWARD MANAGEMENT**

The techniques, procedures, and guidelines needed to guarantee that employees' worth and their role in accomplishing departmental, team, and organizational objectives are acknowledged and rewarded are referred to as reward management. It is concerned with creating, putting into place, and maintaining incentive programs that function justly, equitably, and consistently while also meeting the needs of the company and its stakeholders. Pay and benefits for employees are not the only aspects of reward management. Non-monetary benefits like acknowledgment, chances for growth and learning, and more job responsibility are all equally important. Armstrong (2010) Michael.

### **2.3.1. AIMS OF REWARD MANAGEMENT**

As Michael A. & Stephen T. (2014) pointed out, the overall aim of reward management should be to add value to people. It is not just about attaching value to them. More specifically, the aims are to:

- Support the achievement of business goals through high performance.

- Develop and support the organization's culture.
- Align reward practices with employee needs.
- Help to attract and retain high-quality people the organization needs.
- Win the engagement of people.
- Define what is important in terms of behaviors and outcomes.
- Reward people according to what the organization values and.
- Reward them according to the value they create.

## **2.4. REWARD PHILOSOPHY**

Armstrong & Taylor (2014) state that an organization's compensation philosophy reflects its views on the proper ways to recognize and appreciate employees. Reward philosophies are essentially guiding concepts that specify how an organization handles rewards within it. They serve as the cornerstone for incentive programs and offer instructions for the activities included in the incentive plan. Employees can be informed about the reward philosophy, so they are aware of the history of the rules and procedures that impact them. Top management frequently decides on guiding principles with input from external consultants or business reward specialists. Nonetheless, if organization members participate in their definition, they will be more palatable. Then, guiding concepts can be shared with everyone to improve comprehension.

Reward guiding principles are concerned with matters such as:

- Operating the reward system justly, fairly, equitably, and transparently in the interests of all stakeholders.
- Developing reward policies and practices that support the achievement of business goals.
- Rewarding people according to their contribution.
- Recognizing the value of everyone who is making an effective contribution, not just the exceptional performers.
- Creating an attractive employee value proposition.

- Providing rewards that attract and retain people and enlist their engagement.
- Helping to develop a high-performance culture.
- Maintaining competitive rates of pay.
- Maintaining equitable rates of pay.
- Allowing a reasonable degree of flexibility in the activities of reward processes and the choice of benefits by employees.
- Developing more responsibility for reward decisions to line managers.

## 2.5. REWARD SYSTEM

Armstrong and Stephen T. (2014) suggest that a reward system comprises a set of interconnected procedures and practices that work together to ensure effective reward management that benefits both the company and its employees. The reward system consists of financial and non-financial rewards, which are combined to create a comprehensive total reward system.

### 2.5.1. FINANCIAL REWARDS

In the workplace, financial incentives can take many different forms. For example, job-based compensation is based on the job's worth, whereas person-based pay recognizes an employee's contribution to the company. Financial rewards could include pensions, employee benefits, and recognition programs. Planning and thoughtful thought are necessary when handling person- and job-based compensation.

- **Pay determination** – making decisions on the value of jobs using market pricing and job evaluation.
- **Base pay management** – developing and operating pay structures that group jobs into grades, bands, or levels by internal and external relativities and usually provide for pay progression.
- **Contingent pay** – planning and managing schemes that provide for pay progression related to performance, contribution, competence, skill, or length of service.

### 2.5.2. NON-FINANCIAL REWARDS

Non-monetary incentives are designed to satisfy people's different requirements for approval, success, development, and comfortable working environments. These benefits include non-monetary compensation for accomplishments, developing meaningful work, giving people the chance to advance their professions and skill sets, and establishing an environment at work that promotes a high standard of living and a healthy work-life balance. Non-financial rewards might be intrinsic—related to workplace challenges, interest, and a sense of pleasure in the task being done—or extrinsic—like praise or acknowledgment.

## **2.6. TOTAL REWARDS**

Total rewards, as defined by Manus and Graham (2003), comprise all forms of rewards, both intrinsic and extrinsic, as well as direct and indirect. A complete reward approach considers all the ways in which individuals might be rewarded and find fulfillment in their work; it does not depend solely on one or two reward mechanisms working in isolation. Maximizing the combined effects of various incentive efforts on commitment, motivation, and job engagement is the primary goal of total reward. (2010, Armstrong). According to a different definition provided by World at Work (2006), total incentives refer to all of the resources that an employer has at their disposal to draw in, keep, inspire, and engage workers.

### **2.6.1. THE ELEMENTS OF TOTAL REWARDS**

Armstrong (2010) identifies five components of total rewards, each of which consists of policies, procedures, components, and dimensions that together define an organization's approach to luring, inspiring, and keeping talent. They consist of:

- **Compensation:** this refers to compensation given to an employee by their employer for time, effort, and talent invested in providing services which consists of both variable and fixed compensation based on achievement levels.
- **Benefit Programs:** a method by which an employer augments the monetary remuneration that staff members obtain. For employees and their families, these health, income protection, savings, and retirement programs offer security.

- **Work-Life:** a particular collection of procedures, guidelines, regulations, and initiatives within the company, along with a mentality that actively encourages initiatives to assist staff members in succeeding at work and home.

#### **Performance and Recognition:**

- **Performance:** The coordination of team, organizational, and individual activities to achieve business objectives and achieve organizational success. It includes setting goals, demonstrating abilities, evaluating them, providing feedback, and fostering ongoing development.
- **Recognition:** Recognizes or pays particular attention to the acts, endeavors, conduct, or performance of employees. It satisfies an innate psychological desire for recognition of one's work and can assist corporate strategy by promoting actions (like notable successes) that lead to the success of the company. Formal or informal, recognition programs typically don't have set objectives or performance standards that employees must meet; instead, they recognize contributions made by employees right away. Prizes might be non-monetary or monetary (e.g., dinners, tickets, trophies, certificates, plaques, etc.).

#### **Development and Career Opportunities: -**

- **Developing** employees' applied skills and competencies through a series of learning events is called development. Employees are motivated to perform better through development, and executives are inspired to improve their firms' people initiatives.
- **Career Prospects:** Include a plan that will help staff members achieve their professional objectives. This could entail moving up into a more senior role within the company. To place gifted workers in roles where they can provide the most value to the firm, the corporation offers internal career options.

## **2.7. THE SIGNIFICANCE OF TOTAL REWARDS**

Total rewards are a concept that involves more than just giving money to employees. According to Giancola (2008), this approach is effective because it focuses on the bigger picture. O'Neal (1998) argues that a total rewards strategy is essential in addressing recruitment and retention issues, employee engagement, and influencing behavior. It can create a positive work experience

that meets employees' needs and motivates them to contribute extra effort. This can be achieved by developing a comprehensive package that covers a broad range of issues and allocating reward funds to areas that will have the most significant impact on meeting workers' evolving values.

## **2.8. APPROACH TO REWARD MANAGEMENT**

According to Armstrong (2010), the following are different approaches to reward management practice: -

### **A) Stakeholder Approach**

Meeting the needs of all parties involved in the business—including management, shareholders, and the general public—as well as those of employees, clients, and suppliers—is the aim of human resource management. That goal is also shared by reward management. By doing this, it can effectively contribute to addressing the diverse needs of stakeholders. As a result, its goals include enhancing corporate performance, molding employee behavior, and creating an environment that fosters trust and employee engagement. And evidence-based reward management is the most effective in achieving this.

### **B) Integrated Reward Management**

Integrated reward management is an approach to reward management that provides for reward policies and practices to be treated as a coherent whole in which the parts contribute in conjunction with one another to ensure that the contribution people make to achieving organizational, departmental, and team goals is recognized and rewarded. It consists of a related set of activities that impinge and impact all aspects of the business and the HRM practices within it.

**Strategic integration:** the vertical integration of reward strategy with business strategy.

**HRM integration:** the horizontal integration of HR initiatives, particularly those about learning and development, engagement, high performance, and talent management.

**Reward integration:** internal reward integration guarantees that different elements are coherent and that a complete reward philosophy is implemented, which entails the employment of a wide variety of mutually beneficial financial and non-financial rewards.

### **C) Strategic reward management**

A mindset that is persuaded of the benefits of methodically determining what needs to be done and that planning, and execution are essential are characteristics of strategic reward. According to Brown (2008), strategic reward is essentially a method of thinking that you may use to determine how you can provide value to every reward-related issue that comes up in your company. It attempts to design reward systems around assumptions about the organization's values and engagement goals. It accomplishes this by coordinating reward policies with employee values and corporate objectives. Techniques for accomplishing internal, horizontal, and vertical integration are the main emphasis of strategic reward.

### **D) Evidence-based reward management**

It is the administration of incentive systems based on knowledge rather than conjecture, grounded theory instead of dogma, and evidence rather than opinion. While it does not presuppose that excellent practice equates to "best practice," it is focused on defining what good practice is. What functions well outside the company might not function as well there. Best fit usually takes precedence over best practice.

## **2.9. CONCEPT OF EMPLOYEE ENGAGEMENT**

Employee engagement is a crucial aspect of the workplace. According to Gallup (2009), engagement is defined as an individual's satisfaction, enthusiasm, and involvement in their work. Other research and consultancy organizations, such as Sparrow (2009), have also defined engagement in similar ways, often citing discretionary effort as a key factor that distinguishes engaged employees. Maslach et al's (2001) academic definition describes engagement as a positive and fulfilling work-related state of mind characterized by vigor, dedication, and absorption. The Institute for Employment Studies (IES) and Robinson et al (2004) have defined employee engagement as a positive attitude towards an organization and its values. Engaged employees are aware of the business context and work collaboratively with their colleagues to improve job performance for the benefit of the organization. Simply put, employee engagement refers to an employee's commitment and enthusiasm towards their work, which drives them to go beyond their job description and contribute to the organization's growth.

Bevan et al. (1997) described an engaged employee as one who is conscious of the business context and collaborates closely with coworkers to enhance performance in the workplace for the organization's benefit. According to Watson et al. (2001), engaged performance is the outcome of igniting workers' passion for their work and channeling it toward the achievement of corporate goals. Only when employers provide their staff with an implicit contract that encourages good behaviors in line with the organization's objectives can this outcome be attained.

According to Schaufeli et al. (2002), employee engagement is characterized by a persistent, positive affective-motivational state of fulfillment. This state is defined by three key elements: vigor, dedication, and absorption. Vigor refers to high levels of energy and resilience while working, as well as the willingness to invest effort in one's work, the ability to avoid fatigue, and persistence in the face of challenges. Dedication refers to a strong involvement in one's work, accompanied by feelings of enthusiasm, significance, pride, and inspiration. Finally, absorption refers to a pleasant state of complete immersion in one's work, which is characterized by a sense of time passing quickly and the inability to detach oneself from the job.

## **2.10. FACTORS AFFECTING EMPLOYEE ENGAGEMENT**

Two essential components have been found by IDS research in 2007 to be necessary for true employee engagement. The first component is the rational one, which has to do with how well employees comprehend their position within the company, how it fits into the bigger picture, and how it supports the business goals of the company. The second component is emotional, which focuses on how staff members relate to their bosses, how they feel about the company, and whether or not their work makes them feel like they've accomplished something personally.

The benefits provided to employees, including compensation, perks, chances for advancement, learning and development initiatives, feedback and recognition, work and job design, the standard of the work environment, and the caliber of leadership, also have a significant impact on employee engagement. All of these elements are included in total reward management, as Robinson (2004) elucidated.

## **2.11. EMPIRICAL REVIEWS**

According to the research study by Mori, (2008), there is no single driver for employee engagement. Rather it requires a whole organization approach that taps into its specific strategic need to be successful. What's equally clear is that many employers instinctively understand that reward management and recognition are crucial factors in building the engagement of their employees and many have yet to fully integrate it into an engagement strategy.

Further, the study of "Corporate Leadership Council" Studies (2004) and CIPD (2007) underlined that the key drivers for engagement are the importance of the nature of the work and the resources available to do the job, career, and development opportunities, the work environment and the rewards and benefits on offer. Particularly Rewards & benefits (Pay, benefits, recognition & incentive etc.), career opportunities, learning and development, and Quality of life (work/life balance, physical work environment) which are the constituents of total reward have greater impacts on employee engagement.

The World at Work, (2010), study shows that the causal relationship between total reward and organizational performance is linked to employee engagement which comprises compensation,

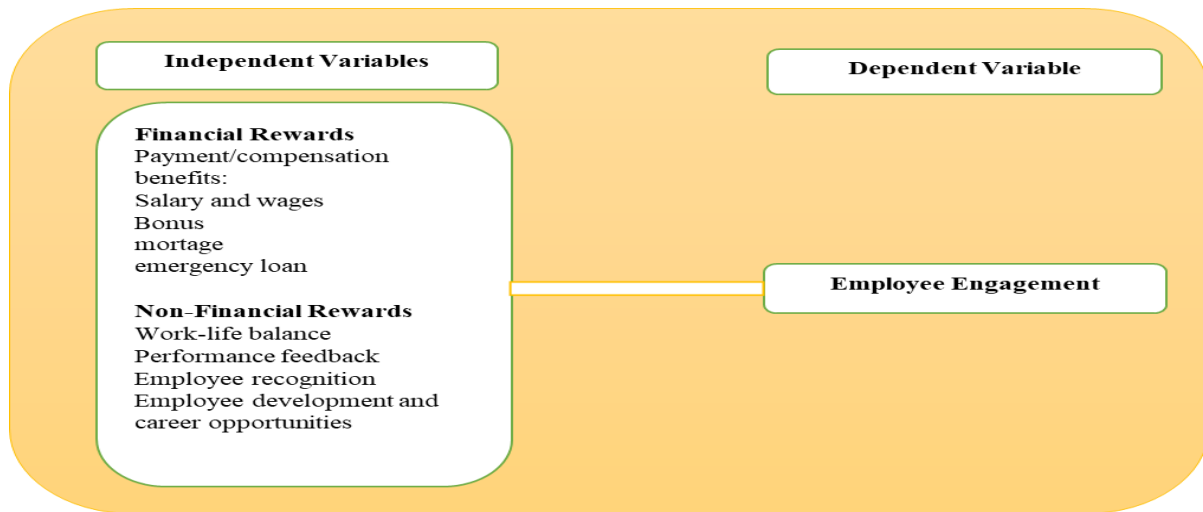
benefits, work-life balance, performance feedback, and career and development that increase employee engagement which in turn improves organizational performance.

According to Reilly and Brown (2008), reward practices and processes are crucial in building and improving employee engagement. Both financial and non-financial rewards, when managed effectively, can positively influence engagement. Improperly executed rewards, however, can hinder engagement. The researchers propose a model that suggests reward policies can influence performance through engagement, by providing regular open feedback, building teamwork, promoting career development, and offering work-life balance through applied variable pay strategies, team rewards, and recognition. This, in turn, leads to employee engagement through satisfaction, feeling involved, developed, and committed performance.

Derara's (2014) study supports the inclusion of job characteristics, rewards and recognition, and organizational justice in models of employee engagement. The results suggest that when employees receive rewards and recognition from their organization, they feel obliged to respond with higher levels of engagement. The findings have significant implications for managers and companies in better understanding and controlling factors that lead to improved employee engagement levels.

## **2.12. RESEARCH FRAMEWORK**

Following the completion of the literature research, the study created a conceptual framework to evaluate the relationship between workplace employee engagement and incentive components. To evaluate the comparative assessment, the study divided the incentive system into non-financial and financial rewards.



Source: Modified from Robinson and world at work`s 2004 and 2006

## CHAPTER THREE

### RESEARCH METHODOLOGY

This includes the study's research design, methodology, target populations, data collection methods and kinds, sample size and procedures, definitions of independent and dependent variables, and data analysis methodology.

#### 3.1. RESEARCH DESIGN AND APPROACH

The purpose of the study is to examine the association of the reward system and employees' engagement in the organization. The study employed reward variables as an independent variables and employee engagement as dependent variable. To quantify the correlation of independent factors (financial reward factors and non-financial factors) with dependent variable

(employee engagement), a quantitative research strategy was employed since this technique of study design establishes the relationship between two variables.

### 3.2. RESEARCH APPROACH

Research approaches categorized into qualitative, quantitative and mixed (Taherdoost, 2022). Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features of quantitative approach include formal and systematic measurement and the use of statistics Marczyk, Dematteo & Frestinger, (2005).

Based on this fact, this study used quantitative research approach as it implies structural questioner and statically data analyzing software and methods.

### 3.3. TARGET POPULATION AREA

The study primarily focused on small samples because of the population's high degree of homogeneity in reward management practices. Therefore, the target population of the study are the Addis Ababa branch and the Arada Giorgis branch (in Addis Ababa, two unique branches) in the case of CBE while, in case of Berhan Bank, Gofa branch, Arada branch , Airport branch, Lideta branch, Lideta Fird Bet branch, Ayer Tena branch, Jemmo branch, Lebu branch, Mekanisa branch, and Girar Branch. The reason the two branches of CBE are being targeted is because of the large number of staffs in these branches and enormous amount of work that currently exists. The populous is made up of the employees in the two branches of CBE and the above listed ten branches of BBSc. These groups shows the homogeneity characteristics of the Bank's (CBE) and Berhan Bank S.C. reward plan since it has comparable experience with HRM incentive procedures.

**Table i: Target population in CBE**

| <b>Branch</b> | <b>Population</b> | <b>% of sample</b> | <b>Sample(n=ni[Ni/Nt])</b> |
|---------------|-------------------|--------------------|----------------------------|
| Addis Ababa   | 86                | 52%                | 52                         |
| Arada Giorgis | 80                | 48%                | 48                         |
| <b>Total</b>  | <b>166</b>        | <b>100%</b>        | <b>100</b>                 |

**Table ii: Target Population of Berhan Bank**

| <b>Berhan Bank Target Population in Addis Ababa</b> |                      |                  |
|---|----------------------|------------------|
| <b>Branch</b>                                       | <b>Population(N)</b> | <b>Sample(n)</b> |
| <b>Airport branch</b>                               | <b>10</b>            | <b>10</b>        |
| <b>Bole branch</b>                                  | <b>10</b>            | <b>10</b>        |
| <b>Lideta branch</b>                                | <b>12</b>            | <b>12</b>        |
| <b>Lideta Fird bet branch</b>                       | <b>7</b>             | <b>7</b>         |
| <b>Ayer Tena branch</b>                             | <b>9</b>             | <b>9</b>         |
| <b>Jemmo branch</b>                                 | <b>12</b>            | <b>12</b>        |
| <b>Lebu branch</b>                                  | <b>10</b>            | <b>10</b>        |
| <b>Mekenissa branch</b>                             | <b>8</b>             | <b>8</b>         |
| <b>Arada Giorgis branch</b>                         | <b>12</b>            | <b>12</b>        |
| <b>Girar Branch</b>                                 | <b>10</b>            | <b>10</b>        |
| <b>Total</b>  | <b>100</b>           | <b>100</b>       |

A total of 266 populations were taken from both banks (CBE and Berhan Bank) to conduct the study of employee engagement.

### **3.3.1. SAMPLING TECHNIQUE**

The study selected CBE's Arada Giorgis and Addis Ababa branches, and Berhan Bank S.C.'s Gofa, Arada, Airport, Bole, Lideta, Lideta Fird bet, Ayer Tena, Jemmo, Lebu, Mekanissa, Arada Giorgis, and Girar branches using judgmental sampling used for the purpose of choosing the above listed branches.

Additionally, a random sampling technique was employed to choose a sample from the populations of all selected branches in both commercial banks. This ensured that the target population had an equal chance of being selected for the study.

### **3.3.2. SAMPLING SIZE**

The research assumed that the population participating in the HRM reward plan is homogeneous. This assumption was used to determine the ideal number of samples to choose from the given population. It assumes that HRM reward policy is practiced quite uniformly in the CBE and BBSC. Due to the high homogeneity features that exist, the study used Fowler's (2009) technique of sample size determination, which recommends a sample size of 150 or 50 for 15 million inhabitants to analyze the practice of tax compliance. Based on this recommendation, the study used a sample size of 200 from the two banks (CBE and Berhan Bank) with a confidence level (CL) of 95% and a 5% error margin. The sample drew from 266 employees in both branches. The researcher assumed that there is homogeneity in the human resource management practices in both banks and due to this, equal sample size was taken to make comparative analysis between CBE and BBSC.

### **3.4. DATA TYPES AND COLLECTION INSTRUMENTS**

For the study to accomplish its goals, primary and secondary data was used. Primary data on HRM practices, reward plans, and employee engagement in CBE, and Berhan Bank S.C. was directly gathered from the selected branches through the distribution of questionnaires. Primary data collected through questioner on reward plans, human resource management practices, and employee engagement in CBE, and Berhan Bank S.C. was directly gathered from selected branches of the two banks. The questioner contains total of 45 questions under three titles, 13 financial reward management related questions, 17 non-financial benefits related questions, and 15 question are focused on employee engagement related issues. Therefore, each question scored on a five-point Likert scale: 1- strongly disagree, 2-Disagree 3-Somewhat, 4- agree, and 5- strongly agree. The researcher adopts the questionnaires from previously conducted studies.

### **3.5. DESCRIPTION AND MEASUREMENT OF VARIABLES**

Below this, the research used variables that are derived from the study's conceptual framework. The relationship between the dependent variable (employee engagement) and the independent variables (work-life balance, performance feedback, employee recognition, employee development, and career opportunities), as well as the financial reward system (payment/compensation and benefits) investigated.

### **3.6. DATA PROCESSING AND ANALYSIS**

Data must be separated to identify its constituent parts individually or in connection to the total (Oso and Onen, 2008). For records analysis, SPSS V 23 was used to code the data gathered from the target samples or users. A descriptive records analysis was assigned by the research to examine the characteristics of the variables and the role of the demographic data. Mean tables and bar graphs used to represent the final product. To show the respondents' thoughts and feelings, the frequencies were converted to a proportion. A decision benchmark of 1.00-1.80 (strongly disagree), 1.81-2.60 (disagree), 2.61-3.40 (to some extent), 3.41-4.20 (agree), and 4.21-5.00( strongly agree) applied in the research for the descriptive records analysis judgment.

After that, a Pearson Correlation analysis was used in the study to assess the relationship between the dependent variable (employee engagement) and the independent variables (work-life balance, performance feedback, employee recognition, employee development, and career opportunities) as well as the financial reward system (benefits and payment/compensation). This provided a final determination of the hypothesis's acceptance or rejection based on the statistical significance approach, where hypotheses with  $P < \text{or} = 0.05$  are accepted and those with  $P > 0.05$  are rejected.

Furthermore, a T-paired test was utilized in the study to compare the financial and non-financial reward systems at the two banks and ascertain which reward aspects are more important in motivating workers.

### **3.7. VALIDITY AND RELIABILITY OF THE INSTRUMENTS**

#### **3.7.1. VALIDITY**

According to Leedy et al. (2005), validity refers to an instrument's ability to measure or explore the things it was intended for. To test the content validity of the study, the characteristics of the secondary statistics were compared at the beginning of the study, and any discrepancies were

corrected using the appropriate methods. In addition, a pre-test methodology was used to examine the criteria and validate the study by using test results and literature reviews.

### 3.7.2. RELIABILITY

It is important to ensure the accuracy of behavior measurement by checking Cronbach's alpha, which measures the consistency of a set of statements. In order to enhance the validity of the instrument and minimize measurement errors, the study conducted a pilot test/pre-test the questionnaire by taking 10% of the sample size (Connelly, 2008). Therefore, the study conducted a reliability analysis test using Cronbach statistics, the test result is shown below.

A Cronbach's alpha value of over 60% indicates high reliability. When creating variables as predictor components in goal models, reliability is crucial.

Table 1: Reliability Test

| Reward factors(Ivs)                      | Cronbach's Alpha | Cronbach Alpha Based on Standardized Items | No.of Items |
|--|------------------|--|-------------|
| Pay/Compensation                         | 0.867            | 0.843                                      | 9           |
| Other benefits                           | 0.846            | 0.825                                      | 4           |
| Employee performance feedback at work    | 0.923            | 0.889                                      | 4           |
| Work-life balance-related question       | 0.755            | 0.755                                      | 6           |
| Development and career opportunities     | 0.805            | 0.805                                      | 7           |
| Dependent Variable                       |                  |  |             |
| Employee work strength                   | 0.836            | 0.825                                      | 5           |
| Employees' dedication at work in         | 0.847            | 0.866                                      | 5           |
| Absorptive/engagment of employee at work | 0.782            | 0.757                                      | 5           |

Source: SPSS own analysis 2023

Table 1 portrayed the reliability statistics analysis. The result Cronbach's Alpha had ratio value of greater than the benchmark 60% so the test satisfied the reliability test.

## **CHAPTER FOUR**

### **DATA ANALYSIS, DISCUSSION AND INTERPRETATION**

#### **4. INTRODUCTION**

This chapter discusses the process of analyzing, interpreting, and discussing data based on the responses obtained from selected samples. It starts by providing a descriptive analysis of the demographic data as well as the features of the independent and dependent variables. Next, a Pearson Correlation analysis and a Paired T-test were conducted to assess the relationship between the independent variables and the dependent variable (employee engagement) as well as to perform a comparative analysis between CBE and BBSC. A Pearson Correlation was conducted to determine the acceptance or rejection of the developed hypotheses.

#### **4.1. RESPONSE RATE**

The study had a response rate of 100%. All distributed questionnaires were returned back, edited, codified and encoded in the software (SPSS). Subsequently, the analysis was done based on the returned 200 sheets of questionnaires.

#### **4.2. DESCRIPTIVE STATISTICS ANALYSIS**

In statistical analysis, a descriptive analysis is used to determine the characteristics of variables based on percentage, mean, standard deviation, and range of scores (Gallant, 2013). In line with this, the study conducted a percentage analysis for demographic variables and mean and standard deviation analysis to evaluate independent and dependent variables descriptively.

### 4.3. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

The demographic features of respondents comprised gender, academic status of respondents, job title and salary status of the respondents.

#### 4.3.1. GENDER CHARACTERISTICS OF RESPONDENTS

Beneath this, the study observed demographic features of respondents regarding gender for both CBE and BBSC.

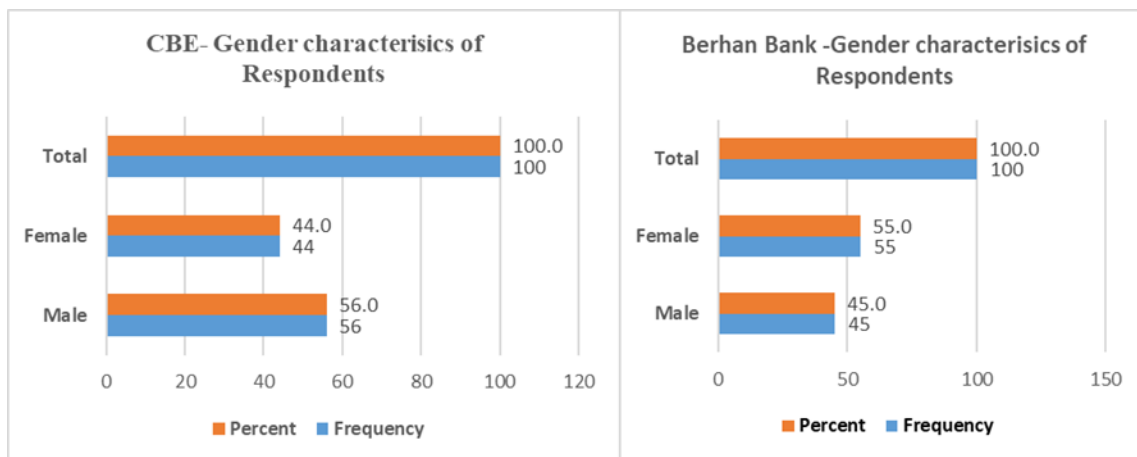


Figure 1

Figure 1 above depicted gender characteristics of respondents of CBE and Berhan Bank S.C. From the total CBE’s respondents of 100, 56% (56 in number), and 44% (44 in number) were,” Male” and “Female” respectively. When we observed respondents from Berhan Bank S.C., most respondents were “Female”, 55% (55 in number), and 45% (45 in number) were “Male”. From the responses, the study refers that most women respondents are from Berhan Bank S.C., and most male are from CBE.

Following this, the study also assessed the academic demographic features of respondents of CBE and Berhan Bank S.C.

### 4.3.2. ACADEMIC DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Figure 2

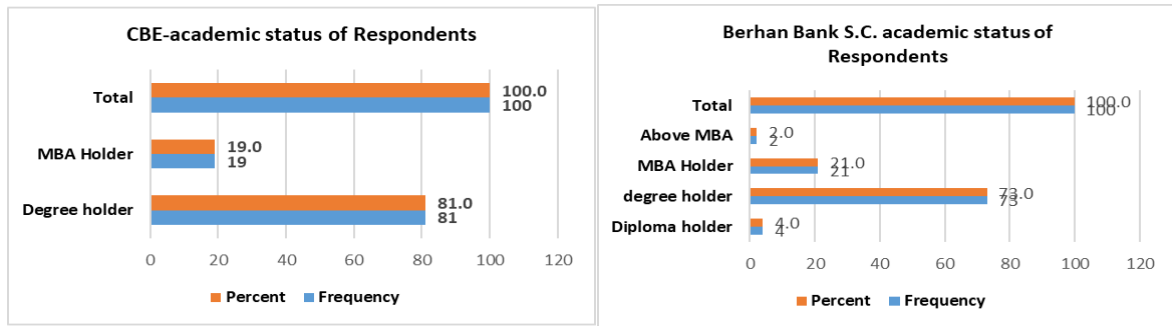
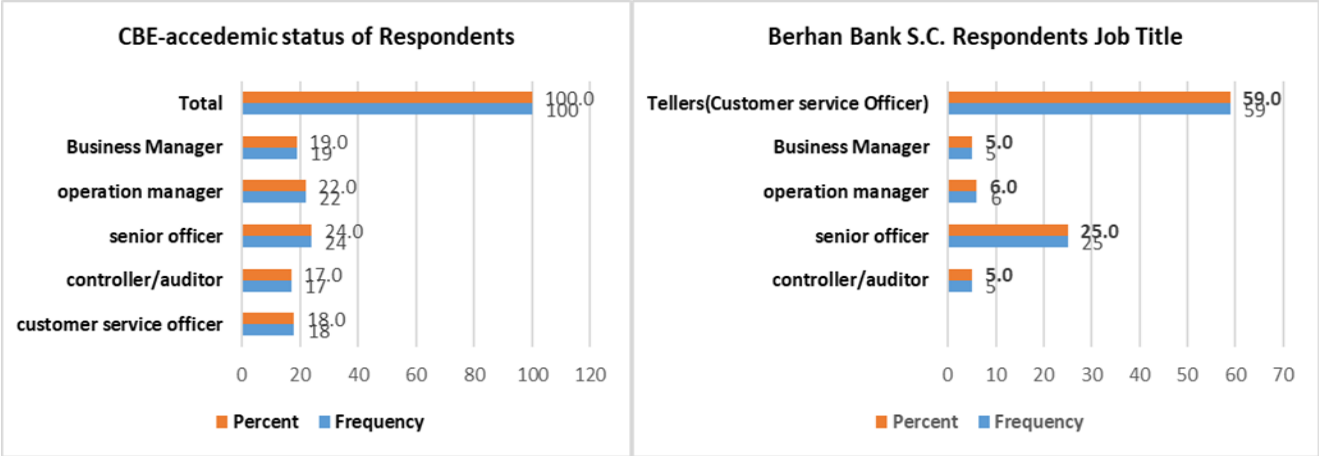


Figure 2 above indicates the academic features of respondents from CBE and BBSC. From CBE, 81% (81 in number) and 19% (19 in number) had “Degree” and “MBA Degree” respectively. Contrary to this, respondents from Berhan Bank S.C, 73% (73 in number) were “Degree holders”, and next to this, 21% (21 in number) were “MBA” degree holders. The rest 4% ( 4 in number) and 2% (2 in number) were “above MBA” degree and “Diploma” holders.

From this, the study implies that in CBE there are no diploma-holder employees in branches whereas in Berhan Bank S.C., there are diploma and above MBA- degree holder respondents.

### 4.3.3. RESPONDENTS JOB TITLE

In addition to the above demographic features, the study also fetched the job title of the respondents from CBE and Berhan Bank S.C.

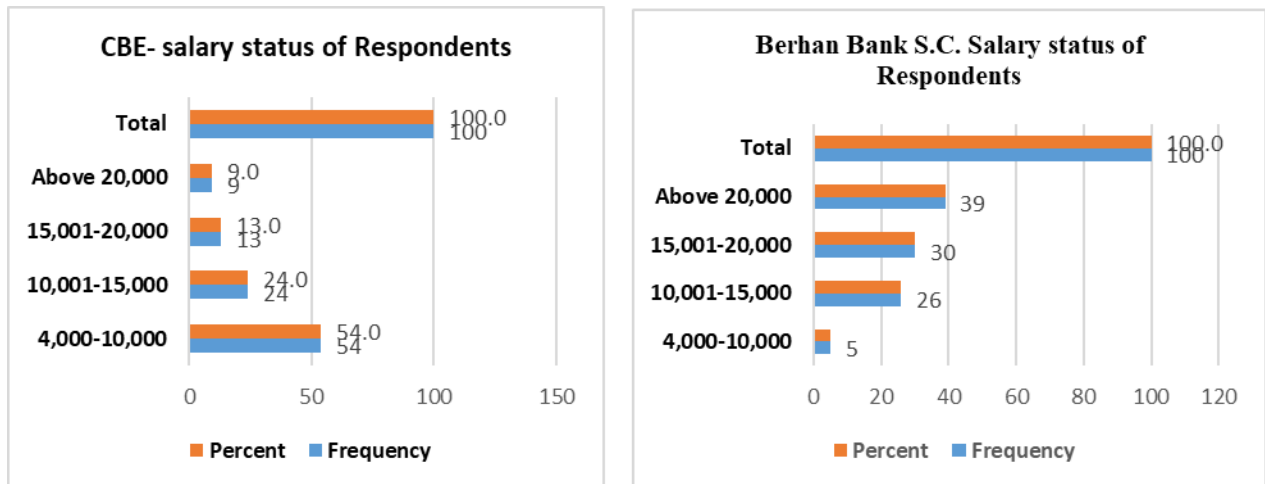


**Figure 3**

As portrayed above in figure 3, from CBE, the highest figure represented by senior office, 24% (24 in number), whereas, from BBSC, 59% (59 in number) were customer service officer. Following this, Operation Manager respondents in CBE were, 22% (22 in number), and 25% (25 in number) respondents were senior officer in BBSC. The rest respondents from CBE were, “customer service officer”, “Business Manager”, and “Controller” achieved figures of 18% (18 in number), 19% (19 in number), and 17% (17 in number) each had figure of 5% (5 in number). From this analysis, it implies that the study influenced by senior officer, operation manager and business manager respondents in the case of CBE, whereas, by customer service office and senior officer in BBSC.

**4.3.4. RESPONDENTS SALARY STATUS**

Furthermore, the study observed the respondents’ salary status which depicted below here in figure 4.



**Figure 4**

As portrayed above, most respondents in CBE fell in the interval salary amount of 4,000-10,000 Birr which had a figure of 54% (54 in number). Next to this, 24% (24 in number) respondents categorized in the interval of 10,001-15,000 Birr salary amount. The rest 13% (13 in number) and 9% (9 in number) respondents had got a salary amount in the interval of 15,001-20,000 Birr, and above 20,000 respectively.

Whereas, in BBSC, most respondents had got monthly salary amount above 20,000 Birr which scored 39%. Next to this, 30% (30 in number) of respondents had got s monthly salary fell in the interval of 15,001-20,000. The rest 26% (26 in number) and 5% (5 in number) respondents were categorized in the interval between 10,001- 15,000.00 and 4,000-10,000 Birr salary amount.

From this analysis, the study states that most respondents in CBE are junior employees that work in front of the counter, whereas, in BBSC, the maximum number of respondents are senior employees.

#### **4.4. DESCRIPTIVE STATISTICS ANALYSIS OF INDEPENDENT AND DEPENDENT VARIABLES**

The descriptive statistics analysis of the independent variables of financial motivation factors (pay/compensation, other financial benefits (house allowance, fuel allowance mortgage, emergency loan), and non-financial motivation factors (employees' performance feedback and recognition at work, work-life balance, and development and career), and dependent variables

engagement of employees (employees strength, dedication of employees at work and absorption/employees engagement at work) were evaluated in terms of mean. The judgment of the mean result was determined by the benchmark, a mean value of 1.00-1.80 judged as “Strongly Disagree”, 1.81-2.60 decided, “Disagree”, 2.61-3.40 decided, “Neutral”. In addition to this, mean values of, 3.41-4.20, and 4.21-5.00 were judged as “Agree”, and “Strongly Agree” respectively.

#### 4.4.1. DESCRIPTIVE ANALYSIS OF INDEPENDENT VARIABLES

##### 4.4.1.1. PAY/COMPENSATION IN THE BANKS (CBE/BBSC)

| Pay/Compensation in the Banks (CBE or BBSC)  | Commercial Bank of Ethiopia |          |          |             |             | Berhan International Bank |          |             |             |
|--|-----------------------------|----------|----------|-------------|-------------|---------------------------|----------|-------------|-------------|
|  | N                           | Min.     | Max.     | Mean        | Std. Dev.   | Min.                      | Max.     | Mean        | Std. Dev.   |
| comp-The financial rewards like periderms are distributed rightfully in CBE /BBSC                              | 100                         | 1        | 5        | 1.80        | 1.172       | 1                         | 5        | 2.35        | 1.132       |
| comp-The financial reward of salary matches my work effort in CBE/BBSC   | 100                         | 1        | 5        | 3.00        | 0.899       | 1                         | 5        | 2.11        | 1.043       |
| comp-I am satisfied with the quality of the financial rewards like bonus in CBE/ BBSC                          | 100                         | 1        | 5        | 4.00        | 0.000       | 1                         | 5        | 2.52        | 1.181       |
| The bonus matches my work performance in CBE/ BBSC   | 100                         | 1        | 5        | 3.00        | 0.899       | 1                         | 5        | 2.37        | 1.111       |
| I am ready to increase my work efforts due to the existing good salary and financial gain rewards in CBE/ BBSC | 100                         | 1        | 5        | 2.52        | 1.181       | 1                         | 5        | 2.86        | 1.218       |
| Employees work more as a team to gain financial rewards in CBE/ BBSC   | 100                         | 1        | 5        | 2.52        | 1.181       | 1                         | 5        | 2.79        | 1.365       |
| The financial reward like bonus motivates me to perform well in my job in CBE/ BBSC                            | 100                         | 4        | 5        | 4.20        | 0.402       | 1                         | 5        | 2.33        | 1.231       |
| Valid N (listwise)   | 100                         |          |          |             |             |                           |          |             |             |
| <b>Aggregate result</b>  | <b>100</b>                  | <b>1</b> | <b>5</b> | <b>3.00</b> | <b>0.82</b> | <b>1</b>                  | <b>5</b> | <b>2.47</b> | <b>1.18</b> |

**Table 2: Descriptive Statistics Analysis of Compensation in CBE/BBSC**

Source: SPSS own analysis 2023

Table 2 displays the average results of CBE and BBSC for the motivation factor of compensation payment/payments. Out of a total of 100 observations, the highest average result of CBE was 4.20, with a variation of 40.20% among respondents. This is represented by the variable "The financial reward like bonus motivates me to perform well in my job in CBE", which is

considered "Agree". The variable "I am satisfied with the quality of the financial rewards like a bonus in CBE/BBSC" had an average value of 4.00 with a variation of 21.10%. The variables "The financial reward of salary matches my work effort in CBE" and "The bonus matches my work performance in CBE" both had an average value of 3.00 (Std. 89.9%) respectively, indicating that most respondents were "Neutral".

The remaining variables, "The financial rewards, such as bonuses, are distributed fairly at CBE", "I am willing to increase my work efforts due to the good salary and financial rewards offered at CBE", and "Employees work together as a team to achieve financial rewards at CBE" had a mean of 1.80 and a standard deviation of 1.172, which corresponds to a rating of "Strongly Disagree".

After examining the data, we found that the variable "The financial rewards like periderms are distributed rightfully in BBSC" had a mean value of 2.35 and a standard deviation of 1.132, while the variable "The financial reward of salary matches my work effort in BBSC" had a mean value of 2.11 with a variation of 1.04. The variables "I am satisfied with the quality of the financial rewards like a bonus in BBSC", "The bonus matches my work performance in BBSC", and "The financial reward like bonus motivates me to perform well in my job in BBSC" had mean and standard deviation values of 2.35 (Std. 1.18), 2.37 (Std. 1.11), and 2.33 (Std. 1.23), respectively. Based on this data, the decision was to disagree with the statements.

In the survey conducted for BBSC, the highest mean value of 2.86 was achieved by the variable, "I am ready to increase my work efforts due to the existing good salary and financial gain rewards in BBSC". The variation for this variable was 1.21, indicating that the respondents were "Neutral".

The study analyzed the role of financial rewards in employee motivation in two different companies: CBE and BBSC. The respondents in BBSC indicated "neutral" responses towards the financial reward factor with a mean value of 2.33 and a variation of 1.23. On the other hand, the mean result of the pay/compensation motivation factor in CBE was 3.00, with a variance of 85%, while BBSC had a mean value of 2.47 with a variation of 1.18.

The study implies that financial rewards do not significantly engage the employees in CBE, while in BBSC, it is unsatisfactory to bring engagement among employees.

Armstrong (2010) emphasized about total rewards that organization to keep their employees inspiring and keeping their talent. Compensation and other benefits require appropriate policies and procedures to facilitate this reward approach. Here the study disclosed that the financial reward was not sufficient and un-satisfaction respectively in CBE and BBSC. Furthermore, according to the research study by Mori, (2008), there is no a single driver for employees engagement, rather it requires a total approach that leads to specific strategic need to be successful. In this regard, both banks (CBE and BBSC) better work to minimize employees dissatisfaction by considering a total reward system.

#### 4.4.1.2. OTHER BENEFITS (HOUSE ALLOWANCE, FUEL ALLOWANCE, MORTGAGE, EMERGENCY LOAN

**Table 3: Benefits (house allowance, fuel allowance, mortgage, emergency loan**

| Other Benefits (house allowance, fuel allowance, mortgage, emergency loan) related questions                       | Commercial Bank of Ethiopia |          |          |             |             | Berhan International Bank |          |             |             |
|--|-----------------------------|----------|----------|-------------|-------------|---------------------------|----------|-------------|-------------|
|  | N                           | Min.     | Max.     | Mean        | Std.Dev.    | Min.                      | Max.     | Mean        | Std. Dev.   |
| The house allowance is satisfied with CBE's current benefit package in CBE/BIB                                     | 100                         | 1        | 5        | 3.60        | 0.780       | 1                         | 5        | 2.04        | 1.188       |
| The fuel allowance benefit we receive is better or as good as other banks offer in CBE/ BBSC                       | 100                         | 1        | 5        | 4.40        | 0.492       | 1                         | 5        | 2.33        | 1.231       |
| There is an equity emergency loan in benefits we receive internally in CBE/ BBSC                                   | 100                         | 1        | 5        | 3.40        | 0.804       | 1                         | 5        | 3.34        | 1.080       |
| The Banks provide me with transport service or fuel allowance is appropriate for the current situation in CBE/BBSC | 100                         | 1        | 5        | 2.66        | 1.339       | 1                         | 5        | 2.66        | 1.339       |
| Valid N (listwise)   | 100                         |          |          |             |             |                           |          |             |             |
| <b>Aggregate result</b>  | <b>100</b>                  | <b>1</b> | <b>5</b> | <b>3.52</b> | <b>0.85</b> | <b>1</b>                  | <b>5</b> | <b>2.59</b> | <b>1.21</b> |

Source: SPSS own analysis 2023

Another factor for employee engagement within an organization is providing additional benefits such as house allowance, fuel allowance, mortgage, and emergency loans. As shown in Table 3, the variable with the highest mean value of 4.40 and a 49.20% variation is "The fuel allowance benefit we receive is better or as good as other banks offer in CBE/ BBSC," indicating that most respondents agreed. The variable with the second highest mean value of 3.60 and a 78.60% variation is "The house allowance current benefit package is satisfying in CBE," indicating that most respondents also agreed with this variable. Following this, the variable "There is an equity emergency loan benefit we receive internally in CBE" had a mean value of 3.40 with a variation

of 80.40% among the respondents. This indicates a "neutral" level of employee engagement in the bank.

The variable "The Banks provide me with transport service or fuel allowance" had a mean score of 2.66 with a variation of 1.399, indicating that employees in CBE are neutral towards this variable. When we observe the level of the employees' engagement factors in BBSC, the highest mean value score of 3.34 with a variation of 1.08 was achieved by the variable "There is an equity emergency loan in benefits we receive internally in CBE". This indicates most respondents are neutral to the variable. The rest variables "The house allowance current benefit package is satisfying in BBSC", "The fuel allowance benefit we receive is better or as good as other banks offer in BBSC", and "The Banks provide me with transport service or fuel allowance is appropriate for the current situation" had mean scores of 2.04, 2.33 and 2.66 with a variation of 1.18, 1.23 and 1.33 respectively.

Most employees at BBSC responded with "Disagree" to all of the variables except for "The Banks provide me with transport service or fuel allowance is appropriate for the current situation," which received a "Neutral" response.

The majority of responders of CBE agreed with the mean value, which was 3.52 with an 85% variance, as per the data. Conversely, the BBSC showed a mean score of 2.59 with a variance of 1.21 among participants, indicating "Disagreed." Additionally, when the study assessed the overall result, it found that, for CBE, the majority of respondents agreed or were satisfied with other benefits like housing allowance, fuel allowance, mortgage, and emergency loan, with a mean value of 3.52 and a standard deviation of 85%. In contrast, for BBSC, the majority of respondents disagreed with the factors that contribute to employee engagement, with a mean value of 2.59 and a variation of 1.21.

Based on this analysis, the study implies that other benefits (house allowance, fuel allowance, emergency loan and mortgage) are satisfactory in CBE to motivate employees engage at their works, while in the in the case of BBSC the result is the opposite.

Further research by the "Corporate Leadership Council" (2004) and CIPD (2007) found that in addition to pay, benefits, recognition, and incentives, with non-financial reward aspects like career development and advancement have a bigger impact on employee engagement inside the

company. The analysis indicates that other benefits packages implemented in BBSC does not engage its staff to the proper degree, while CBE is at a reasonable level.

#### 4.4.1.3. EMPLOYEES PERFORMANCE FEEDBACK AT WORK AND RECOGNITION

**Table 4: Employees performance feedback at work and Recognition**

| Employees performance feedback and Recognition                              | Commercial Bank of Ethiopia |          |          |             |             | Berhan International Bank |          |             |             |
|---|-----------------------------|----------|----------|-------------|-------------|---------------------------|----------|-------------|-------------|
|   | N                           | Min.     | Max.     | Mean        | Std. Dev.   | Min.                      | Max.     | Mean        | Std. Dev.   |
| I get good feedback for my performance from my manager/supervisor CBE/ BBSC | 100                         | 1        | 5        | 4.40        | 0.492       | 1                         | 5        | 3.08        | 1.107       |
| I get an appreciation for my better performance in CBE / BBSC               | 100                         | 1        | 5        | 3.60        | 1.025       | 1                         | 5        | 2.60        | 1.070       |
| CBE's/BBSC's performance evaluation is objective and fair                   | 100                         | 1        | 5        | 3.00        | 0.899       | 1                         | 5        | 2.71        | 1.104       |
| The reward by the bank is important in recognition of our effort CBE/BBSC   | 100                         | 1        | 5        | 3.80        | 1.172       | 1                         | 5        | 2.52        | 1.184       |
| Valid N (listwise)  | 100                         |          |          |             |             |                           |          |             |             |
| <b>Average Result</b>   | <b>100</b>                  | <b>1</b> | <b>5</b> | <b>3.70</b> | <b>0.90</b> | <b>1</b>                  | <b>5</b> | <b>2.73</b> | <b>1.12</b> |

Source: SPSS own analysis 2023

Table 4 above shows the results of employees' performance feedback at work and their recognition in CBE or BBSC. According to the responses of CBE, the variable "I get good feedback for my performance from my manager/supervisor " had the highest mean value of 4.40 with a variance of 49.2%. This means that most respondents strongly agreed with this statement. Next to this, the variable "The reward by the bank is important in recognition of our effort in CBE" had a mean value of 3.80 with a variation of 1.172, indicating that most respondents agreed with it. Similarly, the variable "I get an appreciation for my better performance in CBE" had a mean value of 3.60 with a variance of 1.025, indicating that most respondents agreed with it as well.

According to the survey results, the variable with the highest mean value of 3.08 among the responses from BBSC was "I get good feedback for my performance from my manager/supervisor of BBSC". This indicates that most respondents had a neutral opinion on this variable. On the other hand, the variables "I get an appreciation for my better performance in BBSC" and "The reward by the bank is important in recognition of our effort in BBSC" had

mean values of 2.60 and 2.52, respectively, with variances of 1.07 and 1.18. This implies that most respondents disagreed with these variables.

In addition to this, the aggregate results of employees' performance feedback at work and recognition in CBE had a mean value of 3.70 with variation of 90% that means most respondents agree, while BBSC had a mean value of 2.73 with variation of 1.12 which indicated respondents were neutral.

From this analysis, the study implies that employees' performance feedback and recognition in CBE is satisfactory while in BBSC is neutral or to some extent satisfactory.

#### 4.4.1.4. WORK LIFE BALANCE IN CBE/BBSC

**Table 5: Work life balance in CBE/BBSC**

**Source: SPSS own analysis 2023**

| Work-life balance in Banks  | Commercial Bank of Ethiopia |          |          |             |             | Berhan International Bank |          |             |             |
|---|-----------------------------|----------|----------|-------------|-------------|---------------------------|----------|-------------|-------------|
|   | N                           | Min.     | Max.     | Mean        | Std. Dev.   | Min.                      | Max.     | Mean        | Std. Dev.   |
| There is too much internal hassle and fighting at work in CBE/BBSC            | 100                         | 1        | 5        | 2.40        | 0.804       | 1                         | 5        | 2.60        | 1.107       |
| I have flexible working time and place in CBE/BBSC                            | 100                         | 1        | 5        | 2.00        | 1.101       | 1                         | 5        | 2.55        | 1.167       |
| My job is not difficult to meet my personal and professional life in CBE/BBSC | 100                         | 1        | 5        | 3.00        | 1.271       | 1                         | 5        | 3.23        | 1.145       |
| My supervisor promotes healthy work-life balance in CBE/BBSC                  | 100                         | 1        | 5        | 3.80        | 0.402       | 1                         | 5        | 2.55        | 1.167       |
| CBE/BBSC makes it my job is enjoyable   | 100                         | 1        | 5        | 3.00        | 1.271       | 1                         | 5        | 3.30        | 1.124       |
| I feel a sense of pride in doing my work in CBE/BBSC                          | 100                         | 1        | 5        | 4.00        | 0.636       | 1                         | 5        | 3.38        | 1.237       |
| Valid N (listwise)  | 100                         |          |          |             |             |                           |          |             |             |
| <b>Aggregate result</b>   |                             | <b>1</b> | <b>5</b> | <b>3.03</b> | <b>0.91</b> | <b>1</b>                  | <b>5</b> | <b>2.94</b> | <b>1.16</b> |

In Table 5, we can see the results of a survey about work-life balance in CBE or BBSC. The respondents were asked to rate their agreement with different statements. The variable with the highest mean value in CBE was "I have a good work-life balance", with a mean value of 4.00 and a variation of 63.60%. Similarly, the variable "My supervisor promotes healthy work-life balance in CBE" had a mean value of 3.80 and a variation of 40.20%, indicating that most respondents agreed with this statement.

However, for the variables "There is too much internal hassle and fighting at work in CBE" and "I have flexible working time and place in CBE", most respondents disagreed, with mean values of 2.40, 2.00, and variations of 80.40% and 1.10, respectively. The last variable, "My job is not difficult to manage with my personal and professional life in CBE", had a mean value of 3.00 and a variation of 1.27, indicating that most respondents felt neutral about this statement.

According to the study, the highest score achieved for work-life balance in BBSC was 3.38 with a variation of 1.23. This score was represented by the variable "I feel a sense of pride in doing my work in BBSC," which was perceived neutrally by most respondents.

The two variables "BBSC makes my job enjoyable" and "My job is not difficult to balance with my personal and professional life in BBSC" had mean values of 3.30 and 3.23 respectively, with a variation of 1.12 and 1.14. This indicates that most respondents had a neutral opinion. However, the other two variables, "I have flexible working time and place in BBSC" and "My supervisor promotes healthy work-life balance in BBSC," had a mean value of 2.55 and a variation of 1.16, which means most respondents disagreed with these statements.

The aggregate result of work life characteristics in CBE had a mean value of 3.03 with variation of 0.91 which is more than the BBSC mean value of 2.94 with variation of 1.16. this indicated the feelings of respondents in CBE and BBSC had neutral feeling.

#### 4.4.1.5. DEVELOPMENT AND CAREER OPPORTUNITIES IN CBE/BBSC

| Development and career opportunities   | Commercial Bank of Ethiopia |          |          |             |             | Berhan International Bank |          |             |             |
|--|-----------------------------|----------|----------|-------------|-------------|---------------------------|----------|-------------|-------------|
|  | N                           | Min.     | Max.     | Mean        | Std. Dev.   | Min.                      | Max.     | Mean        | Std. Dev.   |
| There is a chance for promotion on my job in CBE/BBSC                                  | 100                         | 1        | 5        | 4.40        | 0.492       | 1                         | 5        | 2.50        | 1.153       |
| Employees who do well in their jobs have a fair chance of being promoted in CBE/BBSC   | 100                         | 1        | 5        | 2.40        | 1.025       | 1                         | 5        | 2.52        | 1.251       |
| Employees in other similar banks have a chance of quick promotion compared to CBE/BBSC | 100                         | 1        | 5        | 3.60        | 0.552       | 1                         | 5        | 2.59        | 1.262       |
| Employees are promoted in a proper manner way in CBE/BBSC                              | 100                         | 1        | 5        | 1.45        | 1.101       | 1                         | 5        | 2.45        | 1.279       |
| CBE /BIB encourages workers to develop new skill                                       | 100                         | 1        | 5        | 2.55        | 1.172       | 1                         | 5        | 2.56        | 1.194       |
| I am happy with CBE's chance to further education scholarship in CBE/BBSC              | 100                         | 1        | 5        | 2.59        | 1.282       | 1                         | 5        | 3.05        | 1.282       |
| I am satisfied with the chance of promotion to CBE/BBSC                                | 100                         | 1        | 5        | 1.20        | 1.251       | 1                         | 5        | 2.23        | 1.307       |
| Valid N (listwise)   | 100                         |          |          |             |             |                           |          |             |             |
| <b>Aggregate result</b>  | <b>100</b>                  | <b>1</b> | <b>5</b> | <b>2.60</b> | <b>0.98</b> | <b>1</b>                  | <b>5</b> | <b>2.56</b> | <b>1.25</b> |

**Table 6: Development and Career opportunities in CBE/BBSC**

Source: SPSS own analysis 2023

Table 6 presented above displays the available growth and career prospects in CBE and BBSC. The survey was conducted on 100 respondents, and it was observed that most of them strongly agreed with the statement "There is a chance for promotion in my job at CBE". The variable's mean value was 4.40, with a variance of 49.20% showing that there is a strong agreement with the variable. Another variable, "Employees in other similar banks have a chance of quick promotion compared to CBE", had a mean value of 3.60 and a variance of 55.20%. Based on this, most of the respondents had a positive feeling towards this variable (agree with it).

The other variables "Employees who do well in their jobs have a fair chance of being promoted in CBE", "CBE encourages workers to develop new skills", and "I am happy with CBE's chance to further education scholarship" had mean values of 2.40, 2.55, and 2.59, respectively. Their standard deviations were 1.02, 1.17, and 1.28, respectively. For these variables, most respondents marked "Disagree".

The variables "Employees are promoted in a proper manner in CBE" and "I am satisfied with the chance of promotion in CBE" had mean values of 1.45 and 1.20 respectively, with variations of 1.10 and 1.25. The observations indicated a "strongly disagree" response for both variables.

The following information is regarding the survey conducted on BBSC's employees. The variable "I am happy with BBSC's chance to offer further education scholarship" had the highest mean value of 3.05 with a variance of 1.28. This means that most respondents were neutral towards this variable. The variable "Employees in other similar banks have a chance of quick promotion compared to BBSC" had a mean value of 2.59 with a variance of 1.26, which means that most respondents disagreed with this statement. Similarly, the variables "BBSC "Employees are promoted in a proper manner in BBSC" with a mean value of 2.45 and a variance of 1.27, and "I am satisfied with the chance of promotion at BBSC" with a mean value of 2.23 and variance of 1.30 were mostly disagreed upon by the respondents.

The study evaluated the development and career opportunities of employees in CBE and BBSC. The mean figures were 2.60 and 2.56 with a variance of 0.98 and 1.25 respectively. Most respondents in both banks disagreed with these variables.

Here the study observed a non-financial reward system like performance and recognition, development, and career opportunities and work-life balance in both banks (CBE and BBSC). In CBE, performance feedback and recognition are at satisfactory levels opposite to BBSC. The rest non-financial factors in both banks (CBE and BBSC) are not satisfactory for bringing employees at work engagement.

Other studies by the World at Work (2010) show that there is causal relationship between total reward and organizational performance which is linked to employee engagement that comprises work-life, performance feedback, and career and development with a financial reward system that increases organizational performance. Regarding this, the study obtained opposite results except only performance feedback and recognition at CBE.

#### 4.4.2. DESCRIPTIVE ANALYSIS OF DEPENDENT VARIABLES

The study then carried out a descriptive analysis for the dependent variable, which was employees' involvement at work in CBE and BBSC. The three sub variables that make up the DV are the workers' work strength, their work devotion, and their absorption/engagement in their jobs.

##### 4.4.2.1. Employees' work strength in CBE/BBSC

| Employee work strength   | Commercial Bank of Ethiopia |          |          |             |              | Berhan International Bank |          |             |              |
|--|-----------------------------|----------|----------|-------------|--------------|---------------------------|----------|-------------|--------------|
|  | N                           | Min.     | Max.     | Mean        | Std. Dev.    | Min.                      | Max.     | Mean        | Std. Dev.    |
| At work, I feel that I am bursting with energy in CBE/BBSC               | 100                         | 1        | 5        | 3.44        | 0.834        | 1                         | 5        | 2.57        | 1.048        |
| At my job, I feel strong in CBE/BBSC                                     | 100                         | 1        | 5        | 3.72        | 1.092        | 1                         | 5        | 2.59        | 1.061        |
| When I get up in the morning, I feel like going to work at CBE/BBSC      | 100                         | 1        | 5        | 3.60        | 0.804        | 1                         | 5        | 3.45        | 1.175        |
| At my work, I always insist, even when things do not go well in CBE/BBSC | 100                         | 1        | 5        | 4.00        | 0.952        | 1                         | 5        | 3.49        | 1.059        |
| At my job, I am very resilient/strong mentally in CBE/BBSC               | 100                         | 1        | 5        | 4.00        | 0.952        | 1                         | 5        | 3.87        | 1.031        |
| Valid N (listwise)   | 100                         |          |          |             |              |                           |          |             |              |
| <b>Aggregate result</b>  | <b>100</b>                  | <b>1</b> | <b>5</b> | <b>3.75</b> | <b>0.927</b> | <b>1</b>                  | <b>5</b> | <b>3.19</b> | <b>1.075</b> |

**Table 7: Employee work strength in banks**

Source: SPSS own analysis 2023

In Table 7 above, we can see the work strength of employees in CBE and BBSC. Upon analyzing the employee work strength in CBE, we found that the highest mean value achieved was 4.00 with a variation of 0.952. These mean scores were represented by the variables "At my work, I always insist, even when things do not go well" and "At my job, I am very resilient/strong mentally". This indicates that most respondents agreed with these statements. Additionally, the variable "At my job, I feel strong in CBE" had a mean value of 3.72 with a variance of 1.092, and most respondents also agreed with this statement. The remaining variables, "When I get up in the morning, I feel like going to work at CBE" and "At work, I feel that I am bursting with energy in CBE" had mean values of 3.60 and 3.44 with variations of

0.804 and 0.834, respectively. This suggests that most respondents also agreed with these statements.

In regard to BBSC, the variable with the highest mean value score was 3.87 and had a variance of 1.031. This variable is represented by the statement "At my job, I am very resilient/strong mentally in BBSC". The majority of respondents agreed with this statement. The variable "At my work, I always insist, even when things do not go well in BBSC" had a mean value of 3.49 and a variation of 1.06. Most respondents replied with agreement. The variable "When I get up in the morning, I feel like going to work at BBSC" had a mean value of 3.45 and a variance of 1.18. Most respondents agreed with this statement.

On the other hand, the variables "At work, I feel that I am bursting with energy in BBSC" and "At my job, I feel strong in BBSC" had mean scores of 2.57 and 2.59 respectively with a variation of 1.05 and 1.06. The majority of respondents disagreed with both of these statements. According to the study, the majority of respondents agreed with the overall result of employee work strength in CBE, which was 3.75 with a variation of 92.7%. Conversely, the BBSC data indicated a neutral response rate with an average of 3.19 and a variance of 1.075.

Thus, the study implies most respondents suggest that employees work strength in CBE has better positions than BBSC.

#### 4.4.2.2. EMPLOYEES' DEDICATION AT WORK IN CBE/BBSC

| Employees' dedication at work in CBE                  | N          | Min.     | Max.     | Mean        | Std. Dev.   | Min.     | Max.     | Mean        | Std. Dev.   |
|---|------------|----------|----------|-------------|-------------|----------|----------|-------------|-------------|
| I find the work that I do full of meaning and purpose | 100        | 1        | 5        | 4.00        | 0.636       | 1        | 5        | 3.44        | 1.113       |
| I am enthusiastic/interested in my job                | 100        | 1        | 5        | 4.00        | 0.636       | 1        | 5        | 3.60        | 1.035       |
| My job inspires me                                    | 100        | 1        | 5        | 3.80        | 0.985       | 1        | 5        | 3.51        | 1.133       |
| I am proud of the work that I do                      | 100        | 1        | 5        | 4.20        | 0.402       | 1        | 5        | 3.75        | 1.086       |
| Currently, my job is challenging for me               | 100        | 1        | 5        | 3.80        | 0.402       | 1        | 5        | 3.44        | 1.067       |
| Valid N (listwise)                                    | 100        |          |          |             |             |          |          |             |             |
| <b>Aggregate Result</b>                               | <b>100</b> | <b>1</b> | <b>5</b> | <b>3.96</b> | <b>0.61</b> | <b>1</b> | <b>5</b> | <b>3.55</b> | <b>1.09</b> |

**Table 8: Employees dedication at work in CBE/BBSC**

Source: SPSS own analysis 2023

Table 8 displays the level of commitment of employees towards their work. The majority of the respondents agreed with the statement "I am proud of the work that I do", which had a mean value score of 4.20 with a variation of 40.20%. The variables "I am enthusiastic/interested in my job" and "I find the work that I do full of meaning and purpose" had mean value scores of 4.00 with a variance of 63.6%, indicating that most of the respondents preferred to agree with these variables. In addition, according to the CBE report, the majority of respondents also agreed with the statement "My job inspires me" and "Currently, my job is challenging for me", which had mean values of 3.80 and a variation of 40.20%. This suggests that most of the respondents indicated agreement with these statements.

When the study analyzed employees' dedication at work in BBSC, the maximum mean value achieved by 3.75 with a variance of 1.086 which is represented by the variable of "I am proud of the work that I do". This means most observations had a feeling of "agree" with the variable. Next to this, "I am enthusiastic/interested in my job" had a mean value of 3.60 with a variance of 1.035, which means most respondents preferred the feeling of "Agree" with the variable. The other variable "My job inspires me" had a mean value of 3.51 with a variation of 1.13 which means most respondents had a feeling of "agree". The rest variables are "I find the work that I do full of meaning and purpose" and "Currently, my job is challenging for me" which had a mean value of 3.44 with a variance of 1.07 which means most respondents preferred "Agree".

When we observed the aggregate result of employees' dedication at work in CBE had a mean value of 3.96 with a variation of 61%, and BBSC had a mean value of 3.55 with a variation of 1.09.

According to the analysis, the study implies that both banks (CBE and BBSC) respondents have feelings of agreeing to ward the dedication of employees. However, CBE respondents have more prone to the dedication of employees at work in CBE.

#### 4.4.2.3.ABSORPTION/ENGAGEMENT OF EMPLOYEES AT WORK IN CBE

| Absorption/engagement of employees at work in CBE/BBSC | N          | Min.     | Max.     | Mean        | Std. Dev.   | Min.     | Max.     | Mean        | Std. Dev.    |
|--|------------|----------|----------|-------------|-------------|----------|----------|-------------|--------------|
| Time flies when I'm working                            | 100        | 1        | 4        | 4.00        | 0.000       | 1        | 5        | 3.56        | 1.048        |
| When I am working, I forget everything else around me  | 100        | 1        | 4        | 3.00        | 0.899       | 1        | 5        | 3.51        | 1.049        |
| I feel happy when I am working intensely               | 100        | 1        | 5        | 4.00        | 0.636       | 1        | 5        | 3.83        | 0.922        |
| It is difficult to detach myself from my job           | 100        | 1        | 5        | 3.40        | 1.025       | 1        | 5        | 3.29        | 1.018        |
| I am immersed in my work                               | 100        | 1        | 5        | 3.80        | 0.752       | 1        | 5        | 3.31        | 1.022        |
| Valid N (listwise)                                     | 100        |          |          |             |             |          |          |             |              |
| <b>Aggregate Result</b>                                | <b>100</b> | <b>1</b> | <b>5</b> | <b>3.64</b> | <b>0.66</b> | <b>1</b> | <b>5</b> | <b>3.50</b> | <b>1.012</b> |

**Table 9: Absorption/Engagement of Employees at work in CBE**

Source: SPSS own analysis 2023

The engagement of employees at work is an important factor of motivation for employees in an organization. Table 9 shows the level of employee engagement in the CBE and BBSC. According to the report, respondents from CBE had a maximum mean value of 4.00 with a variation of 0.00 for the variables “Time flies when I’m working” and “I feel happy when I am working intensely”. This means that most respondents agreed with these statements.

The variable “I am immersed in my work” had a mean value of 3.80 with a variation of 75.20% indicating that most of them agreed with this statement. The variable “It is difficult to detach myself from my job” had a mean value of 3.40 with a variation of 1.025, which means that most respondents were neutral about it. The last variable “When I am working, I forget everything else around me” had a mean value of 3.00 with a variation of 89.9%, indicating that most respondents disagreed with this statement.

During the study conducted on work engagement at BBSC, it was found that most respondents agreed with the variable ‘ I feel happy when I am working intensely’ with a maximum mean value of 3.83, and variation of 92.20%. The next variable "Time flies when I'm working" had a mean value of 3.56 with a variation of 1.05, indicating that most respondents agreed with this statement. Similarly, the variable "When I am working, I forget everything else around me" had a mean value of 3.51 with a variance of 1.05, with most respondents agreeing with this statement. The remaining variables, "It is difficult to detach myself from my job" and "I am

immersed in my work" had mean value figures of 3.29 and 3.31 respectively, with a variance of 1.02 each, indicating that most respondents are neutral.

Finally, the aggregate result of employees' absorption /engagement at work in EBC had higher a mean value of 3.64 with variation of 0.66 than BBSC which obtained a mean value of 3.50 with variation of 1.01.

According to the study, it implies that employees' engagement at work in both banks (CBE and BBSC) are at satisfactory level.

It is evident from various empirical assessments of employee engagement, such as Derara's (2014), that, with organizational support, job attributes, incentives, and recognition can all be incorporated into the employee engagement model. This will result in the ability to recognize individuals at work, keep them there, and increase their productivity within the company. According to researchers Reilly and Brown (2008), incentive policies and procedures have a critical role in fostering and enhancing employee engagement at work. When properly handled, rewards—both monetary and non-monetary—can have a good impact on participation.

In this regard, the study discloses the dependent variables of the dedication of employees at work, absorption of employees at work, and work strength of the banks (CBE and BBSC) are satisfactory level that aligns with the empirical review of Derar's(2014).

#### **4.5. HYPOTHESES TEST**

The study used a Pearson Correlation analysis to explore the correlation between the independent variable (reward system) and the dependent variable (employee engagement) at work in two banks, namely CBE and BBSC to measure the specified hypotheses

#### 4.5.1 PEARSON CORRELATION ANALYSIS

Anderson (2009), indicates how the correlation coefficient (r) measures the relationship values between variables. Accordingly, correlation coefficient(r) close to +1 or -1 indicates a strong linear relationship. The closer the correlation is to zero, the weaker the relationship.

The independent variables consisted of reward factors, including financial motivation such as pay/compensation in the banks (CBE and BBSC), other benefits (house allowance, fuel allowance, mortgage, emergency loan), and non-financial reward factors such as employee performance feedback and recognition, work-life balance, and development and career opportunities. The dependent variable, employee engagement at work, incorporated employee work strength, dedication, and absorption at work.

| Pearson Correlation Analysis  | Employee Engagement at Work |              |              |            |                             |                               |
|---|-----------------------------|--------------|--------------|------------|-----------------------------|-------------------------------|
|   | CBE                         |              | BBSC         |            | Judgement                   |                               |
|   | Corr.ratio                  | Sig.         | Corr.ratio   | Sig.       | CBE                         | BBSC                          |
| H1: the payment/compensation plan has a positive significant relationship with employee engagement at work in Banks.                            | 0.535**                     | 0.000        | .215*        | 0.031      | Accepted medium correlation | Accepted (weak correlation)   |
| H2: The benefit reward plan has a positive significant relationship with employee engagement at work in Banks                                   | .612**                      | 0.000        | .235*        | 0.019      | Accepted strong correlation | Accepted (Weak Correlation)   |
| H3: The performance feedback and recognition factor has a positive significant relationship with employee engagement at work in Banks           | -.802**                     | 0.000        | .404**       | 0.000      | Rejected                    | Accepted (Weak Correlation)   |
| H4: The work-life balance reward factor has a positive significant relationship with employee engagement at work in Banks                       | .791**                      | 0.000        | .568**       | 0.000      | Accepted strong correlation | Accepted strong correlation   |
| H5: The Employee Development and Career Opportunities program has a positive significant relationship with employee engagement at work in Banks | -0.134                      | 0.19         | .352**       | 0.000      | rejected                    | Accepted weak correlation     |
| <b>Aggregate Result</b>   | <b>-0.134</b>               | <b>0.037</b> | <b>0.355</b> | <b>0.1</b> | <b>Rejected</b>             | <b>Accepted but weak corr</b> |

Table 10: Correlation Analysis

Source: SPSS own analysis 2023

A result of the Pearson Correlation study was shown in Table 10 above. The results showed that employees' work engagement in CBE and BBSC was substantially correlated with financial reward systems, such as pay and compensation, with coefficients of ratios of 0.535 and 0.215,

respectively, and P-values of 0.000 and  $0.031 < 0.05$ . The research indicated a substantial relationship between the independent variable (pay/ compensation) and employee engagement. In light of this, the initial hypothesis, H1: the payment/compensation plan has a strong positive significant relationship in the case of CBE, so the hypothesis accepted. There is a weak positive significant relationship with employee engagement at work in Berhan Bank S.C. Despite the weak correlation, the hypothesis is still accepted as valid .

The study conducted on the second hypothesis (H2), shows that there was a strong correlation between the benefits reward plan and employee engagement at work in CBE. The Pearson Correlation coefficient ratio was 0.612, indicating a significant positive relationship between other benefits and employee engagement, with a P-value of 0.000, which is less than the accepted threshold of 0.05. Therefore, we accepted the hypothesis.

In the case of Berhan Bank S.C., the correlation between other benefits and employee engagement at work we also examined as proposed in the second hypothesis (H2). However, the results showed a weak relationship between the two variables, with a correlation ratio of 0.235 and a P-value of 0.019, which is significant and less than the accepted threshold of 0.05. Despite the weak correlation, the hypothesis is still accepted as valid.

The analysis on, non-financial reward systems were measured to determine their association with employee engagement at work in CBE and Berhan Bank S.C. This was covered by the third, fourth, and fifth hypotheses.

**The following is a report on the correlation between non-financial reward system development and employee career progression in two different banks: CBE and BBSC:**

The third hypothesis in the study of the relationship between the dependent and independent variable indicates that, there is a significant relationship between performance feedback and employee recognition and engagement in both CBE and Berhan Bank S.C. However, upon observing CBE, the association between employee performance feedback and recognition with employee engagement was  $-0.802$  which is found to be negative and strong correlation between the dependent & independent variable. The P-value was 0.000, which is less than the threshold of 0.05. Due to this negative correlation, the hypothesis was rejected. However, in, BBSC the third

hypothesis had a positive moderate correlation with a ratio of .404 with P-Value of 0.000 less than 0.05 threshold, despite its moderate correlation, the hypothesis was accepted.

Regarding the second non-financial hypothesis, H4: The work-life balance reward factor has a significant positive relationship with employee engagement at work in CBE and Berhan Bank S.C. In BBSC we found that there was a correlation ratio (0.568), with the P-value of 0.000 which was less than the threshold of 0.05, in case of CBE, this hypothesis (H4) analysis indicated a strong relationship with a correlation ratio of .791 with a P-value 0.000 less than 0.05, based on this hypothesis was accepted for both banks.

When we observed the fifth hypothesis H5: The Employee Development and Career Opportunities program has an insignificant relationship with employee engagement at work in CBE and Berhan Bank S.C. In CBE, the hypothesis had a negative association with employees' engagement with a negative correlation ratio of -.0134 and a P-value of 0.185 greater than 0.05. Due to this, the hypothesis was rejected.

Contrary to this, BBSC had a positive weak relationship of development and career opportunities with employees' engagement with a correlation ratio of .352 with a P-value of 0.000 less than 0.05, Even if, it had a weak association, the hypothesis was accepted.

Based on the aggregate Pearson Correlation analysis conducted in CBE, the results indicated a negative and in-significant relationship between the financial reward system, which includes pay/compensation, house allowance, fuel allowance, mortgage, and emergency loan, and non-financial rewards such as employee performance feedback and recognition, work-life balance, and employee development and career. This relationship had a correlation ratio of -0.134 with a P-value of 0.037, which is less than the threshold of 0.05. Essentially, this means that the reward system in CBE was not up to the expected standard and was not satisfactory. On the other hand, BBSC had a positive relationship with a correlation ratio of .352 and a P-value of 0.000, which is less than 0.05. This means that the reward system in BBSC was weak but significant in terms of employee engagement.

It appears that the importance of reward management, specifically recognition, plays a significant role in engaging employees in their work, according to a study conducted by Mori in 2008. This finding is consistent with the empirical review as well as other studies, including the

Corporate Leadership Council in 2004 and CIPD in 2007, which highlight the key drivers of employee engagement as the nature of the work, available resources, career and development opportunities, the work environment, and rewards and benefits. Rewards and benefits, career opportunities, learning and development, and quality of life are all factors that make up total reward and have a greater impact on employee engagement.

However, a study conducted on employees at CBE and BBSC suggests that development and career opportunities do not satisfactorily promote employee engagement. The World at Work conducted a study in 2010 which showed that there is a causal relationship between total reward and organizational performance, linked to employee engagement. Compensation benefits, work-life balance, performance feedback, and career and development opportunities all contribute to employee engagement and improved organizational performance.

According to the study framework, the reward system at CBE is not linked to employee engagement at work, and the same is true for BBSC where there is a weak relationship between the reward system and employee engagement at work. Derara's study in 2014 supports the inclusion of job characteristics, rewards and recognition, and organizational justice in models of employee engagement. The research suggests that employees who receive rewards and recognition from their organization are more likely to respond with higher levels of engagement.

In relation to the research on employee engagement, the results indicate that employee performance feedback and recognition had a strong negative association with employee engagement at CBE, while at BBSC there was a weak positive relationship between employee engagement and the and performance feedback and recognition system. These findings have significant implications for managers and companies limitation in understanding and controlling the factors that lead to improved employee engagement levels.

In general, from this assessment the study implies that financial reward factors like pay/compensation and other financial benefits (house allowance, fuel allowance, mortgage emergency loan) have a significant positive correlation with employees' engagement in both banks (CBE and BBSC). The second non-financial reward system( work-life balance) CBE had

coefficient ratio of .791 which is more strong significant relationship with engagement compared to that of BBSC which is .568. On the other hand the study indicates that non-financial reward factors like employee performance feedback and recognition have a negative strong significant relationship with employee engagement in CBE while a weak positive correlation in BBSC. The other reward factor, development and career has a negative insignificant weak association with the engagement of employees at work in CBE and a weak positive significant relationship with employees' engagement in BBSC. The work-life balance reward factor has a strong positive significant relationship with the engagement of employees at work both in CBE and BBSC.

Another study, presented by World at Work (2010), demonstrates the causal relationship between organizational performance and factors such as career and development, work-life balance, performance feedback, and total reward compensation. These factors are linked to employee engagement, which raises it and ultimately enhances organizational performance. The analysis's findings indicate that, while non-financial reward factors like employee feedback and recognition have results that are contrary to the empirical review of Worl at Work (2010), pay/compensation and other benefits in both banks (CBE and BBSC) support the review. In BBSC analysis of this study suggests that employee performance feedback and recognition reward elements have a modest association with employee engagement somewhat related to the study of World at Work (2014).

In addition to this, a study by Derara's (2014) describes when employees receive rewards and recognition from their organization, they feel obliged to respond with higher levels of engagement. Similar to the above description, the study result shows the opposite result, especially in CBE.

According to Reilly and Brown (2008) in another article, developing and enhancing employee engagement requires reward systems (both financial nonfinancial) managed intotal reward approach can help to build engsgment. Well-managed incentives, both monetary and non-monetary, have a beneficial effect on participation. The results of this study and this article include parallels and differences. The result of this study shows that employee engagement in CBE contradicts employee performance feedback and recognition and growth, and career advancement. But when it comes to raising employee engagement, BBSC performs poorly.

#### 4.6. PAIRED T-TEST OF REWARD SYSTEM BETWEEN CBE AND BBSC

The study compared the reward systems in CBE and BBSC in order to assess the relationship between employee engagement at work and reward factors such as pay and compensation, other benefits like housing allowance, fuel allowance, mortgage, and emergency loan, as well as non-financial factors like work-life balance, employee performance feedback and recognition, and career development. Consequently, the study employed a paired T-test to examine the average reward system difference between CBE and BBSC.

Hypothesis (Ho): Mean of Reward System in CBE( $\mu$ )=Mean of Reward System in BBSC( $\mu$ )

Hypothesis (Ha): Mean of Reward System in CBE( $\mu$ )  $\neq$  Mean of Reward System in BBSC( $\mu$ )

Table below indicated the mean difference between the CBE and BBSC.

| Paired Samples Test |  |                    |                |                 |              |           |                 |
|---------------------|--|--------------------|----------------|-----------------|--------------|-----------|-----------------|
| Variable            |  | Paired Differences |                |                 | t            | df        | Sig. (2-tailed) |
|                     |  | Mean               | Std. Deviation | Std. Error Mean |              |           |                 |
| Pair 1              | CBE-average pay/compensation of employees - BBSC-average pay/compensation of employees   | 0.700              | 1.243          | 0.124           | 5.631        | 99        | 0.000           |
| Pair 2              | average CBE other employee benefit(house allowance, fuel allowance, mortgage, emergency loan) - average BBSC other employee benefit(house allowance, fuel allowance, mortgage, emergency loan) | 0.610              | 1.004          | 0.100           | 6.076        | 99        | 0.000           |
| Pair 3              | average CBE-employee perf. Feedback and recognition - BBSC a-employee perf. feedback and recognition   | 0.850              | 1.123          | 0.112           | 7.572        | 99        | 0.000           |
| Pair 4              | CBE-average work-life balance - BBSC average work-life balance   | -0.260             | 1.001          | 0.100           | -2.597       | 99        | 0.011           |
| Pair 5              | CBE-Development and career opportunities - BBSC-Development and career opportunities   | -0.030             | 1.141          | 0.114           | -0.263       | 99        | 0.793           |
|                     | <b>Aggregate result of IVs (reward system)</b>   | <b>0.374</b>       | <b>1.102</b>   | <b>0.110</b>    | <b>3.284</b> | <b>99</b> | <b>0.161</b>    |
| Pair 6              | CBE DV(Employees Engagement - BBSC DV (Employees Engagement)   | 0.320              | 0.875          | 0.087           | 3.658        | 99        | 0.000           |

**Table 11: Comparative of the reward system in CBE and BBSC**

Source: SPSS own analysis 2023

Table 11 shows the results of a Paired Samples Test that was conducted to compare the mean difference between the reward system in CBE and BBSC. The test revealed that the reward system in CBE was better than BBSC in terms of pay/compensation, other benefits such as house allowance, fuel allowance mortgage, emergency loan, and employee performance feedback and recognition. The mean differences were 0.700, 0.610, and 0.850 for pair 1 up to pair 3, respectively, with a positive and significant t-value ( $t(99) = 5.631, 6.076, 7.572$ ) and a p-value of 0.000 (less than the significance level of 0.05).

On the other hand, the reward system in BBSC was significantly better than CBE in terms of employee performance feedback and recognition and work-life balance. For these two variables, the mean values were -0.260 and  $t(99) = 2.597$  with a p-value of 0.011 (less than the significance level of 0.05). However, when it comes to employees' development and career, there was no significant difference between CBE and BBSC. The mean value was -0.030 with a  $t(99)$  value of 0.263 and a p-value of 0.793 (greater than the significance level of 0.05).

When we observed the aggregate result of the reward system CBE had an insignificant positive mean difference of 0.374 with  $t(99) = 3.284$  and a P-value of 0.161 greater than the threshold of 0.05. Finally, the dependent variable employees' engagement at work in CBE had a significant mean difference of 0.320 with  $t(99) = 3.658$ , and a P-value of 0.000 greater than a threshold of 0.05.

Due to this, the study rejected the first hypothesis ( $H_0$ ): Mean of Reward System in CBE( $\mu$ )=Mean of Reward System in BBSC( $\mu$ ), accepted the second hypothesis, ( $H_a$ ): Mean of Reward System in CBE( $\mu$ )  $\neq$  Mean of Reward System in BBSC( $\mu$ ), which means the mean of CBE was higher than BBSC insignificantly.

As per the analysis, it implies that the reward system in CBE is insignificantly better than BBSC including employees', engagement at work. This means the reward system in BBSC is not such enough to influence employees more engaged in their work,

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

#### **4.1. SUMMARY OF FINDINGS**

##### **4.1.1. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS IN CBE**

###### **Gender characteristics in CBE**

- Male and Female respondents were 44% and frequency 44 in number, and 56% and frequency 56 in number respectively.

###### **Academic status of respondent in CBE**

- 81%(81 in number) and 19%(19 in number) had “Degree” and “MBA Degree”.
- Senior office, 24% (frequency =24 in number),
- Operation Manager respondents were, 24% (frequency =24 in number),
- customer service officer”, “Business Manager”, and “Controller” achieved figures of 18% (frequency=18 in number), 19%( frequency=19 in number), and 17%( frequency =17 in number) respectively

###### **Salary Status of respondents in CBE**

- 4,000-10,000 Birr which had a figure of 54% (frequency =54 in number).
- 24% (24 in number) respondents categorized in the interval of 10,001-15,000 Birr salary amount.
- 13%(13 in number) and 9%( 6 in number) respondents had got a salary amount in the interval of 15,001-20,000 Birr, and above 20,000 respectively.

##### **4.1.2. DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS IN BBSC**

###### **Gender status of respondents in BBSC**

- Female”, 55%( frequency =55 in number), and 45%( frequency =45 in number) were “Male”

### **Academic Status of Respondents in BBSC**

- 73% ( frequency=73 in number) were “Degree holders”,
- 21% ( frequency=21 in number) were “MBA” degree holders.
- 4% ( frequency =4 in number) and 2% ( frequency=2 in number) were “above MBA” degree and “Diploma” holders

### **Respondent's job title in BBSC**

- 21% (frequency = 21 in number) that represented by “customer service officer”.
- “Business Manager” and “Controller/auditor” were 5%(frequency=5 in number)
- 25%(frequency=25) were senior officer,
- 38%(frequency=38) were customer service officer
- 5% ( frequency=5) were controller/auditor

### **Salary status of respondents in BBSC**

- Above 20,000 Birr were above 39% (frequency =39)
- In the interval of (15,001-20,000) were 30%( frequency=30)
- In the interval of (10,001-15,000) were 26% (frequency=26)
- In the interval of (4,000-10,000) were 5% (frequency=5)

## **Summary of Descriptive analysis of reward system and employees’ engagement at work**

### **Financial Reward system of independent variables**

#### **Pay/compensation in the CBE /BBSC**

- The aggregate result of pay/compensation in CBE had a mean value of 3.00 with a standard deviation of 0.82. it is neutral feelings toward the respondents.
- The aggregate result of pay /compensation in BBSC had a mean value of 2.47 with a standard deviation of 1.231, which means most respondents had feelings of disagree or unsatisfactory.

#### **Other financial benefits (house allowance, fuel allowance, mortgage and emergency loan**

- The aggregate result of other financial benefits in CBE had a mean value of 3.52 with a variance of 0.85. This referred to most respondents were agreeing or satisfied

- The aggregate result of other financial benefits in BBSC had a mean value of 2.59 with a variance of 1.21. This indicated that most respondents had opinions of disagree or dissatisfied.
- The reward system of another financial benefit in CBE was in a better position compared to BBSC.

### **Non-financial Reward system independent variables**

#### **Work-life balance features in CBE/BBSC**

- The aggregate result of work-life balance in CBE had a mean value of 3.03 with a variance of 91%, which was higher than BBSC which had a mean value of 2.94 with a variance of 1.16.
- When we observed the feelings of respondents, in CBE and BBSC most of them had an opinion neutral or indifferent to work-life balance in the two banks.

#### **Employee development and Career opportunities in CBE/BBSC**

- The mean values of employees and career opportunities in CBE and BBSC were 2.60 and 2.56, respectively, with variations of 0.98 and 1.25. In light of this finding, respondents from both banks (CBE and BBSC) expressed disapproval or dissatisfaction with development and career opportunities.

#### **Employees' work strength in CBE/BBSC**

- The mean value of employees' work strength in CBE had a mean value of 3.75 with a variation of 0.927 while in BBSC had a mean value of 3.19 with a variation of 1.075. According to the result, most observations in CBE had agreed with the employees' work strength however BBSC had neutral opinions.

#### **Employees dedication at work in CBE/BBSC**

- The mean value of employees' dedication at work in CBE had a mean value of 3.96 with a variance of 0.61. Similar to this, BBSC had also a mean value of 3.55 with a standard deviation of 1.09. thus, it indicated most respondents in CBE and NNSC were dedicated to their work.

## **Absorption of employees at work in CBE/BBSC**

- The study obtained that employees' absorption at work in CBE had a mean value of 3.64 with a standard deviation of 0.66, and similar to the mean result of BBSC was 3.50 with a variance of 1.01. this indicated most respondents in both banks (CBE and BBSC) agreed and engaged at work.

## **Summary of Hypotheses Test**

### **Financial Reward system**

- Pay/Compensation in CBE and BBSC was substantially correlated with financial reward systems with coefficients of ratios of 0.535 and 0.215, respectively, and P-values of 0.000 and  $0.031 < 0.05$ . So, H1: the payment/compensation plan has a positive significant relationship with employee engagement at work in CBE, and Berhan Bank S.C. was accepted.
- Other benefits (house allowance, fuel allowance, mortgage, emergency loan) in CBE had a strong relationship with a dependent variable (employee engagement) with a coefficient ratio of 0.612 with a P-value  $0.000 < 0.05$ . the second hypothesis, H2: "The benefit reward plan has a positive significant relationship with employee engagement at work in CBE was accepted.

In BBSC, the results showed a weak relationship between the two variables, with a correlation ratio of 0.235 and a P-value of  $0.019 < 0.05$ , despite the weak correlation, we accepted the hypothesis as valid. So, H2: "The benefit reward plan has a positive significant relationship with employee engagement at work in CBE was accepted.

### **Non-Financial Reward system**

#### **Performance feedback and Recognition of employees in CBE**

The third hypothesis, H3: The performance feedback and recognition factor have a positive significant relationship with employee engagement at work". In CBE, this hypothesis had a significant negative strong relationship with a correlation coefficient of  $-0.802$  and a P-value of  $0.000$  less than  $0.05$ . Due to this, negative correlation, the hypothesis was not accepted.

### **Performance feedback and Recognition of employees in BBSC**

The third hypothesis, H3: “The performance feedback and recognition factor has a positive significant relationship with employee engagement at work” had positive significant weak relationship with correlation ratio of 0.0404 and P-value 0.000 less than 0.05 with employees’ engagement. Despite its weak correlation, the Hypothesis was accepted

### **Work life balance of employees in CBE**

The fourth hypothesis: H4: “The work-life balance reward factor has a positive significant relationship with employee engagement at work in BBSC”. had a positive strong significant relationship with employees’ engagement at work with correlation coefficient of 0.791 with a P-Value of 0.000 less than 0.05. So, the hypothesis was accepted.

### **Work work-work-life balance of employees in BBSC**

Similar to CBE, the fourth hypothesis, H4: “The work-life balance reward factor has a significant relationship with employee engagement at work in Berhan Bank S.C”. had a positive strong relationship with a correlation ratio of 0.568 with a P value of 0.000 less than 0.05. This referred to the hypothesis that was accepted.

### **Development and opportunities career in CBE**

This is represented by the fifth hypothesis, H5: The Employee Development and Career Opportunities program has a positive significant relationship with employee engagement at work in CBE. it had a negative correlation ratio of -0.134 with a P-Value 0.185 greater than 0.05, which means, the hypothesis was insignificant and had a negative correlation ratio. So, it was rejected or not accepted.

### **Development and opportunities career in BBSC**

In BBSC, the fifth hypothesis, H5: The Employee Development and Career Opportunities program has a positive significant relationship with employee engagement at work in BBSC had a weak positive correlation ratio of 0.352 with a P-value of 0.000 less than 0.05. So, the hypothesis was not accepted.

## **Aggregate result of correlation analysis in CBE**

The reward system in CBE has a weak negative impact on employee engagement at work, as indicated by a significant negative correlation ratio of -0.134, with a P-value of 0.0037. This means that there is a statistically significant relationship between the reward system and employee engagement at work, with a negative effect.

### **Paired sample test result**

The study found that the difference in the reward system between CBE and BBSC was not significant ( $M = 1.102$ ), with a P-value of 0.161, which is greater than the significance level of 0.05.

However, the respondents' observations showed that the mean difference in employee engagement at work between CBE and BBSC was significant. CBE had a mean value of 0.320 with a P-value of 0.000, indicating that employees at CBE were more engaged in their work than those at BBSC.

## **4.2. CONCLUSIONS**

This study aimed to explore the correlation between the reward system and employee engagement in two commercial banks: the Commercial Bank of Ethiopia and the Berhan Bank Share Company. To accomplish this, the study formulated a research question based on the problem statement and established hypotheses through a literature review. After analyzing the data collected, the study arrived at the following conclusions based on particular objectives and hypotheses.

### **From Descriptive analysis, the study inferences:**

Based on the suggested respondents' evaluation of the reward system in both CBE and BBSC, the study found that financial rewards did not contribute to employee engagement in CBE. Similarly, the compensation system in BBSC was found to be unsatisfactory.

Most respondents in both banks were not satisfied with the financial rewards, such as per diem, given to the employees to increase work engagement. Respondents from CBE were

indifferent to financial rewards like bonuses from the bank, while BBSC respondents were not satisfied with the financial rewards.

The study found that BBSC employees were dissatisfied with benefits such as house allowance, fuel allowance, mortgage, and emergency loans, while CBE employees had the opposite view. In BBSC, fuel allowance benefits did not result in employee satisfaction and engagement at work. However, in CBE, most respondents were motivated by these benefits and found them helpful in increasing employee engagement. The current arrangement of transport service or fuel allowance did not make a significant difference in either bank.

### **References from Pearson Correlation Analysis**

The study also analyzed the relationship between reward practices and employee engagement in CBE and BBSC. It was found that pay/compensation had a strong positive significant relationship with employee engagement in CBE, while in BBSC, the relationship was significant but not strong. Similarly, other financial benefits like house allowance, fuel allowance, mortgage, and emergency loan had a strong significant correlation with employees' engagement in CBE, but a weak correlation in BBSC.

On the other hand, the non-financial reward system like employee performance feedback and recognition had a strong negative association with employee engagement in CBE, which means it did not bring employees' engagement at work. However, it had a weak positive significant relationship with employee engagement in BBSC.

In the case of the work-life balance of employees in the bank, both CBE and BBSC created a significant and strong relationship with employees to bring engagement. Furthermore, the development and career of employees of a non-financial reward system had an opposite relationship in CBE and was not significant. in CBE, however, in BBSC it had a weak significant relationship with employee work engagement.

According to the assessment of the study regarding the reward system, it ranked that work-life balance had a positive strong significant relationship with employees' engagement at work. Following this, pay/compensation, and other benefits like fuel allowance, house allowance, and mortgage had also a medium relationship with employee engagement at work. The rest non-financial reward systems like employee performance feedback and

career, and development and career had negative significant relationship with employee engagement at work.

According to a study conducted at BBSC, the reward system of an organization has a direct impact on the engagement levels of its employees. The study identified that non-financial rewards such as maintaining a healthy work-life balance for employees had a strong and significant correlation with their engagement. Additionally, employee feedback and recognition played a key role in motivating employees to engage more actively in their work. The study also found that career development opportunities, financial benefits such as house and fuel allowance, mortgage and emergency loans, as well as pay and compensation, were all significantly related to employee engagement.

### **References from Paired T-test for comparative between CBE and BBSC**

A study conducted a comparative analysis of the financial and non-financial reward systems of CBE and Berhan Bank S.C. To do so, the research used a Paired T-test and found the following results:

CBE was significantly better than BBSC in terms of pay/compensation, other employee benefits, and non-financial reward factors such as employee performance feedback and recognition. The mean difference between CBE and BBSC was positive for these factors. On the other hand, in non-financial reward systems such as work-life balance and development and career opportunities, BBSC was significantly better than CBE.

During the hypothesis test, it was observed that the first hypothesis, H1, which states that the payment and compensation plan has a positive and significant correlation with employee engagement at work in CBE and Berhan Bank S.C., showed a strong positive relationship with employee engagement in CBE, but a weak relationship in BBSC.

In the case of the second hypothesis, H2, which states that the benefit reward plan has a positive significant relationship with employee engagement at work in CBE and Berhan Bank S.C., the study found that there was a strong significant relationship with employee engagement at work in CBE. However, it was significant but weak in BBSC.

The study aimed to test the third hypothesis, H3, for the non-financial association between performance feedback, recognition factor, and employee engagement at work in CBE and Berhan Bank S.C. The hypothesis stated that there would be a positive and significant relationship between the two factors. However, the results revealed that in CBE, there was a strong negative and significant correlation between performance feedback and recognition factor, whereas in BBSC, there was a positive and significant correlation.

The study includes a hypothesis that suggests a non-financial reward system in CBE and BBSC banks. The hypothesis, H4, states that the work-life balance reward factor has a positive and significant relationship with employee engagement at work in both banks. The study found that work-life balance in CBE had a strong negative correlation with employees' engagement at work. This indicates that when employees had a long experience in CBE, their engagement at work decreased significantly. In contrast, BBSC had a weak positive correlation with the work-life balance of employees in the bank. This means that if employees increased their life in the bank, their engagement at work decreased.

The fifth hypothesis, H5, suggests that Employee Development and Career Opportunities have a positive and significant relationship with employee engagement at work in CBE and Berhan Bank S.C. This indicates that employees have the opportunity to grow and develop themselves, and also have a chance to work promotion in the banks. Upon analysis, it was discovered that CBE had a negatively insignificant association with employee engagement at work. This means that the development and career opportunities did not support employees to engage in their work. However, in BBSC, the study observed a weak positive contribution of employees' development and careers to engage employees at work.

### **4.3. RECOMMENDATIONS**

Organizations heavily rely on their human resources to achieve success in both the present and future. To maintain sustainable growth and competitiveness in today's constantly changing environment, it is crucial to implement effective human resource management practices. One of the most important practices is to establish a suitable reward system, as it can help motivate employees and increase their engagement in their work. This can be

achieved by introducing appropriate motivational tools, which fall under the domain of human resource management.

The study conducted to analyze the reward system in the two banks then identified key findings and recommended ways to enhance the employee reward system in both banks based on the results.

- Improve work performance-based pay/compensation model both in CBE and BBSC

In today's dynamic business environment, it's essential to tailor the compensation approach based on the organization's goals. Therefore, banks like CBE and BBSC must conduct a thorough analysis of their performance-based compensation model and compare it against other pay structures like total rewards. Both banks should regularly review their cost structure to ensure that their pay/compensation model is adjusted appropriately.

- Improve the financial benefit reward system (fuel allowance, transport allowances, emergency loan, and mortgage)

It has been observed that financial benefits such as allowances, mortgages and emergency loans are effective tools in an organization's reward system, which can help engage employees in their work. However, before implementing such benefits, it is important to assess the organizational cost and revenue structure. The study suggests that BBSC should review its benefit packages carefully. Since the study shows that CBE is at a satisfactory level, it is recommended that the bank be selective in its benefit package, such as offering more facilitated mortgages, considering the current business environment conditions.

- Improve non-financial reward system like employees' performance feedback and recognition, development and employees career opportunities in the banks

Non-financial motivational factors play a significant role in keeping employees engaged and motivated in their work. It is essential for organizations, especially banks, to implement appropriate HRM practices to enhance employee loyalty without relying solely on pay or compensation. Therefore, CBE and BBSC banks should review and improve their current non-financial reward procedures to make them more performance-oriented for employees.

This can include official recognition, immediate work promotions, and other similar incentives.

In general, in this globalized economy the banking industry of our country is vying for a talented workforce who has integrity so CBE and BBSC can motivate and properly compensate employees or risk their being stolen by stiff competitors.

Based on the study findings and conclusions, it is recommended that the rewards system in the organization be designed with articulated strategies that are embedded in the organization's culture. Additionally, management should identify employees' needs and preferences in developing the organization's compensation structure. Applying these notions, along with a good managerial disposition, will enable organizations to formulate effective and sustainable strategies that address equitable and adequate rewards for employees. This, in turn, will enhance employee performance, retention, and employee engagement at work in the organization.

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