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Reward and Organizational Performance Mediated by Employee Engagement: In the case of Dashen Bank S.C.

Prepared for Partial Fulfillment of the Degree of Executive Master of Business Administration (EMBA)

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Declaration

I, Aklile Bimeraw, hereby declare that this thesis entitled: **Reward and Organizational Performance Mediated by Employee Engagement: In the case of Dashen Bank S.C.** is based on my original work except for quotations and citations which have been duly acknowledged.

I also declare that it has not been previously or concurrently submitted in Addis Ababa University or any other institutions. Now, it is offered for the award of the degree of Executive Master of Business Administration from Addis Ababa University.

Aklile Bimeraw ____________ ____________

Signature Date

Certificate

This is to certify that this study entitled: **Reward and Organizational Performance Mediated by Employee Engagement: In the case of Dashen Bank S.C.**was undertaken by **Aklile Bimeraw** for the partial fulfillment of Executive Masters of Business Administration at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University. Now, it is submitted for examination with my approval as a thesis.

Zelalem G/Tsadik(PhD)	__________________	_______________
Research Advisor	Signature	Date

Certification of Originality and Quality

This is to certify that the project work prepared by Aklile Bimeraw entitled: **Reward and Organizational Performance Mediated by Employee Engagement: In the case of Dashen Bank S.C.**was submitted in partial fulfillment of the requirements for the degree of Master of Executive Business Administration compiles with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Acronyms

A.A – Addis Ababa

ANOVA – Analysis of Variance

DB – Dashen Bank

Df – Degree of Freedom

Dist. – District

DV – Dependent Variable

GC – Gregorian calendar

H- Hypothesis

HR – Human Resource

IV – Independent Variable

MV – Moderating Variable

SC – Share Company

SET – Social Exchange Theory

Std. - Standard

SPSS – Statistical Package for Social Science

UWES – Utrecht Work Engagement Scale

VIF – Variance Inflator Factor

V.21 – The 21st Version

Abstract

The main objective of this research was to analyze the Mediating role of Employee Engagement on the relationship between Reward and Organizational Performance: The case of Dashen Bank SC - analyzing the effect of Financial as well as Non-Financial Reward on Employee Engagement and analyzing the effect of Employee Engagement and Reward on Organizational Performance were specific objective of the study. To succeed the main objectives, recognized questionnaires were adapted from previous study works. Descriptive plus explanatory research design was used to quantitatively analyze the relationship between the research variables. Stratified random sampling technique was applied to select samples from five strata of Head Office and District Offices of Dashen Bank SC exist in Addis Ababa area. Based on valid data obtained from 341 employees of Dashen Bank SC, and from the overall analysis, it was established that Financial as well as Non-Financial Rewards have positive and statistically significant effect on employee engagement. Employee Engagement has a positive and significant effect on Organizational Performance as evidenced by the study. In addition to that the Reward also has a positive and significant effect on organizational Performance. The paper concluded that Employee Engagement partially mediates the relationship between Reward and Organizational Performance. Finally, the researcher recommended the bank to avail well balanced Reward including both Financial and Non-financial and integrate it with employee engagement for better organizational performance, and the researcher also recommend periodic research on employee engagement to be conducted by the Bank.

Key words: Financial Rewards, Non-financial Rewards, Reward, Employee Engagement, Organizational Performance

Chapter One

1. Introduction

This chapter is an opening chapter for the study which presents the overall study. It consists of background, statement of the problem, research questions, objectives, significance, scope and organization of the study. Each of these sub topics are discussed in detail under the first chapter.

1.1 Background of the Study

In the current highly competitive business environment, employees are the most important asset of an organization as they are the one that determine the success or failure of the organization. With the hard competition in the marketplace, organizations have put high prominence on human capital or talent management (Robert J. Vance, 2006). Organizations that understand the importance of their employees have derived out with various strategies and policies to certify that their well-being is taken care of and they become busy in their work (Robert J. Vance, 2006). Human Resource Management has been set the top priority to safeguard that the right talent is selected and recruited. Besides, various strategies have been devised and implemented to ensure that the talent is retained, fair remuneration and promotion is implemented, and employees are fully developed and optimized to gain the highest level of productivity (Md. Nurun Nabi et al., 2016).

One of the leading contests in organizations has been applying effective human capital schemes to enhance their productivity. Employees, officially known as human resources in recent organizations, are accurately considered as the most key assets (Md. Nurun Nabi et al., 2016).They also discussed that, Best businesses now have the line in their marketing activities saying “Our employees are our most vital asset”. Contemporary organizations need to pay attention of their assets and when it comes to employees then taking care means satisfying them by fulfilling their desires, both financial and nonfinancial.

If organization flops to do so, employees will be curious to leave the organization. Many large firms today spend large amounts of money trying to make their employees more dynamic.

However, investing money in the productivity of employees is useless if the leaders do not understand how to recognize and reward those who are under them. In addition to money, most people love receiving large amounts of admiration and credit for their endeavours. This will give them a motivation to work harder, which will help organization.

Rewards play an important role in achievement of business goals. Rewards motivate employees to do work hard. People are motivated to get intrinsic rewards. All employees are motivated by rewards. So if we need to get an accomplishment in competitive environment then, we need to achieve high performance of workers. Some individuals are interested by extrinsic rewards such as rise in pay, promotions and bonus. Employees who are motivated by extrinsic rewards are less motivated (Yasmeen et al., 2013).

Armstrong and Murlis (1994) consider that organizations should device reward systems that comprehend both financial and non-financial aspects as this would warrant the satisfaction of different employees' needs, thus, growing levels of employee commitment and performance. Non-financial compensation systems include issues such as appreciation, promotion, increased responsibilities, and personal growth. These endeavours are aimed at inspiring employees through pleasure of their valued needs and achieving organizational goals as the achievement of the organization is allied to human capital.

According to Shields (2007), reward is not merely concerned with financial rewards. It is also agitated with non- financial rewards such as respect, communication, work environment, training and career development. The financial rewards variety from base pay, pay for act, pay for skills and capabilities, and indirect financial rewards such as benefits.(Shields 2007), further notes that individuals are motivated by different aspects, but employers habitually use money as an approach for retaining employees.

An organization's achievement lies in an inspired workforce as highly inspired employees struggle to produce at the highest possible level and exert superior effort than employees who are not inspired (Bagraim, 2006). Daft and Marcic (2007) also consider that employee inspiration, organizational performance, and returns are interconnected and cannot be detached. The most talented and inventive employees are not only motivated by financial rewards such as money, but pursue satisfaction from their work.

Although all these schemes seem to be suitable to motivate and retain the human capital with the organizations, in some cases they are not sufficient to make them engaged with the organizations. The contest today is not only maintaining clever and skilled employees but also it necessitates fully engaging them, helping them to be dedicated and fond of to their company. These days, the thought of 'employee engagement' is obtaining drive as its considerable impact on employee attitude and organizational performance (Rasheed, et.al 2013; Saks, 2006).

Kahn, discussed on Employee engagement for the first time in 1990. He describes employee engagement as 'the association of workers to their job characters, in which workers pay attention and ready themselves physically, mentally, and enthusiastically throughout their work performance.' According to kahn definition, employees can be considered as engaged when they are physically connected with, mentally focussed and emotionally attached to their word. In addition, Schaufeli, et.al (2002) demarcated employee engagement as 'a optimistic, satisfying and professional state of mind that is regarded as commitment, devotion, and engagement.'

Different scholars evidenced that employee engagement has a substantial influence on employee maintenance, efficiency and organizational achievement (Harter, et.al 2016; Rich, Lepine and Crawford, 2010). To obtain and sustain competitive advantage, organizations are bearing in mind engaging employees as their major concern in every process. So, to enhance engagement level of employees and to improve the outcome of the organization; obviously essential to conduct study on the reasons that truly motivate employees to execute their level best. Now a day, organizations focussed on conducting employee engagement surveys regularly to identify factors for employee engagement as a result organization can develop appropriate strategies which help to enhance the engagement level of employee, as a result we can insure the productivity, effectiveness and keeping best employees in the organization (Anuar, 2019).

This study tried to examine the effect of Reward on Performance of an organizational by considering employee engagement as a mediator. Therefore, the study anticipates to add some point on existing literature regarding mediation by the factor of employee engagement on the relationship between independent variable of Reward and dependent variable of Organizational Performance. It is also expected to shed light on the importance of adapting the best Reward to secure the needed level of organizational Performance given employee engagement. The input has been made after considering the instance of Dashen Bank SC as data source.

1.2 Statement of the Problem

Employee attitude is a positive factor for their engagement to organization performance. The recognition of employee attitude is an important element for competition to contribute to organization profitability (Shamila, V.J., 2013). As the researcher discussed in detail in the literature part of this study, there are studies undertaken on the relationship between Reward and Employee engagement, as well as the relationship between Employee engagement and Organizational Performance at various times taking different case studies. In these studies, different researchers show the relationship between the three variables independently.

Bana and Kessy, 2007 discussed that, some employees are highly motivated and engaged by extrinsic rewards such as increase in pay, promotions and bonus, other employees are motivated and engaged with intrinsic rewards such as appreciation, praise and recognition (Bana and Kessy, 2007).

Most workers like to work in organizations with a much paying and recognizing, employeeact through the supervision of rewards as gratitude and motivation for higher performance, thus, efforts expended on task will depend on the value of reward that will follow (Porter et al., 1987).

Employee engagement is fundamental in driving organisational success as engaged employees are inspired and strive to achieve organisational goals and objectives. To be sustainably being competitive with in market, businesses should inspire high employee engagement as a tactical means to attain a competitive advantage for the organization (Kazimoto, P. 2016).

Furtado, Aqaino, and Meila, 2009, mentioned that, Rewarding employees is associated with the motivation of the work force of organization for better performance. However, what type and mix of rewarding tools to use is challenging for the organizations. It is one of the factors that sought may be increased employee's engagement in the work place, which is the key element in the work performance.

Practical Problem, Dashen bank has a great attention to enhance organizational performance and has been setting targeted budget to be achieved in ever fiscal year, for this result the bank revised the rewarding policies time to time to increase employee engagement and achieve the bank's target, however as we can see from recent annual performance report of the bank, there are Gaps, which the bank fail to meet, reported in performance achievement of the bank in each fiscal year.

When we come to literature Gap, there are different conclusions and findings by researches regarding the relationship between reward and employee engagement, some scholars conclude or find the significant effect of Financial Reward on Employee Engagement however others support Non-Financial Reward as main factor for Employee Engagement, there are also scholars who conclude, equal effect of both Financial and Financial Reward on Employee engagement and suggested equal treatment, each conclusion and finding having different thought discussed below.

Kessler and Purcell (1992) explored that financial rewards inspire the knowledge sharing culture in the organization that steered to organizational performance. On the other hand, according to Chiang and Birtch (2009) non-financial intrinsic reward such as the provision of holidays, social benefits increase the employee motivation level, imbalance reward system in an organization endangers the employee's performance and efficiency and will create a struggle and hectic environment in the organization.

In study conducted by Ajila & Abiloa(2004), they pointed that, in developing countries such as India, and Thailand employees reward is one of highly demanded factors in commercial banking that thought for influencing organization performance. One of the greatest key factors in satisfying employees for organization performance is through recognition and appreciation (Ajila & Abiloa, 2004).

Azasu, (2009) discuss on reward as, the rationale behind the use of rewards to employees is that motivated employees become satisfied in terms of fulfilling their wants, both financial and non-financial. Failure to Act, employees will be tempted to leave the organization.
On one hand, employees favour receiving intrinsic rewards in terms of admiration and recognition for certain work engagements, whereas other workers are happy with extrinsic reward in terms of pays, bonus and incentive offered to employees (Lawler, 2008).

Huang Zhijian, Ning Tianshu (2013), in their empirical study on Impact of Total Rewards on Animation Employees' Engagement, conclude that Individual fixed salary, collective salary and spiritual rewards have no significant positive impacts on employee engagement.
Seid (2019), in his research focused on The Effect of Total Rewards on the Engagement Level of Employees, conclude that intrinsic rewards had the biggest significant impact on engagement level, whereas Extrinsic rewards create an impact on level of engagement negatively.
Since the researcher couldn't find any, there are no researches conducted on the relationship between Reward and Organizational Performance considering employee engagement as a mediator, generally in Ethiopia and particularly in the banking industry. The researcher believes the existence of knowledge gap in constructing these three variables at a time. As a result, to address such gap different studies which focuses on the relation of the above mentioned three variables is very essential and this work is part of the contribution.
Hence, in view of the mentioned gap and having the new perspective, this research work is intended to see the mediating Role of Employee engagement on the relationship between Reward and Organizational Performance, by taking Dashen Bank S.C. as a case study.

1.3 Research Questions

The key research questions are:

1. What is the effect of Financial Reward onEmployee Engagement?
2. What is the effectof Non- Financial Reward onEmployee Engagement?
3. What is the effect of Reward onEmployee Engagement?
4. What is the effect of Employee Engagement onOrganizational Performance?
5. What is the effect of Reward onOrganizational Performance?

6. Does Employee Engagement mediate the relationship between Reward and Organizational Performance?

1.4 Objective of the Study

This research is intended and focussed on analysing the effect of EmployeeEngagement on the relationship between Reward and Organizational Performance, the research investigate the direct and indirect effect of reward on organizational performance taking employee engagement as a mediator and determine the mediation role of employee engagement on relation of reward and organizational performance in case of Dashen Bank SC.

The specific objectives are:

- To examine the effect of Financial Reward on Employee Engagement
- To examine the effect of Non-Financial Reward on Employee Engagement
- To examine the effect of Reward on Employee Engagement
- To examine the effect of Employee Engagement on Organizational Performance
- To examine the effect of Reward on Organizational Performance
- To examine the Mediating role of Employee Engagement on the relationship between Reward and Organizational Performance.

1.5 Significance of the Study

As to my knowledge, there are no research works on the mediating role of employee engagement on the relation between Reward and organizational Performance in Ethiopian Banking context in general. Thus, thisresearch can be used as a model and basis of secondary data for those who plan to conduct further study in this specific area.

The final results of thisresearch also have real significance for Dashen Bank's decision makers (leaders) by serving as an input while devising HR policies that focus on enhancing employee engagement through HR practices to boost performance of the Bank. In addition to that the result of this study can be consumed by the management to decide on the type of Reward to be manifested in Dashen Bank to realize highest Organizational Performances.

1.6 Scope of the Study

The scope of this study is examining the relationship between Financial Reward, Non-Financial Reward and Reward with Employee Engagement.Moreover, to see the effect of Employee Engagement on Organizational performance. In addition to that the study further tried to investigate existence of a mediating role by Employee Engagement on the relationship between Reward and Organizational Performance.

The study is conducted at Dashen Bank SC taking sample from staff found in Addis Ababa, at Head Office, District Offices and Branches.

1.7 Organization of the Study

This study contains five chapters; **Chapter One:** "Introduction". This chapter delivers an outline on the background of the study. It contains the Background of the Study, statement of the problem, significance of the study, research questions, objectives and Scope of the study.**Chapter Two:** "Literature Review". In this chapter the theoretical backgrounds of Reward, Employee Engagement and Organizational Performance has been discussed. Moreover, the chapter focuses on Theoretical definition of the variables, empirical previous works reflect the specific interest of this study. Finally, this chapter ends by discussing the conceptual frame work of the study. **Chapter Three:** "Research Design and Methodology". This chapter discuss the theoretical assumptions underpinning the methodological procedures that were employed to conduct this research. Therefore, the chapter shows method of data collection and justifies the chosen research methodology and design. In addition, this chapter presents outline and justification of the samples and participants. Facts of data collection and analysis methods are emphasized. **Chapter Four:** "Data Analysis, Interpretation and Discussion". This chapter presents the detail data analysis of the study based on participant's respond. The chapter covers the interpretation of the analysis and further discussion therein.**Chapter Five:** "Summary of Findings, Conclusion and Recommendations". The aim of this chapter is to present the finding summary and conclusion of the study. The chapter ends by proposing areas for future studies.

Chapter Two

2. Literature Review

This chapter mainly focused on three major points. The first part tried to summarize what theoretical literatures have said about Reward, Employee Engagement and Organizational Performance and their relationship in general. The second part focus on summarizing what researches studied and concluded about the relationship between Reward and employee engagement, the relation between Employee Engagement and organizational Performance, Reward and organizational Performance. The third and final part is about the developed conceptual framework for this study on the base of the reviewed literatures and the research questions.

2.1 Theoretical Review

2.1.1 Reward

2.1.1.1 Meaning and Definition of Reward

Milkovich & Newman, (2004) says,Employee 'reward' 'compensation', or 'remuneration' are terms that may be used interchangeably in literature and may be defined as, all forms of financial returns & tangible services and benefits employees receive. Employee reward may be perceived as an 'effort bargain' between parties to the employment relationship, needs to be continuously renewed on both sides. (Behrend, 1957; Baldamus, 1961).

As perBratton (2007), viewReward comprises monetary, non-monetary and psychological payments that an organization offersto its staffsto compensate what the work isdone by their effort,whichmay beextrinsic,intrinsic rewards or both at a time.

Kessler (2007) define extrinsic rewards as,items such as financial payments and working conditions that the employee receives as part of the job. Intrinsic rewards relate to satisfaction that is derived from actually performing the job such as personal fulfillment, and a sense of contribution something to society. On the other hand, Intrinsic reward may be further subdivided on the one hand, environmental rewards may be manifested in the physical surroundings in which work is performed, combined with other factors, such as the values displayed in the workplace by organizational leaders and work supervisors, and perceptions of their leadership quality.

It is argued that extending the features of employee reward beyond those specified in the economic contract may help to secure employees' discretionary effort and engagement (Wright, 2005).

2.1.1.2 Concept of Reward

Reward is defined as the collective actions an employer may take to state at what levels employee reward will be offered, grounded on what standards and data, how the offer will be controlled over time, and how both the planned links between organizational goals and principles should be understood and operated on by the parties to the employment relationship, (shields, 2007).

Further Reward is aligned with the plans, programs and proceduresneeded to guaranteethe importance of workers and the effort they exertonrealizing organizational, divisional and team goals is acknowledged and recognized. It concerns withplanning, execution and enforcingall reward schemes (organized reward methods, procedures and executions) that target to gratify the desires of both the organization and its stakeholders so as to operate objectively, fairly and regularly (Armstrong 2007).

It must be stressed that reward not only concern about financial rewards, compensation and benefitsfor employee. It is similarlylinked with non-financial rewards likeappreciation, succession planning and betterworking environments.

Reward is a theorywhichgive greater attention to the employees those are being recognized in the work place. Danish, R.Q. & Usman, A. (2010), Janssen, O. (2000) in his formative work labeled that "rewardfocus inplans, programs and processes essential to maintain valuedemployee and enhance the influence they exerton achieving organizational, divisional and team goals throughacknowledgement and recognition". At the same time asdeliberating the features of reward, Armstrong showed that reward embracesprogressive and presentation relating areas of reward system which are keys to achieve organizational objectives.

Roberts R.L. (2005) describerewardas focal point to the management of the employment relationship and as one of the main pillars of human resource management. Armstrong and

Stephens (2005) in other view added to the meaning of reward by demonstrating the decisivepurpose of reward is to support organization to accomplish its strategic goals.

Normally, reward application enable organization to answer two questions, i.e where to be their reward practices in a few years' time and how to anticipateget there? (Armstrong, 2010),Likewise (M. Armstrong, 2006) recommended that reward of an organization "covenants with both ends and means". Definingwhy the reward programs are necessary, how they linkedonachieving organizational objectivesand describing their components is Putting simple comprehensive reward strategy.

This is because Wilson (2003)considered reward schemes as a practicethrough which an organization construes its competitive corporate strategy into a series programs and imperativeswhichwill have apositive influence on employee behavior.

2.1.1.3 Reward Practice

The reward practice incorporates availing total reward packages to employees, which capacitate the organization to achieve the target and satisfy the desires of both the organization and its stakeholders.

Total Reward starts with total remuneration, the subclass of total Rewards, which compromises all the elements of rewards that can be valued in dollar terms. And it is a plan for allotting rewards resources in a way that guides the business to the successful implementation of its objectives (Manas & Graham, 2002).

Armstrong and Murlis (2004) described total reward as comprehensive employee reward which comprises all types of rewards i.e., indirect and direct plus intrinsic and extrinsic rewards. According to these scholars the financial rewards include both compensations and financial benefits where as non-financial rewards include recognition, autonomy, opportunity to use and develop skills, career opportunities, work life balances. It is possible to learn here that total reward is comprehensive in nature that provide all options to employees in return for their effort to the performance of organization. This comprehensive and holistic nature of total reward is best explained by Armstrong (2010) as total reward is not limited in and dependsingle or few rewardingsystem,instead multi ways have been consideredthrough which employees can be recognized and obtain happinesson their task.

Therefore, it understood that the main purpose of reward is torealize the benefit which can come from implementing differentiated reward mechanisms on employee satisfaction, dedication and hard working.

According to WorldatWork (2007), all systematic methodologies used by organizations to recruit potential talents, to make engaged on their work and maintain these employees in the organizations for long periods are considered as total rewards. Theseencompasses each single expenditure that the organization makeson every employee and the larger investment made by the organization with the intention of creating conducive working environment so as to improve employment relationship. A total reward encompasses both monetary and nonmonetary valuesoffered to employees for the investment of their precious resource on their work and getting results. The five key rewards elements are:

A. CompensationB. Benefits C. Work-LifeD. Performance and Recognition and

E. Development and Career Opportunities

2.1.1.4 Types of Reward

Rewards may originate in the forms of either monetary or non-monetary. Monetary reward is to pay offemployees for excellent job performance through money and incentives, including profit sharing, stock options,project bonuses and warrants, scheduled bonuses, and extra paid vacation time. Non-monetary reward is to compensate employees for excellent job done through providing opportunities, such as training,flexible working hours, pleasant working and business environment. Prior to this, Taylor (1911) cited in (Mansor, Borhannuddin, & Yusuf, 2012) stated that, an employee will be fully motivated if the employer pays reward (monetary) for the work done.

2.1.1.4.1 Financial Rewards

According to (Aktar, Sachu, & Ali, 2012), Financial rewards means pay-for performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. it includes direct payments such as salary, other cash payments, and bonus and indirect payments are delivered to employees in the form of benefits.

Financial rewards include rewards having a monetary value which encompasses total paymentlike: basic payment, payments which depend on employee’s result, work, capability or talent, paymentsallied to given service, financial creditarrangements, and also it includes other benefits such as allowances, leave payment and different insurance payments. They are the core elements in total rewards. (Armstrong, 2010).

2.1.1.4.2 Non-Financial Reward

Non-financial rewards are non-monetary/non cash and it is a social appreciation such as acknowledgement, certificate, and genuine gratitude etc. The non-financial rewards are also called resources award (Neckermann & Kosfeld, 2008). Non-financial rewards not relatedwith payments effected directly to employees for their contribution, rather it concerned withindirect payment, for instanceappreciation, achievement, opportunity to use and develop talents, autonomy, access for promotion, support on educational achievements,and enhanced leadership qualities.

Non-financial rewards address the different need and want of every employee having differentiated interest,these non-financial reward availed for satisfaction of employees needs are like, recognition, success, independence, responsibility, inspiration and personal growth. Non-financial rewardincludes the conception of relational rewards, those intangible rewards which are mainly related on making the working environment more conducive, attractive and motivating.

2.1.2 Employee Engagement

2.1.2.1 Overview and Definition of Employee Engagement

Employee engagement is defined by different authors in various ways.The theory and definition of employee engagement was first presented by Kahn (1990). According to his definition, employee engagement is the maximum deployment of self to job emotionally, cognitively and physically for better performance. Employee engagement is also defined as high cognitive availability (attention) and being occupied (absorbed) on the role (Rothbard, 2001.)

While Rothbard (2001) defined employee engagement, he describes engagement as the existence of the two fundamental psychological components: attention and absorption in employee'sactions. Hence, hedefined attention as intellectualreadiness and the amount of time employeesdevotesfor thinking on a given role. However, absorption has described as fullyoccupied in a given task and it statesthe intensity of employee's focus on their task.

Employee Engagement is also defined as state of employee's emotional and intellectual commitment exhibit to their employer which can be measured by their say, stay and strive (Hewitt 2015). Employees' positive expression of their organization refers their say, their desire to be part of the organization irrespective of any situation refers their stay and putting of extraneous effort for goals achievement refers them strive (Hewitt, 2015).

Besides, Schaufeli et al. (2002) describeengagement of employees as a optimistic, energizing, task orientedthoughtwhich is regarded as by vigor, dedication, and absorption. As per their definition, Vigor is described by higheststate of dynamism and intellectualflexibilityup onexecuting one's task, the readiness to exerteffort in assigned task, and determinationto get solution for obstacles. Dedication alsoregarded ashigh level of importance, passion, encouragement, and commitment on facing challenges. Whereas Absorption is consideredashaving strongfocus and wellengaged in a given Task, a moment in which timeelapse while the employee focused on work andwhen get troublestostop working easily.

Alternatively,Maslach & Leiter (2007) stated that employee engagement covers motivational, rational and emotional dimensions. Motivational refers to the extra effort put by employees to execute their role up to the expectation, rational refers to the realization level of their given roles and emotional refers to employees' excitement on their roles as well as on organization.In addition to that, Maslach & Leiter (2007) defined engagement as a condition of high energy, full participation, and effectiveness. Similarly, the Truss, K etal. (2006) defined employee engagement with dimensions of physical engagement (go extra miles for the organization), emotional engagement (displaying massive emotion at work) and cognitive engagement (giving the required attention to work).

Employee engagement is generally seen as a two-way interaction between the employee and the organization for which the organization has the accountability to show the way. There are variousirreplaceable characteristics of an 'engaged' workforce consist of satisfaction, loyalty and encouragement, arelationship with the organization's strategy, and appearance of non-compulsorypower. Also, engaged staffswho are full of life, are positivelyconnected to their work and feel they are doing their jobs effectively (Leiter and Bakker, 2010).

Meere (2005) identified three levels of employee engagement theseare:employees having high level of engagement, who work with desire and senseinsightfullink to their organization, employees who are not engaged, attend and participate at work without passion; and disengaged employees who are unhappy and display same at work, in addition to undermining engaged co-workers.

As stated above, different theoreticians and practitioners defined employee engagement in different ways. The participation of multiple intellectuals can reveal that employee engagement is a concept to be emphasized by every organization in the globe. These days engaged employee are being regarded as the most valuable asset of an organization and organization are trying to get the maximum engagement from their employees (Chhetri, 2017). In recent years, the issue of employee engagement is being dealt by almost all companies since it is being linked with their level of performance (Macey & Schneider, 2008). Organization's profitability and being customer centric is primarily rested on the extent of employee engagement, as confirmed by the study undertaken by Engagement.

2.1.2.2 Theoretical Rationale for Employee Engagement

Social Exchange Theory (SET) is suggested as the most influential and full of paradigm theory to understand the behavior of employee, like employee engagement (Cropanzano & Mitchell, 2005). Thestandard of SET positions that responsibilities are emanated fromregulardealingswith indifferent bodies havingsharedvisions. It is believed that relationships grown upthrough time and it create dependability, believing, and commonunderstandingbetween parties with rule which can guide both bodies. (Cropanzano & Mitchell, 2005). SET alsoexplained as a valuable and reasonable social exchange that provides effective work behavior and better productivity (Xanthopoulou, Bakker, Demerouti &Schaufeli,2009).

When employees acceptdifferenttype of assets from theorganization, employeessurelysensepleased to pay back and reactcordially. Through their level of engagement, employees can compensate their organization, as suggested by Saks (2006). Therefore, it shows us employees react to organization's actions by being engaged,the engagement level of employees varies depending on the amount of reward and related benefit they received from theorganization.

Thus, while the organizations offer a better working conditions and follow attractive rewarding policies, employees will respond by exhibiting a high level of engagement in their work. Otherwise, employees will behave than otherwise, if the organization fails to do so.

2.1.3 Organizational Performance

2.1.3.1 Performance

Presently there are a variety of definitions indorsed to the concept of performance. In the literature there are several articles or studies that explain the concept of performance closely related toenvironmental factors.

Didier Noyé (2002) discussed that the performance comprises in "achieving an objective that were given to you inconjunction of enterprise orientations". In his belief, performance is not an ordinary finding of an outcome, but rather it isthe result of anassociation between the outcome and the objective.

For Whooley (1996), performance is not an independent reality, waiting somewhere to be measured and gaged,but a socially constructed truth that exists in people's minds, if it exists everywhere. According to the author,performance may include: products, components, impact,consequences and can also be linked to efficiency,effectiveness, economy, cost effectiveness or equity.

Neely (2007) believes that performance should consider quantifying the efficiency and effectiveness of actions.This quantification can be conveyed both qualitatively and quantitatively. As per to the explanation of Neely andother authors, performance is closely linked to efficiency and effectiveness.

Performance is aninstrument that can be used to measure the level of realization or policy groups and individuals. Performance is a conversion of performance that is commonlyunderstood as "appearance, demonstration or achievement" (Keban, 2004). It also agrees with Mangkunegara (2008) that the term performance comes from the word job performance or actual performance that is the performance or achievement to be achieved. Murphy (1990) states that performance is a set of behaviors relevant to the goals of the organization or organizational unit of the workplace.

2.1.3.2 Organizational Performance

Organizations have asignificant role in our regular lives and therefore, successful organizations stand for a key ingredient for developing nations. Uninterrupted performance is the centerof Factors of organizational performance of any organization,it is because the main way that organization's performance isclever to grow and improvement. Thus, organizational performance is one of the most essential variables in the management research and possibly the most important indicator of the organizational performance.

The authors Lebans & Euske (2006) offer a set of definitions to explain the concept of organizational performance: performance organizes both financial and non-financial indicators which proposal information on the degree of realization of objectives and results (Lebans & Euske 2006).

According to Cho and Dansereau (2010), Organizational performancestates to theperformance of a firm as compared to its goals and objectives. In addition, Tomaland Jones (2015) outline organizational performance as the genuine results or output of anorganization as measured against that organization's planned outputs.

The efficiency of an organization entails in the productivity of each of itsindividual employees; thus, employee performance can be defined, in part, as a roleof leadership (Mastrangelo et al., 2014). In particular, employee performance can beachieved by operating the factors on which it depends.

Whereas the meaning of organizational performance is as anexplanation of the level of achievement of the enactmentof an organization's tasks in an effort to realize the goals, mission and vision of the organization (Bastian, 2001).

The another meaning of organizational performanceproposed by Pasolong (2007) is the work succeeded byemployees or group of employees within an organization, inagreement with the authority and responsibility of each employee in awork to achieve the objectives of the organization.Thus can be assumed organizational performance is apicture of the work of the organization in attaining goals thatof course will be subjected by resources owned by theorganization.

The resources in demand can be physical such as human andnon-physical resources likeinformation, regulations, andpolicies, to well understand the factors that can affect anorganization's performance.

2.1.3.3 Organizational Performance Perspectives

Over the previous years, there have been numerous conceptualizations of organizational performance inthe strategic management literature. The following are different perspectivesfrom the strategic management literature.

Barnard (1938) noticed organizational effectiveness as the achievement of organizationalpurposes, whereas he defined efficiency as the degree to which individual drives are satisfied.Barnard debated that the primary measure of an effective and efficient organization is its capabilityto survive.

Drucker (1954) claimed that the critical measure of organizational performance issurvival. To this end, Drucker offered eight diverse performance dimensions that he sensed wereessential for the survival and success of anorganization. These dimensions included (1) productivity (2) marketstanding comparative to the market potential both now and in the future (3) physical and financial resources (4) innovation (5) profitability adequate to cover the riskpremium for being in business, (6) workerperformance and attitude, (7) manager performance and development, and (8) public responsibility. According to Drucker, these eightextents are all essential for the long-term survival of the organization, which is the crucialtest of performance.

Ansoff (1965) offered that return oninvestment to be the critical measure of organizational performance. While this was argued to be the aim of the organization, he acknowledged thatthe organization was constrained by individual stakeholder objectives. As a result, theorganization need also to have non-economic objectives that lead to maximization of return oninvestment as forced by stakeholder restraints on organizational flexibility.

As Freeman (1984) proposed that, an organization to accomplish its objectives, it had toutilize its relationships with stakeholders to accomplish both organizational goals and stakeholder goals. Stakeholders are not considered organizational constraints. Rather, they are asource to accomplish organizational intents. This needs satisfying at least the minimalcomforts of all stakeholders.

Porter (1985) claimed that the objectives of business components need to be recognized to reflect thegoals of the overall organization. In this perspective, some business elements might be tasked withhigher sales advancement, while other business element may be tasked with better cash generation tofinance the sales growth in more dynamic areas.

Venkatraman & Ramanujam (1986) endorsed that the area of organizationaleffectiveness was comprised of three primary dimensions: (1) financial performance, (2) operational performance, and (3) the influence of stakeholders. Each of these three primarydimensions was includedvarious lower-level dimensions.

As Venkatraman and Ramanujam's discussed, the financial dimension deals with the overall financialperformance of the organization, and is the area of performance generally found in strategyand entrepreneurship research. Profitability, survival, growth, financial structure, efficiency, cash flow, and resource accumulationare sub-dimensions of financial performance. Theseoperational dimension focus on how the organization is performing on non-financial issues.

The operational dimension develops upon the financial dimension, and is more commonlyrevealed in recent strategy and entrepreneurship research. It may be decomposed into subdimensions,such as market building, organization building, network building, product quality,product and process innovation, quality, employee satisfaction, and customer satisfaction.

2.2 Empirical Evidences

2.2.1 Reward and Employee Engagement

WorldatWork, (2010), in a Survey conducted on Impact of Rewards Programs on Employee Engagement, with a sample of 6,300 WorldatWork members, primarily total rewards professionals, confirms that total rewards arrangements, policies and programs influence employee engagement. Based on the surveybenefits and basic paymentshow weak relationship in order tohave high levels of inspiration and employee engagement in the organization, on the other hand incentives, intangible rewards as well as leadership qualityshows strong relation with engagement.

Huang and Tianshu (2013), in their empirical study on Impact of Total Rewards on Animation Employees' Engagement by taking 800 animation employees from South China as a sample for the study, conclude that Challenging working environment, appreciation and recognition, promotion opportunity and individual variable pay have significant positive impacts on employee engagement.

Zafarullah Waqas (2014), conducted a research aiming to explore how employee engagement can be strengthened by offering monetary and non-monetary rewards to employees and the research Results disclosed the fact that monetary and non-monetary rewards be able toraise the level of employee engagement.

Koskey& Sakataka (2015), in a research conducted on Effect of Reward on Employee Engagement and Commitment focused on three engagement and commitment drivers: direct financial benefits, indirect financial benefits and non-financial benefits, Conclude that, Promotion opportunities, as the leading direct financial driver in employee engagement, Health benefits, job relevant training and interaction with fellow workers freely, as the strongest contributor to engagement and commitment.

Sharon S. M (2016) in his research, which examine the impact of Reward and recognition on Employee engagement, bytaking PT. Bank Sulutgo. Manado as a case study and considering all employees of the Bank as population for his study, conclude that, Reward and Recognition have influences to employee engagement at Simultaneously, Reward hasinfluence to employee engagement and Recognition also has influence to employee engagement separately.

Meron Michael (2017) in her research which examined the practice of reward and its effect on engagement level of Varnero Construction employee by considering specific reward practices like compensation, basic pay, acknowledgement, talent development, promotionalopportunity and others, concluded that reward practices have a positive and significant effect on employee engagement.

Muhammad Tahir (2019) in study conducted based on investigating reward practices of software development firms in Pakistan, employee's preference for different type of reward offered, and influence of reward practices on employee's work engagement with title of Analysis of reward practice and their influence on employee engagement among software development firms in Pakistan, conclude that both non-monetary and monetary reward had positive and significant effects on employee engagement.

Muhammad Tahir (2019) discussed that, to be engaged employees prefer monetary rewards such as enough payments, overtime payments, and Transportation allowances similarly, in non-monetary reward category, employees prefer reward such as social security, appreciation and recognition.

Therefore, based on the above discussed literature the following hypotheses are developedby the researcher: -

> ***1) H1: there is a significant positive relationship between Financial Reward and Employee Engagement***
>
> ***2) H2: there is a significant positive relationship between Non-Financial Reward and Employee Engagement***
>
> ***3) H3: there is a significant positive relationship between Reward and Employee Engagement***

2.2.2 Employee Engagement and Organizational Performance

According to Bakker and Schaufeli (2008), better employee engagement practices form a favorable working environment for the employees by giving them with various opportunities of sharing their suggestions, newideas and development opportunities. These practices have a great influence on employees to motivating them to give their maximum efforts in the organizational efforts and thus enhance the organizational performance (Bakker and Schaufeli, 2008).

Markos and Sridevi (2010) in their study titled Employee Engagement: The Key to Improving Performance, viewed employee engagement as having a positive influence on organizational performance, stating that the more employees becomeengaged, the better the organization performs and had a positive influence on performance outcomes such as profitability, productivity, employee retention, safety and customer loyalty. Engaged employees are warmlycommitted to their organization and highly attached in their work with a great passion for the success of their organization, perform extra beyond the employment contractual agreement. They conclude that, employee engagement is closely linked with organizational performance outcomes.

They discussed the effect of employee engagement on organizational performance as, Companies havingemployees with high level of engagementget better opportunity on employee retention which significantly reduced employee turnover by reducing the intention to leave the organization, result in growth in efficiency andbettersatisfaction level of customer. In the contrary, organizationswithemployees who are not engaged,suffer withlosing the concertedenergy, draincapacity, less productivity, earn less pledge from the employees, increase innumber of employee who off from work and reduced customer satisfaction then minimaloperationalas well as profit margins.

As Patro (2013) discussed on Organizational Outcomes of Employee Engagement in his Research titled "The Impact of Employee Engagement on Organization's Productivity" Employee engagement is a critical part of organizational success. Employee engagement foretells the employee results, financial performance, andorganizational success. The effectof engagement or disengagement can evident itself through outcomes for customers of the organization, productivity and organizational performance, employee retention rates and organizational culture.

He pointes the relation between employee engagement and organizational performance by stating the effect of employee engagement on organization's higher profits and productivity and financial success. Suitable employee engagement will help toearn higher profits and also the productivity willincrease. Engagement permitstheorganizations with possibility of growth and profit rises bring about a very engaged staff, on the other way around. As profits increases, the capacity for pay and bonus also increases, which is likely to provoke a positive emotion in employees and may thus increase their attitude of attachment to the organization (Patro, 2013). He also discussed the effect of employee engagement on organizational financial success as Effective employee engagement will be having a higher effect on the organization's financial success. Employee engagement foretells the employee products, organizational achievement, and financial performance.

Wellins and Bernthal (2015) theorized that a positive work environment encourages and engaged employees which drive them to perform exceptionally to improve levels of organizational productivity and profitability through the delivery of superior products or services and the better utilization of organizational resources.

Mahmoud Al-dalahmeh et.al (2018) in a study whichintendedto assess Engagement level of Employee and its effect onPerformance of Organizational consideringJob Satisfactionas a Mediator, conclude that employee engagement significantly impacted organizational performance, they also discussed that the three dimensions that of vigor, absorption, and dedication have significantlycontributed to the performance of an organization.

Khalaf, Rana Khaled; Hmoud Hazar Y.; Obeidat, Bader (2019) in the study which Reviewthe Effect of EmployeeEngagement on Organizational Performance, conclude that, for the success of any organization, it is essential that the human resources of that organization are treated well and most importantly are satisfied. A pleased and engaged employee is not only productive but also servesto be a core asset for an organization. The performance of an Organizational is not limited to that of financial but also includes the non-financial, i.e marketshare, and goodwill which can only be ensured if all the components of the organization work together.

Recently conducted research by Saba Anwar et.al (2020), on systematic review of impact of employee engagement on organizational Performance, revealed the existence of positive linkage between employee engagement with work and Organizational performance.

Saba Anwar et.al (2020), concluded that, engagement level was found to affecting organization performance. Worker's involvement is a key of better organizational performance. Crucial importance of theworkforce with high level of commitment and engagement is recognized concept to boostindividual and organizational performance. They also give surety that relationship between strong and honest engagement of employees or staff with their work and its impact on better performance of the organization have also significantly impact on the economies of scale and on social performance.

Therefore, based on the above discussed literature the following hypotheses are developedby the researcher: -

4) ***H4: there is a significant positive relationship between Employee Engagement and Organizational Performance***

2.2.3 Reward and Organizational Performance

A studyconducted by Kalleberg and Moody (1994), based on data from the US National Organizational Study, foundthat profit sharingis positively correlated with organizational profit throughproduct quality, product development, customer satisfaction, and growth in sales.

Study of (Gross, S.E.& H.M.Friedman, 2004), titled Creating an Effective Total Reward Strategy: Holistic Approach Better Supports Business Success,mention that many organizations do not realize the causal relationship between their lackluster performance and a misaligned reward strategy. To attract and retain the best performers with affordable and justifiable costs, management needs to surewhether the total rewards strategy is properly associated with the organization strategy.

Kirunda (2004) conclude that, Reward practices (monetary and non –monetary) have been found to be positively linked toorganizational performance as they help maintain a positive motivational environment relevant in improving organizational performance.

The empirical research conducted by (Azasu, Samuel, 2009) finds that organizations that introduce the total rewards strategy have better performance than companies that do not apply the strategy.

An empirical study by (Mujtaba & Shuaib, 2010) demonstrated that a proper employee reward system as part of a comprehensive performance management program can help enhance performance andproductivity in the workplace. If organizations reward ethical behavior and employee effort in a fair manner, chances are high that these workers will reciprocate by putting an extra effort geared towards improving organizational performance (Mujtaba & Shuaib, 2010).

The study conducted by Tze San Ong and Boon Heng The (2012) to examines the relationship between the reward system and organization's financial performance found that most of the organizations provide both monetary and non-monetary rewards, adoption of reward system is not influenced by age and size of the company, regarding the relationship on reward and organizational financial performance, the researcher conclude that, extrinsic rewards and financial performance of organizations have negative relationship between , howeverfinancial performance of organizations are positively related tointrinsic rewards.

Marwan Al-Nsour (2012), has indicate the significant relation of financial incentives and organizational performance in his study conducted to assess Relationship between Incentives and Organizational Performance for Employees in the Jordanian Universities.

Ibrahim A. Musenze et.al (2013), in their study conducted on universities found in Uganda, which assess the relationship between Reward and Organizational Performance, they conclude the existence of a significant relationship between both monetary and non-monetary reward and organizational Performance.

A study conducted by RobinaYasmeen, Umar Farooq and Fahad Asghar (2013) which assess the Impact of Rewards on Organizational Performance with Empirical Evidence from

Telecom Sector of Pakistan, reveled the existence of moderate to strong relationship between promotion and organization performance. The study also shows highly significant and strong relationship between recognition andorganization performance the strongest and highly significant relationship exists between appreciation and organization performance. All the independent variable taken by the researchers i.e. salary, promotion, bonus, recognition and appreciation are positively related with dependent variable i.e. organization performance.

Agwu (2013). On his research Impact of Fair Reward System on Employees Job Performanceindicated that thoseextrinsic rewards help enhance individuals' capacity to better organizational performance.

Tilaye Eneyew (2018), in his research conducted to assess Rewarding System of Dashen Bank and its effect onPerformance of the Bank, aiming to assess satisfaction level of employees on financial and non-financial reward provided by the bank and effect of reward system on organizational performance, conclude that financial and nonfinancial reward have a direct effect on employee motivation as well as organizational performance.

Therefore, based on the above discussed literature the following hypotheses are developedby the researcher: -

5) ***H5: there is a significant positive relationship between Reward and Organizational Performance***

2.2.4 Mediation

According to Baron and Kenny (1986) definition, mediationis the multiplicativetool over which the main independent variable can impact the dependent variable of concern. According to Wood et al. (2008) mediation occurs when the effects of one variable on another can be explained a third intervening variable.

According to MacKinnon, Fairchild and Fritz (2007) and Hayes (2013) mediation in its simplest form represents the addition of a third variable to the X → Y relation, whereby X causes the mediator (M), and M Affects Y, so X→ M → Y. Similarly, according to MacKinnon (2008) in a mediation model, the independent variable causes the mediator which then causes the dependent variable.

According to MacKinnon (2008) mediation tests require that there is a significant relation between the independent and the dependent variable for mediation to exist. According to him if there is not a significant relation between two variables then it does not make sense to talk about mediation, but it does make sense to talk about indirect effects.

Therefore, based on the above concept and previous empirical literatures, the researcher proposed the following hypotheses: -

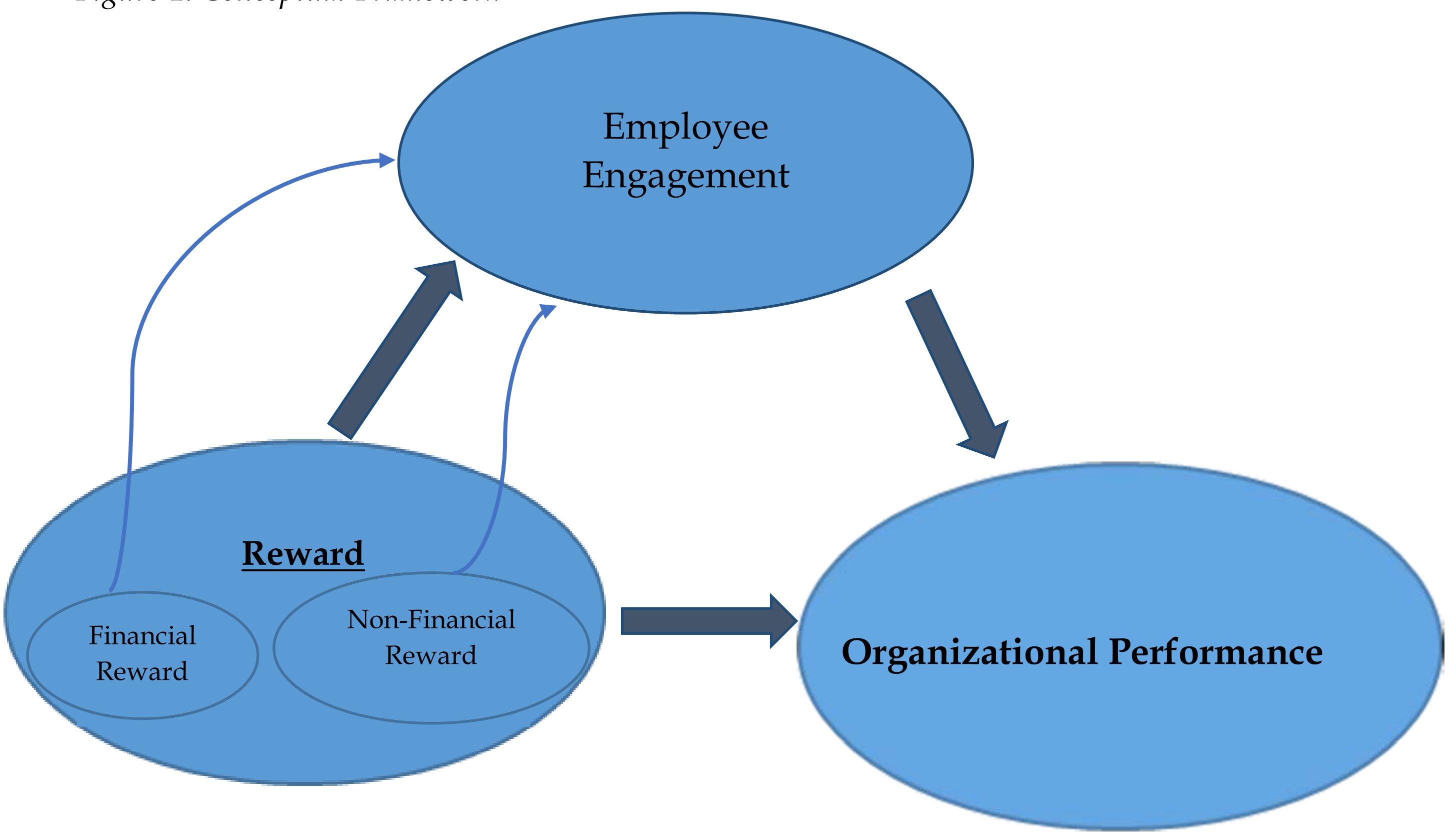
6) ***H6: the relationship between Reward and Organizational Performance will be significant with Employee engagement put as a mediator.***

2.3 Conceptual Framework

Following critical and detail assessment of existing works (both theoretical and empirical), the next conceptual framework, which contain all discussed variables and serve as guiding base for this study is structured.

The next diagram describes the theorized conceptual framework which demonstrate the connection/relationship between variables of Reward (independent variable) consist Financial and Nonfinancial Reward, Employee Engagement (hypothesized mediator) and Organizational Performance (dependent variable).

Figure 1: Conceptual Framework



Source: - Developed by the researcher based on theoretical and empirical literatures.

Chapter Three

3. Research Design and Methodology

This chapter consist eight major points. The first point discusses on the study area and the second part is about the research design used. The third part briefly discus about the research approach followed by the researcher and the fourth part is about target population, sampling size and sampling techniques. The fifth part focuses on data source, instrument used and how the data collected. The six-part focus on the analysis method employed in the study. The data validity and reliability discussed on seventh part. The last part is about a few words about ethical consideration exercised in doing the research work.

3.1 The Study Area

The study area is Dashen Bank SC., which is one of the sixteen private commercial banks operating in Ethiopia. The bank officially registered on the 20th of September 1995 and opened its doors for customers with eleven branches across the country on 1st of January 1996 GC. Currently the Bank is celebrating the 25th year of Anniversary, The Bank come to existenceas per national bank regulation after mobilizingthe required capital of Birr 50 million.As of 30thof June 2020, the bank could raise its paid up capital to Birr 3.5 billion, and the bank's branch network reaches 423,the number of customer also reaches 2.7 million,the total asset of the bank stood 68.26 billion and 1.09 million cardholders. The number of employees also reached 9,970, of which 6,116 are permanent employees while the Remaining 3,854 are contract and outsourced employees (Dashen Bank SC, 2019/20 annual report).

3.2 Research Design

Research design is a framework that serves as a plan to study the research problem. The role of a research design is to manage the collection of relevant data with minimal consumption of effort, time and money considering the research objectives (Kothari, 2004).

Accordingly, the research design used in the study was both descriptive as well as explanatory. Descriptive research design was usedwith the intention ofcreating and briefly describing the features of the variables involved and addressed in the research. Whereas, explanatory research used to clarify, recognize and forecast the causality relationship among the variables that is Reward, Employee Engagement and Organizational Performance.

3.3 Research Approach

As noted in Creswell (2009), there are three different accredited research approaches, these are, quantitative, qualitative and mixed methods approach. According to Hungler, Beck and Polit (2013), "quantitative research is a better way for analysisof different theories by investigating the relationship between variables". Hence, based on the research problem and objective to be met in this study, the quantitative research approach was used.

3.4 Target Population, Sample Size and Sampling Technique

3.4.1 Target Population

Target population is said to be a specified group of people or objects for which question can be asked or observed (Hiar, celsi, ortinau & Bush and, 2008). Accordingly, the total population targeted for this researchencompasses all permanent employees who are professional (excluding Executive Management, who entitled special reward structure and non-clerical staff, who are outsourced) at Dashen Bank SC,who work in Addis Ababa under the four District Offices and Head Quarters.

For the purpose of this study, only branches found in Addis Ababa City Administration was taken, though there are branches found outside Addis Ababa the researcher limits his target on Addis. The total target population constitutes 3,097 professional staffs as sated here under.

Table 1: Number of Employees and Branches in the target Area

Target Area	Number of target employees*	Percentage against total	Number of Branches	Percentage against total branch
HQ	1,123	36.26%	-	-
East A.A Dist.	543	17.53%	51	28.02%
North A.A Dist.	497	16.05%	47	25.82%
South A.A Dist.	484	15.63%	41	22.53%
West A.A Dist.	450	14.53%	43	23.63%
Total	3,097	100.00%	182	100.00%

**Source: - Dashen Bank HR Operation and Partnership Management Department.*

3.4.2 Sampling Technique

As Zikmund (2003) discussed there are two basic sampling techniques, i.e probability and non-probability sampling. According to Zikmund, a probability sample is defined as a sample in which every member of a population has a known, non-zero probability of selection. Zikmund states that if sample units are selected on the basis of personal judgment, the sample method is a non-probability sample.

In this study, the researcher used Multi stage Probability sampling technique, first proportional stratified sampling has been used to select Branches and Departments from those Districts and Departments having similarity in their staff compositions, then simple random sampling used to select Respondents from Branches and departments. Simple random sampling has an advantage for the number of sampling population to give an equal probability being selected.

3.4.3 Sample Size

Alreck& Settle (1995) states that sample size is determined after considering statistical precision, practical issues and availability of resources. The sample size is very important for the clear understanding of the population of the study to be undertaken.

The sample size for this study was determined by considering the total population of staff in the targeted area. The researcher used proportionate stratified sampling and simple random sampling to select respondents from the targeted population.

According to Dashen Bank's Human Resource Department report for June 30, 2020, there are 3, 097 professional employees in the targeted area for the study. From this target population, 354 employees were taken as a sample of respondents, taking Yemane's (1967) simplified formula to calculate sample size. The sample size determination formula is: -

$n = N/1+e^2*N$

Where, n = sample size, N = total targeted population and e = the desired level of precision.

$n= 3097(1+.05^2*3097) \rightarrow \quad n= 3097/8.7425 \rightarrow \quad n=354$

Table 2: Number of Population & Sample Size

Target Area	Number of Employees	Proportion sample size	Percentage of sample against the total sample
HQ	1,123	128	36.26%
East A.A Dist.	543	62	17.53%
North A.A Dist.	497	57	16.05%
South A.A Dist.	484	55	15.63%
West A.A Dist.	450	52	14.53%
Total	3,097	354	100.00%

**Source: - Dashen Bank HR Operation and Partnership Management Department.*

3.5 Data Sources, Instrument and Collection

The researcher considered Primary data as a main source for the analysis to be used in thisstudy. The primary data has been collected from the nominated sample of professional employees of Dashen Bank who are working in Addis Ababausing closed ended questionnaire. The questionnaire adapted from existing literatures. Questions regarding to employee engagement adapted from Utrecht Work Engagement Scale–9 [UWES-9]), developed to assess the engagement level of employees (Schaufeli, W., & Salanova, M. 2007). Reward questions adapted from published journal which evaluate the relation between incentives and organizational performance, developed by Marwan Al-Nsour (2012). Questions regarding to organizational Performance adapted from Mahmoud Al-dalahmeh (2018), the study held on employee engagement to assess its impact on performance of an organizational. The justification for adapting the above stated questions is that they have been used by many researchers globally and found to be very instrumental. All questions are arranged with Likert scale having five points: 5=Strongly Agree, 4=Agree, 3=Moderately Agree, 2=Disagree, 1=Strongly Disagree which give options for respondents to point out their level of agreement or disagreement on the stated item.

The questionnaire comprises two different sections. The first part deals with over all demographic data of the respondents that includes age, gender, level of educational and length of service year in Dshen Bank SC. The second section includes questions regarding the independent variable (Reward), the dependent variable (Organizational Performance) and the mediating variable (Employee Engagement).

In relation to the procedure which has been used for collecting the data, the researcher distributed the questionnaire which was ready for data collection to the properly nominated sample employees of Dashen Bank SC found in Addis Ababa and the questionnaire was collected back by the researcher by contacting each respondents physically at their site.

In relation to data collection, from the four Districts, twenty-five percent of branches from each District was considered. Accordingly, from the total of 182 branches in Addis Ababa found under the four Districts 46 branches was randomly selected. Hence, 13 branches from East Addis, 12 branches from North Addis, 10 branches from south Addis and 11 branches from West Addis were selected. Hence, per branch, on average, 5 questionnaires were distributed and collected. As to primary data collection from Head Office, fifty percent of the Departments were considered. Therefore, out of the existing 26 Departments, 13 of them randomly selected and 128 questionnaires were distributed to staff of these selected Departments equally. For each Department, on average, 10 questionnaires were distributed and collected in person by the researcher. The number of collected filled questionnaires and respective collection rate is summarized as under in the table.

Table 3: Number of Collected Questionnaires

Target Area			***Number of Questionnaires***		
	Number of Departments/Branches	***50% of the Department/ 25% of the branches***	***Distributed***	***Collected***	***Collection rate***
HQ	*26*	*13*	*128*	*121*	*94.53%*
East A.A Dist.	*51*	*13*	*62*	*60*	*96.77%*
North A.A Dist.	*47*	*12*	*57*	*57*	*100%*
South A.A Dist.	*41*	*10*	*55*	*53*	*96.36%*
West A.A Dist.	*43*	*11*	*52*	*50*	*96.15%*
Total			*354*	*341*	*96.33%*

**Source: - Dashen Bank HR Operation and Partnership Management Department.*

3.6 Method of Analysis

Descriptive statistics supports to define the features of variables considered in a given research (Kohtari, 2004). In this study, the researcher used both Descriptive as well as inferential statistics. Descriptive statistics also used to label the data collected concerning about the respondents' demographic status like, frequency distribution, mean and standard deviations. On the other hand, inferentialstatistics:that of Pearson correlation and regression analysis applied to analyze the correlation then the direct and indirect effect of the mediation were checked by PROCESS V3.5, Andrew F.Heyes, as well as to check the cause and effect relationships that exist betweenthe variables, SPSS Version 21has been used for the purpose.

For hypothesestesting, the researcher under take analysis of linear regression. Furthermore, since the research involves mediator variable, in order to test the existence of mediation between variables the researcher used the model which is developed by Baron and Kenny 's (1986) as a guiding framework. Hence, the mediation test has gone through the basic models developed for the purpose (the researcher used Baron and Kenny's three regression models). Mediation analysis help to tests a hypothetical fundamental chain where one variable X (IV) affects the second variable M and, consecutively, that variable affects a third variable Y (DV). Mediators explain the how or why of a linking between the two variables and occasionally called intermediary variables, as they often define the process through which an influence occurs.

Therefore, based on the model, mediation tested through regression analysis and then the result discussed on the strength of the outcome in the next chapter.

3.7 Validity and Reliability

Validity is the decisive criterion, to check the extent that results gets from collected responses using pre designed questionnaire represent the reality (Kothari, 2004). Before the instrument which is intended to collect the primary data given to the respondents, the questionnaire was tested and confirmed for its validity by the advisor to check whether it address what it expected to measure. Though it was take on from formerstudies,Comment from practitioners on the instrument was also received. Therefore, the instrument found to be valid in multiple measurements.

Reliability is a measure to gauge the degree to which a research instrument yields consistent results or data after repeated trials (Green, 2003). It is also to ensure the degree to which a measurement is free from random or unstable error. Cronbach's alpha (α) is a usually used to measure reliability.

The Cronbach's alpha is achieved by the variance of individual components and by the variance of the components sum of each assessed, aiming to examine the likely relations between the items. As stated by Carmines & Zeller (1979), the closer the reliability coefficient to 1.00 is the better. In general, reliabilities value below 0.60 assumed as a poor; ranging from0.60 to 0.90 assumed as good or acceptable, according to Sekaran and Bougie (2016). In this research, all variables met the above requirement as computed and summarized in the below table.

Table 4: Cronbach's Alpha Value Result for each and Overall

Variable	**Number of items**	**Cronbach's alpha (α)**
Financial Reward	7	0.762
Non-Financial Reward	9	0.711
Reward	16	0.826
Employee Engagement	16	0.916
Organizational Performance	13	0.877

Source: own survey SPSS V21 (2021)

3.8 Ethical Consideration

An intensive and mindful effort has been made at each point to maintain the promise. An assurance was given to the respondents about the response and results which intended and only be used for academic purpose. In addition to that, all nominated respondents also required and asked to be part of this research with their consent and the researcher assure the respondent their secrecy and concealment would be kept. Furthermore, the applicationofaggressive, biasedandadditionalundesirablewordings were eliminated throughout the study.

3.9 Model Specification

As per Baron and Kenny (1986) framework of mediation testing, the following models were developed.

Model 1

H1: There is a significant positive relationship between Financial Reward and Employee Engagement.

$Y = \alpha 1 + \beta 1X1 + \varepsilon y$…………………………. Model 1

Where: y = Employee Engagement, X1 = Financial Reward, α1 = intercept of Employee Engagement, β1 = coefficient, εy = the random error.

Model 2

H2: There is a significant positive relationship between Non-Financial Reward and Employee Engagement.

$Y = \alpha 2 + \beta 2X2 + \varepsilon y$…………………………. Model 2

Where:

Y = Employee Engagement, X2 = Non-Financial Reward, α2 = intercept of Employee Engagement, β2 = coefficient, εy = the random error.

Model 3

H3: There is a significant positive relationship between Reward and Employee Engagement.

$Y = \alpha 3 + \beta 3X3 + \varepsilon y$…………………………. Model 3

Where:

Y = Employee Engagement, $X3$ = Reward, $\alpha 3$ = intercept of Employee Engagement, $\beta 3$ = coefficient, εy = the random error.

Model 4

H4: There is a significant positive relationship between Employee Engagement and Organizational Performance.

$Y = \alpha 4 + \beta 4 X4 + \varepsilon y$………………………… Model 4

Where:

Y = Organizational Performance, $X4$ = Employee Engagement, $\alpha 4$ = intercept of Organizational Performance, $\beta 4$ = coefficient, εy = the random error.

Model 5

H5: There is a significant relationship between Reward and Organizational Performance.

$Y = \alpha 5 + \beta 5 X5 + \varepsilon y$………………………… Model 5

Where:

Y =Organizational Performance, $X5$=Reward, $\alpha 5$=intercept of Organizational Performance, $\beta 5$=coefficient, εy=the random error.

Model 6

H6: The relationship between Reward and Organizational Performance will be significant with Employee Engagement put as a mediator.

$Y = \alpha 6 + \beta 6 X6 + zm + \varepsilon y$………………………… Model 6

Where: Y=Organizational Performance, $X6$= Reward, m=Employee Engagement, $\alpha 6$=intercept of Organizational Performance, $\beta 6$& z=coefficients, εy= the random error.

Chapter Four

4. Data Analysis, Interpretation and Discussion

4.1 Introduction

This chapter attempted to analyzes and interpret the data collected and summarized. The results are made to relate to the key considerations discussed in the literature review sections. At the same time, the data is analyzed in association with the research questions raised in chapter one. Basically, this study tried to study the effect of Reward on organizational performance. And it considered direct effect of employee engagement on organizational performance and mediating role onReward and organizational Performance. This chapter also focused on presentation, interpretation and discussion of data collected through questionnaires, which is analyzed using regression analysis. Moreover, the data collected were analyzed using SPSS version 21 with PROCESS macro.

For the purpose of this study, the researched distributed 354 questionnaires assuming to collect all of them filled without missing any question. Finally, a total of 341 questionnaires (96.33%) were obtained and used for analysis. The balance, i.e. 13 questionnaires could not be incorporated in the analysis, 9 questionnaires (2.5%) were not returned and 4 questionnaires (1.13%) filled with missed questions. Hence, the non-response rate, including unreturned and partially filled, is 3.77%.

4.2 Demographic Composition of Respondents

Demographic information was collected from the respondents. The demographic information of the respondents includes gender, age, education level and year of service in Dashen Bank SC to see the demographic composition of respondents in the study area. Accordingly, table 5 below presents frequency and percentage of background variables of participants participated in this study.

Table 5: Frequency and Percentage of Demographic/background variables

	Description	Frequency	Percent
Age	18 – 25 Years	59	17.3
	26 – 35 Years	204	59.8
	36 – 45 Years	67	19.7
	Above 45 Years	11	3.2
Gender	Male	209	61.3
	Female	132	38.7
Education	College Diploma	5	1.5
	First Degree	206	60.4
	Second Degree and Above	130	38.1
Year of Service in DB	1 – 5 Years	162	47.5
	6 – 10 Years	99	29.0
	11 – 15 Years	47	13.8
	Above 15 Years	33	9.7

Source: own survey SPSS V21 (2021)

Most participants (59.8%) were in the age range of 26- 35 years old. 19.7% of participants were in the age group of 36 - 45 years old, 17.3% were in the age group of 18 - 25 years old while the remained, 3.2% were above 45 years old. On the other hand, out of total 341 participants involved in this study, 61.3% were male and the remaining balance, i.e. 38.7% were female.

Regarding educational level of participants, more than half of participants, 60.4%, were having educational status of first degree. The second larger portions (38.1%) of the participants were having educational level of second degree and above. The remaining, 1.5% were having educational level of college diploma.

With respect to service year of the participants, out of the total 341 of them47.5% were having 1 - 5 years of work experience in the bank. 29% of participants were having 6 – 10 years of service in the bank. In addition, 13.8% of participants were having 11 - 15 years of service in and the remaining 9.7% were having above 15 years of service in Dashen Bank SC. More than half of participants (52.5%) were having above 6 years of service in the bank which in turn gave relatively better opportunity to elicit analyzable information and data on investigating the effect of Reward on Organizational Performance in Dashen Bank SC.

4.3 Descriptive Statistics of Variables

The descriptive statistics of this research précised and well described in the following table (table 6) which enlightening the count, the mean and std. deviation of each variable. It indicates the ordinary score of the respondent from the given five point Likert scale with 5 representing strong agreement and 1 representing strong disagreement of the respondents was calculated for each variable to get the ratio of the respondents who have strong agreement or disagreement in the listed items of each variable. According to Crewel (2012), mean value of ≥4.5= Very High, 3.51 to 4.51= High, 2.51 to 3.5 = Moderate, 1.51 to 2.5=Low; and < 1.5=Very Low.

Table 6: Descriptive Statistics of Variables

Description	N	Mean	Std. Deviation
Financial Reward	341	2.6808	0.71936
Non-Financial Reward	341	3.0394	0.61428
Reward	341	2.8825	0.58933
Employee Engagement	341	3.3198	0.72072
Organizational Performance	341	3.0002	0.63120

Source: own survey SPSS V21 (2021)

As shown in table 6, the mean value for Financial Reward is 2.68, which is higher than the mid score of the 5-point Likert scale, whereas the std. Deviation is 0.72. The result shows us, large number of respondents agreed that the financial reward is favorable or fits for them. Which mean, majority of the respondents believed that theyreceived moderately satisfactory financial reward from their Bank.

On the other hand, the mean value of non-financial Reward is 3.04, which is higher than the mid score of the 5-point Likert scale, whereas the std. deviation is 0.61. The result shows us, large number of respondents agreed that the non-financial reward is favorable or fits for them. Which mean, majority of the respondents believed that theyreceived moderately satisfactory Non-Financial Reward from their Bank.

The mean score of Reward is 2.88, whereas the standard deviation is 0.59. The result shows us, large number of respondents moderately agreed that Reward fits them. Which mean, majority of the respondents believed that the bank's Rewardmoderately satisfactory their expectation.

The mean score of Employee Engagement is 3.32 with standard Deviation of 0.72, which is higher than the mid score of a 5 point Likert scale. This indicate that a large number of employees were engaged in their task. Which mean, majority of the employees are energetic, committed and engaged on their tasks.

The mean score of Organizational Performance is 3.00, whereas the standard deviation is 0.63. the result shows us, large number of respondents moderately agreed that the bank's performance is in good track.

4.4 Correlation Analysis

This analysis is used to determine the strength and direction of the relation exists within the researchvariables: Financial Reward, Non-Financial Reward, Reward and Employee Engagement (the independent variables) and Organizational Performance (i.e. dependent variable). The Pearson correlation matrix was applied to check the relation and its strength. The results are precisely presented as follow:

Table 7: Pearson Correlation Matrix

	Financial Reward	Non-Financial Reward	Reward	Employee Engagement	Organizational Performance
Financial Reward	1				
Non-Financial Reward	.593**	1			
Reward	.881**	.903**	1		
Employee Engagement	.387**	.442**	.466**	1	
Organizational Performance	.465**	.604**	.603**	.505**	1

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

Source: Researcher's survey data output (2021)

As Cohen (1988) determined the standard on effect size, the correlation coefficients of < ± 0.28 are considered as having small effects; the medium effects range from ±0.28 to 0.49; and, the larger effects are values higher than ±0.49. Cohen (1998) cited by (Warokka et al. 2012), similarly inferred the correlation coefficient within0 and 1 as follows. The correlation coefficient (r) within 0.10and 0.29 considered as representing a low degree of correlation, correlation coefficient (r) within 0.30 and 0.49 deliberated as a moderate degree of correlation, whereas the coefficient of correlation (r) within 0.50 and 1.00 considered as a high degree of correlation. Hence, as presented in table 8 above, Financial Reward highly and positively correlates with Non-Financial Reward and Reward at (0.593, p<=0.01) and (0.881, p <=0.01) respectively, on the other hand, Financial Reward moderately and positively correlates with Employee Engagement and Organizational Performance at (0.387, p<=0.01) and (0.465, p <=0.01) respectively.

Non-Financial Reward moderately and positively correlates with Employee Engagement at (0.442, p<=0.01) where as it highly and positively correlates with Reward and Organizational Performance at (.903, p<=0.01) and (.604, p<=0.01) Respectively. Reward strongly and positively correlates with Organizational Performance at (0.603, p<=0.01) and it is moderately and positively correlates with Employee Engagement at (0.466, p<=0.01). Employee Engagement highly and positively correlates with Organizational performance at (0.505, p<=0.01).

4.5 Test for Assumptions of Linear Regression Model/Regression Diagnostics

Before conducting the regression analysis, a preliminary analysis was conducted to check the assumptions of classical linear regression model like linearity, normality, multi-collinearity, and homoscedasticity tests.

4.5.1 Linearity Test

The relationship between the dependent variables and explanatory variables need to be linear function to conduct linear regression analysis (Darlington, 1968). Accordingly, the existence of linear relationship between the dependent as well as the independent variables was evaluated using scatter plots of the regression residuals. To check the model SPSS used. The scatter plot of the residuals shows thelying of points reasonably in a straight line from bottom left to top right and the data points are arranged and displayed in oval shape. Hence, we can conclude that the linearity of variables is maintained. (see Annex 1)

4.5.2 Normality Test

This test was applied to conclude onnormality of the error term distribution. The distribution frequency of the standardized residuals was matched with a normal distribution. As presented in (Annex 2), though there are few residuals pointed relatively far from the curve, many of them are fairly close.

In addition, the histograms are bell shaped and the little circles follow the normality line, that confirm to conclude that the residuals are normally distributed for the model. Therefore, we can assume that the assumption of "normally distributed error term" is not violated.

4.5.3 Multi-Collinearity Test

Multi-collinearity will arise when some or all of the independent variables are highly correlated with one another. It indicates that the regression model cannot explicitly indicate which independent variables are affecting the dependent variable (Brooks, 2008). To check the existence of Multi-collinearity, we use correlation coefficient results or Value of Tolerance and VIF. As per Sekaran and Bougie (2016) discussion, the standard value for tolerance is above .10 whereas for Variance Inflation Factor (VIF) is below 10. As presented in table 9 the Tolerance Values of the listed variables are 0.649, 0.649, 0.783 and 0.783, all are above the standard level of 0.10, the VIF values are also 1.541, 1.541, 1.278 and 1.278which are less than the standard value of 10. So, we can conclude the nonexistence ofcollinearity issue with in independent variables.

Table 8: Collinearity Diagnosis

Coefficients		
	Collinearity Statistics	
	Tolerance	VIF
Financial Reward[a]	.649	1.541
Non-Financial Reward[a]	.649	1.541
Reward [b]	.783	1.278
Employee Engagement[b]	.783	1.278

a. Dependent Variable: Employee Engagement b. Dependent Variable: Organizational Performance

Source: Researcher's survey data output (2021)

4.5.4 Homoscedasticity Test

Constant variance of errors through observations is amongcrucialstandardrules of regression. When there is constant variance for errors in observations, the errors termed as homoscedastic. The presenceof heteroscedasticity is amajor problem in regression analysis, as the occurrence of heteroscedasticity can invalidate statistical tests of significance (Gujarati, 2004).

The usual recommendation for investigating the existence of heteroscedasticity in regression analysis is to plot the anticipated variable values against the residual values. Heteroscedasticity is shown when these values range or fan out from left to right or right to left. Accordingly, the scatter plot drowns for this research clearly indicate that majority of the points are concerted around zero (0) which confirm the no violation of homoscedasticity. (see Annex 3)

4.6 Testing the Research Hypothesis

Once all the relevant assumptions of classical linear regression assumptions have been tested, the researcher conduct theregression analysis to determine the relationship between the independent and dependent variables. In order to test the mediation, the Baron and Kenny (1986) model was applied as base. R square value, the Beta coefficientas well as the p-values for each of the significant relationships were reported. Each of the suggested hypotheses were empirically tested and discussed.

4.6.1 Regression Analysis

Table 9: Model Summary

	Description	R	R Square	SE
Model 1	a. Predictors: (Constant), Financial Reward	.387a	.150	.665
	b. Dependent Variable: Employee Engagement			
Model 2	a. Predictors: (Constant), Non-Financial Reward	.442a	.196	.647
	b. Dependent Variable: Employee Engagement			
Model 3	a. Predictors: (Constant), Reward	.446a	.217	.638
	b. Dependent Variable: Employee Engagement			
Model 4	a. Predictors: (Constant), Employee Engagement	.505a	.255	.546
	b. Dependent Variable: Organizational Performance			
Model 5	a. Predictors: (Constant), Reward	.603a	.363	.505
	b. Dependent Variable: Organizational Performance			
Model 6	a. Predictors: (Constant), Reward, Employee Engagement	.654	.427	.479
	b. Dependent Variable: Organizational Performance			

a: predictors; b: dependent variables; SE: standard error of the estimate

Source: Researcher's survey data output (2021)

As clearly described in table 10 above, R-square value for the regression model 1is0.15. This shows that Financial Reward in this study describe about 15% of the variation in the level of Employee Engagement. R-square value for the regression model 2 is 0.196 and about 19.6% level of employee engagement explained by Non-Financial Reward.

The R-square value for model 3 is 0.217, indicate that Reward explain about 21.7% of the variation of Employee Engagement.

Description	F	Sig

Model 1	a. Predictors: (Constant), Financial Reward	59.714	.000b
	b. Dependent Variable: Employee Engagement		
Model 2	a. Predictors: (Constant), Non-Financial Reward	82.525	.000b
	b. Dependent Variable: Employee Engagement		
Model 3	a. Predictors: (Constant), Reward	94.084	.000b
	b. Dependent Variable: Employee Engagement		
Model 4	a. Predictors: (Constant), Employee Engagement	116.090	.000b
	b. Dependent Variable: Organizational Performance		
Model 5	a. Predictors: (Constant), Reward	193.22	.000b
	b. Dependent Variable: Organizational Performance		
Model 6	a. Predictors: (Constant), Reward, Employee Engagement	126.08	.000b
	b. Dependent Variable: Organizational Performance		

The R-square value for regression model 4 is 0.255. This indicate that Employee Engagement explain about 25.5% of the variation in Organizational Performance. R-square value for regression model 5 is 0.363, and hence 36.3% of variation in Organizational Performance is explained by Reward. When Reward Mediated by Employee Engagement, the R-square value is 0.427 as per model 6 and it indicate that the variation in Organizational Performance will be explained by 42.7% in this case.

Table 10: Analysis of Variance (ANOVA)

Source: Researcher's survey data output (2021)

4.6.2 Analysis of Variance (ANOVA)

As indicated in the table 11 above, for all models, the p-value is below 0.05 significant level. This confirm that the sample data provides sufficient evidence to conclude that the regression mode is well fit for those models. Which means, the p-value is highly significant and can be concluded that Reward can predict employee engagement, Employee engagement also can predict organizational Performance and Reward with Employee engagement as a mediator can predict Organizational Performance.

4.6.3 Coefficient of Variables

Table 11: Coefficients of Variables

Description	Unstandardized B	Std. Error	Standardized Beta	t	Sig
Model 1(Constant) Financial Reward a	2.280	0.139		16.376	.000
	.388	.050	.387	7.727	.000
Model 2 (Constant) Non-Financial Reward b	1.742	.177		9.831	.000
	.519	.057	.442	9.084	.000
Model 3(Constant) Reward c	1.677	.173		9.699	.000
	.570	.059	.466	9.700	.000
Model 4(Constant) Employee Engagement d	1.532	.139		10.984	.000
	.442	.041	.505	10.775	.000
Model 5 (Constant) Reward e	1.140	.137		8.347	.000
	.645	.046	.603	13.900	.000
Model 6 (Constant) Reward & Employee Engagement f	.70	.147		4.907	.000
	.251	.041	.286	6.157	.000
	.502	.050	.469	10.081	.000

Source: Researcher's survey data output (2021)

a, b, c. Dependent variable = Employee Engagement, d, e, f. Dependent variable = Organizational Performance

The regression coefficient result of the Models showed that (see table 12 below), Financial Reward has positive and significant effect on employee engagement (a = 0.388, p = .000). The positive effect of Financial Reward on employee engagement indicates that whenever Financial Reward Provided by the Bank, employee engagement will increase significantly. Plus, the regression coefficient for Financial Reward confirms a unit change in Financial Reward lead to approximately 38.8% increase in employees' engagement.

Non-Financial Reward has positive and significant effect on employee engagement (a=0.519, p=0.000). The positive effect of Non-Financial Reward on employee engagement indicates that whenever Non-Financial Reward provided by the Bank, employee engagement will increase significantly. Plus, the regression coefficient for Non-Financial Reward confirms a unit change in Non-Financial Reward lead to approximately 51.9% increase in employees' engagement.

The regression coefficient result of the Models showed that, Reward has positive and significant effect on employee engagement (a=0.570, p=0.000). The positive effect of Reward on employee engagement indicates that whenever Reward provided by the Bank, employee engagement will increase significantly. Plus, the regression coefficient for Reward confirms a unit change in Reward lead to approximately 57% increase in employees' engagement.

The regression coefficient result of the Models showed that, Employee Engagement has positive and significant effect on organizational Performance (a = 0.442, p = .000). The positive effect of Employee Engagement on organizational Performance indicates that whenever Employees of the Bank become Engaged, organizational performance will increase significantly. Plus, the regression coefficient for Employee Engagement confirms a unit change in Employee Engagement lead to approximately 42.2% increase in Organizational Performance.

The regression coefficient result of the Models showed that, Reward has positive and significant effect on organizational Performance (a = 0.645, p = .000). The positive effect of Reward on organizational Performance indicates that whenever the Bank Apply Better Reward, organizational Performance will increase significantly. Plus, the regression coefficient for Reward confirms a unit change in Reward lead to approximately 65.5% increase in employees' engagement.

While Reward mediated by employee Engagement, the R-square value for the regression for model 6 become (a = 0.502, p = .000). This shows that 50.2% of the variation in Organizational Performance is explained by Reward as Mediated by Employee Engagement. As per Baron and Kenny (1986) model, since Model 4 and 5 shows significant effect and in the model 6 both independent variables have positive effect, the result show us the partial mediation of Employee Engagement on relation between Reward and Organizational Performance.

The direct, indirect and Total Effect of Reward on Organizational Performance taking Employee Engagement as a mediator is 50.23%, 14.30% and 64.53% Respectively.

4.7 Discussion

The above result shown that the effect of Financial Reward on employee engagement is significant. Hypothesis 1 stated that there is a significant relationship between Financial Reward and employee engagement. Thus, the finding of the study supports hypothesis 1 (H1). hence, the result is in agreement with the findings of Bana&Kaggy, 2007; Zafarullah Waqas,2014; Sharon S.M, 2016; Mohammed Tahir ,2019.

However, the finding does not agree with the conclusion of Huang Zhijian, Ning Tianshu (2013), who study the Impact of Total Rewards on Animation Employees' Engagement, and concluded that financial reward like, Individual fixed salary, collective salary and spiritual rewards have no significant positive impacts on employee engagement.

The finding also did not support the conclusion of Hassen Seid (2019), who focused on The Effect of Total Rewards on Employee Engagement, and conclude that Financial reward or Extrinsic rewards was found to negatively affect employee engagement.

The study result shown that the effect of Non-Financial Reward on employee engagement is significant. Hypothesis 2 stated that there is a significant relationship between Non-Financial Reward and employee engagement. Thus, the finding of the study supports hypothesis 2 (H2). Hence, the result is in agreement with the findings of Ajila and Abiloa,2004; Zhijian, Ning Tianshu ,2013; Zafarullah Waqas,2014; Sharon S.M, 2016; Mohammed Tahir ,2019.

The study result shown that the effect of Reward on Employee Engagement is significant. Hypothesis 3 stated that Reward is significantly related with Employee Engagement. Accordingly, the study finding supports hypothesis 3 (H3). Hence, the result is in agreement with the findings of lawler, 2008; Furtado, Agairo and Meila, 2009; Azasu,2009; Sharon S.M, 2016; Meron Michael,2017; Mohammed Tahir ,2019.

The study result shown that the effect of Employee Engagement on organizational Performance is significant. Hypothesis 4 stated that there is a significant relationship between Employee Engagement and Organizational Performance. Thus, the finding of the study supports hypothesis 4 (H4). hence, the result is in agreement with the findings of Bakker and Schaufeli,2008; Markos and Sridevi,2010; Rich, Lefine and Crawford,2010; Patro, 2013; Wclins and Bertlal,2013; Harter, Schmidt, Agrawal, plowman, Blue, 2016; Mahmoud Al-dalahmeh et.al,2018; Khalaf et.al,2019 and Saba Anwar et.al,2020.

The study result shown that the effect of Reward on Organizational Performance is significant. Hypothesis 5 stated that there is a significant relationship between Reward and Organizational Performance. Thus, the finding of the study supports hypothesis 5 (H5). hence, the result is in agreement with the findings of Ajila and Aliloa,2004; Gross S. E and H.M Friedman,2004; Kirunda,2004; Mujtaba and Shuaib,2010; Ibrahim A, Musenze et.al,2013; Robina, Yasman,umer Feroog and Fahad,2013; Agwu,2013 and Tilaye Eneyew, 2018.

The study result indicated that the effect of Reward on Organizational Performance when mediated by Employee Engagement is significant. Hypothesis 6 stated the relationship between Reward and Organizational Performance will be significant with Employee engagement put as a mediator. Thus, the finding of the study supports hypothesis 6 (H6) as there is a significant and partial mediation. The result is neither supported nor rejected by any empirical evidences since, to the best of researcher's knowledge, there is no any research done on the effect of Reward on Organizational Performance when mediated by Employee Engagement.

4.8 Summary of Hypothesis

Table 12: Tested Hypothesis and Result

Description		Result
H1	There is a significant positive relationship between Financial Reward and Employee Engagement	**Accepted**
H2	There is a significant positive relationship between Non-Financial Reward and Employee Engagement	**Accepted**
H3	There is a significant positive relationship between Reward and Employee Engagement	**Accepted**
H4	There is a significant positive relationship between Employee Engagement and Organizational Performance	**Accepted**
H5	There is a significant positive relationship between Reward and Organizational Performance	**Accepted**
H6	The relationship between Reward and Organizational Performance will be significant with Employee Engagement put as a mediator	**Accepted**

Source: Researcher's survey data output (2021)

Chapter Five

5. Summary of Findings, Conclusion and Recommendation

This chapter presents findings, conclusion on the basis of the study result and relevant recommendations for action as well as for future research based on objectives of the study mentioned in Chapter One.

5.1 Summary of Findings

The objective of this study was to assess the effect of Financial Reward on Employee Engagement, the effect of Non-Financial Reward on Employee Engagement, the effect of Rewardon Employee Engagement,to assess the effect of Employee Engagement on Organizational Performance and to assess the mediating role of Employee Engagement on the relationship between Reward and Organizational Performance in the context of Dashen Bank SC.

- So as to meet the objectives and test the hypotheses, after critically reviewed the existing literature, questionnaire was adopted from previous research workdistributed to respondent.From 354 questionnaires delivered to participants, 341 (96.33%) questionnaires, which are properly filled, were returned and used for the analysis. Then the collected data analyzed using SPSS V21. For testing the hypotheses, a Regression analysis wasapplied. Prior to running the regression analysis, thepreliminary tests like linearity,multi-collinearity, normality and homoscedasticity tests were undertaken, beside reliability and correlation analysis also performed.
- The results of reliability test, confirmed that all measurements used in this research had an acceptable level of reliability. The Pearson correlation indicated no problem of multi-collinearity. In addition, other preliminary test results also confirm that there were no significant data problems that would lead to say the assumptions of regression analysis had been violated.
- The results of hypotheses testing indicated that the effect of Financial Reward on Employee Engagement is positive and significant (H1). Similarly, the results also

confirmed that the effect of Non-Financial Reward on Employee Engagement is also positive and significant (H2). The effect of Reward on Employee Engagement found to be positive and significant (H3). Both Employee Engagement and Reward have positive and significant on Organizational Performance (H4 and H5). Employee Management has a partial mediation effect in the relationship between Reward and Organizational Performance (H6). Therefore, the results reported in this study support all hypothesis, as a result all the hypothesis are Accepted.

5.2 Conclusion

Based on the results of the study the researcher made the following conclusions:

- Financial Reward has a direct effect on Employee Engagement level. Thus, Employees' Engagement level can increase when the Bank Avail Financial Rewards.
- Employee engagement level is also directlyaffected by Non-Financial Reward. Therefore, employees' engagement level also can increase when the Bank Avail Non-Financial Rewards.
- Reward has adirect positive effect onEmployee engagement level.As a result, employees' engagement level can increase when the bank avail both Financial and Non-financial rewards in more balanced way.
- The Level of Organizational Performancedirectly affected by Level of Employee Engagement.This implies that as level of Employee Engagement increases the Bank could get better performance.
- Reward significantly affects organizational Performance. This implies that to increase organizational performance, the Bank should deploy attractive Reward.
- Employee partially mediates the relationship between Reward and Organizational Performance.

5.3 Recommendation

Based on the findings and the conclusions made thereof, the following recommendations are provided:

- As tested and proved Financial reward by itself play an important role in bringing employee to be engaged, Dashen Bank needs to avail better financial Reward packages for employees to make them more engaged.
- Likewise, Non-Financial reward also play an important role in bringing employee to be engaged, therefor the Bank should also give attention to Non-Financial Reward to make the employees engaged.
- As the result confirms the direct effect of reward on employee engagement, the bank should avail a well-balanced reward to make the employees more engaged.
- As the result confirmed the positive effect of employee engagement on organizational performance, to increase the Bank's Performance, Dashen Bank recommended to give attention and invest on the integration of reward with employee engagement.
- The study also confirmed the positive effect of reward on organizational performance, therefore the Bank should consider the expenditure of Rewards as an investment for better organizational Performance and strengthen the reward.
- Dashen Bank should regularly (at least once in a year) conduct reward survey, to identify which type of reward is more affecting the employee engagement and give more attention to the reward type having a greater effect.
- The Bankalso should conduct employee engagement and organizational Performance survey regularly (semiannually) to gauge the level and take timely measures as per the survey result.

5.4 Limitation and Future Research Direction

In order to broaden the knowledge hub on the study under consideration, future interested researchers can consider the following points:

- ✓ This research is limited to staff of the bank only in Addis Ababa and hence can be extended to the entire work force of the Bank so as to increase the sample size to further increase representativeness of the study
- ✓ Further generalization on the findings can be strengthened in the banking industry be conducting the study in multiple banks in Ethiopia.
- ✓ The relationship between Reward and Organizational Performance can be checked with other mediating variables, like Motivation, Satisfaction and others.
- ✓ To improve the result of the research, future researchers can see it by break downing the independent, mediating and dependent variables used in this study, as stated in the literature part.
- ✓ The quality of the finding can be improved by using additional data collection instruments; like interview, focus group discussion and others.
- ✓ The relationship between Reward and Organizational Performance can be checked Considering Other Variables as Moderator.

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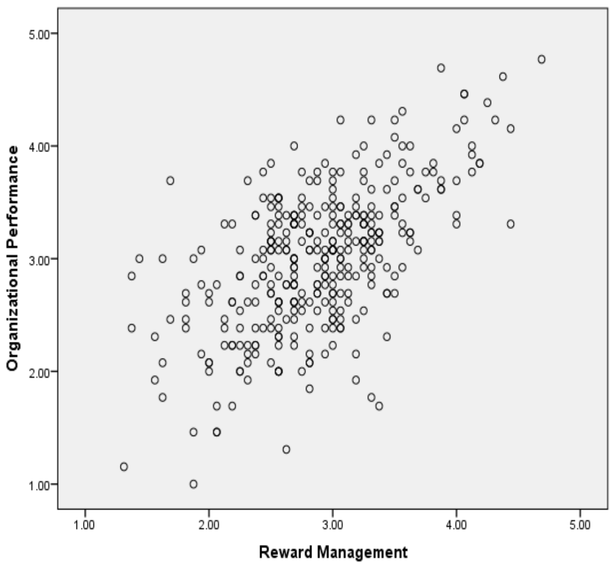
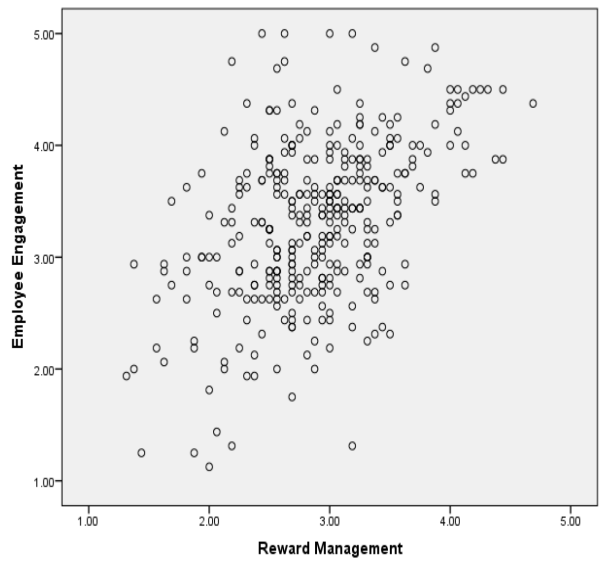
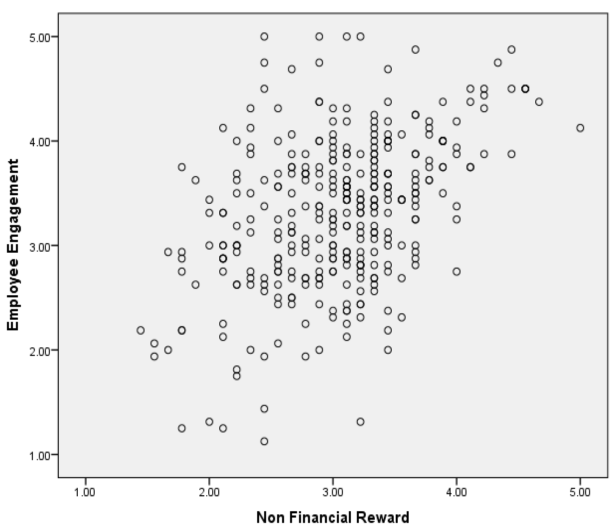
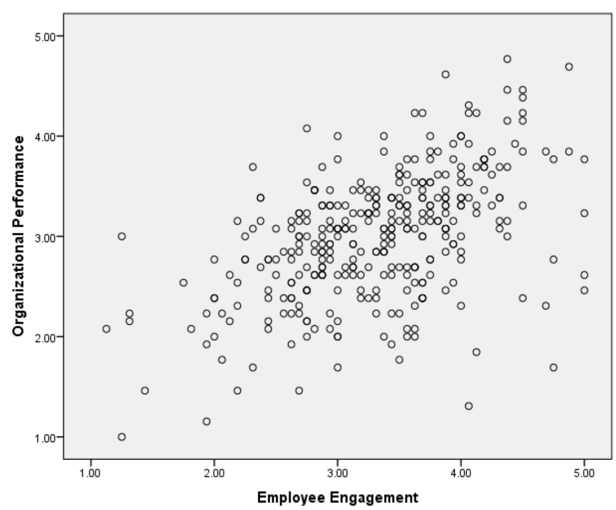
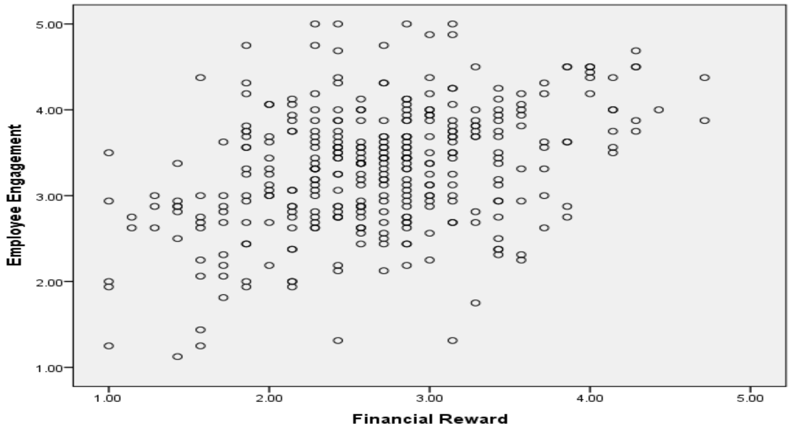
Annex 1: Linearity Test Result Graphs



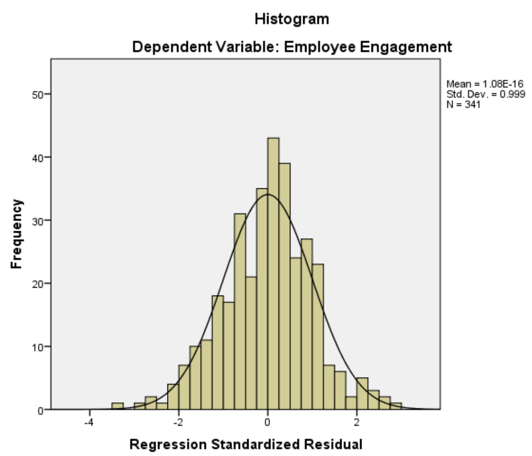


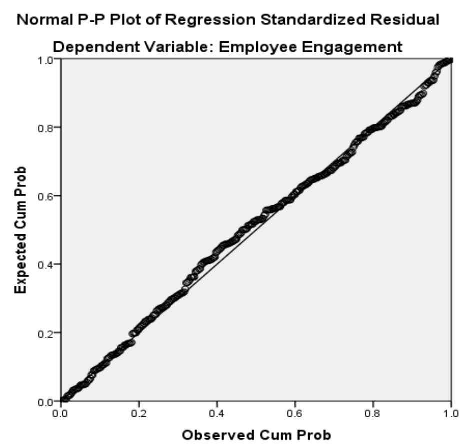


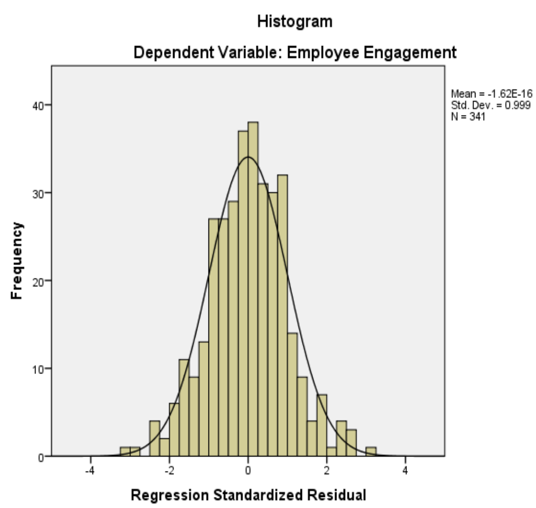


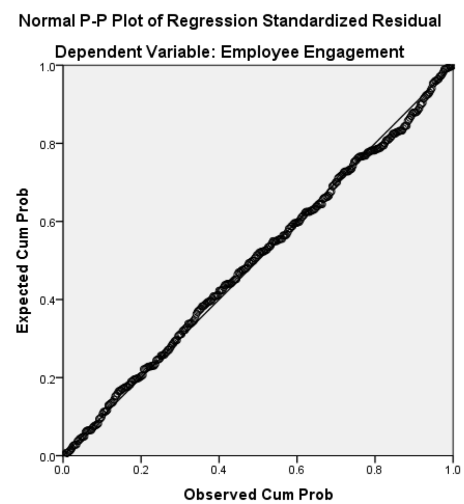


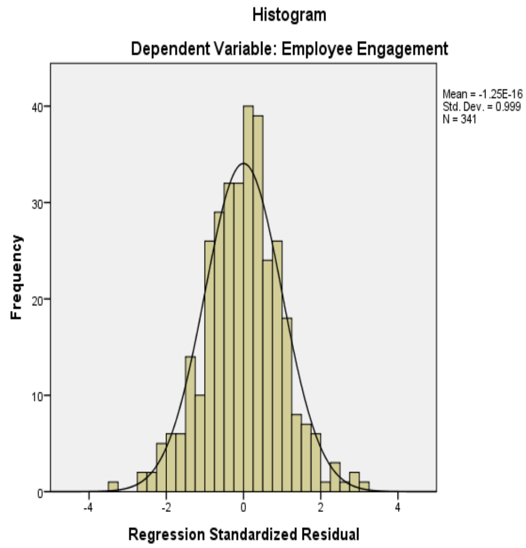
Annex 2:Normality Test Result Graphs

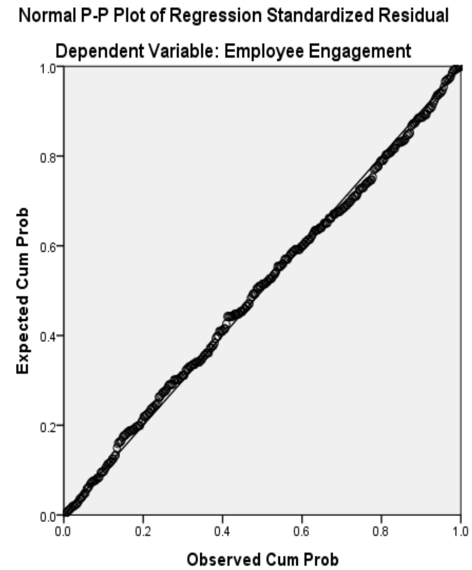









Histogram
Dependent Variable: Employee Engagement
Mean = -1.25E-16
Std. Dev. = 0.999
N = 341
Frequency
Regression Standardized Residual
0
10
20
30
40
-4
-2
0
2
4


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Employee Engagement
Expected Cum Prob
Observed Cum Prob
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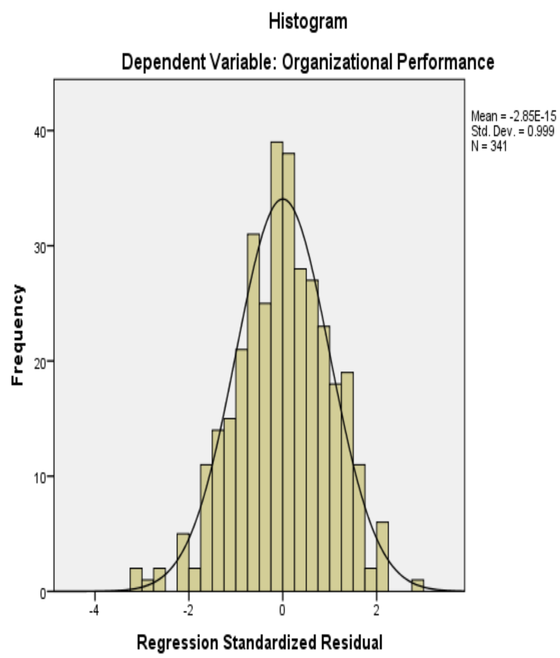
0.2
0.4
0.6
0.8
1.0


Histogram
Dependent Variable: Organizational Performance
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N = 341
Frequency
Regression Standardized Residual
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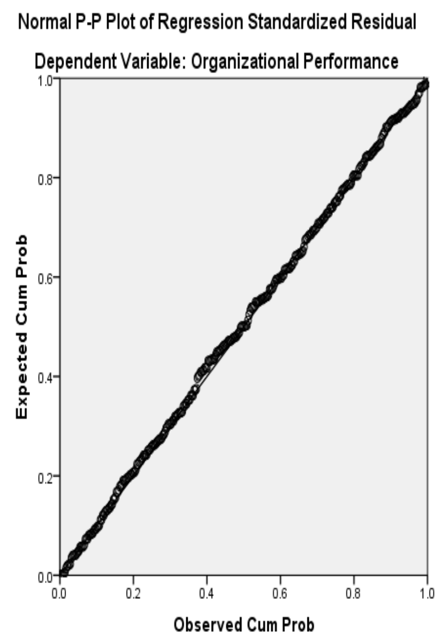
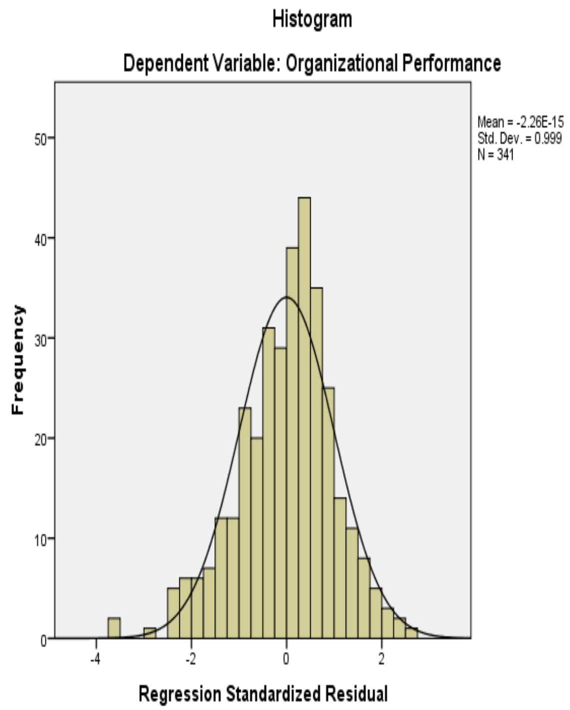
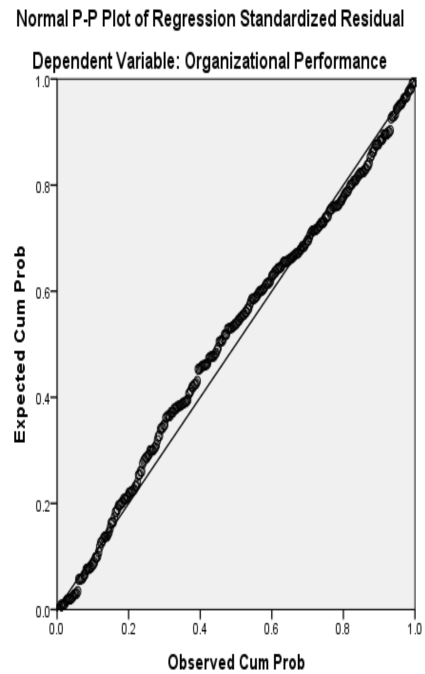
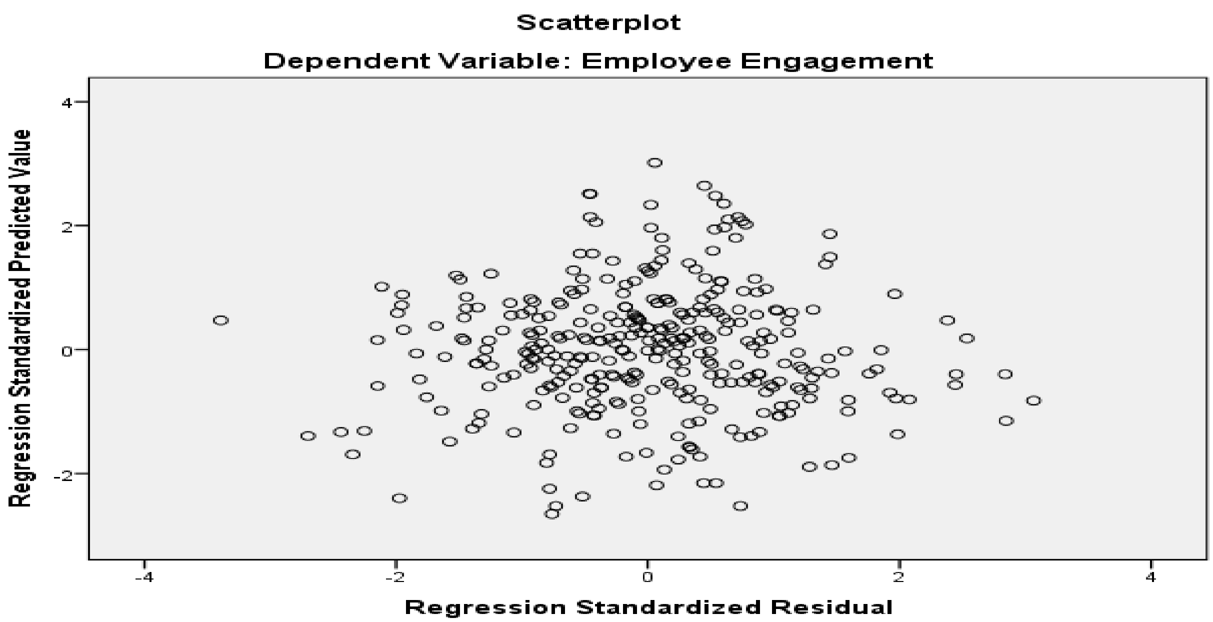
10
20
30
40
-4
-2
0
2

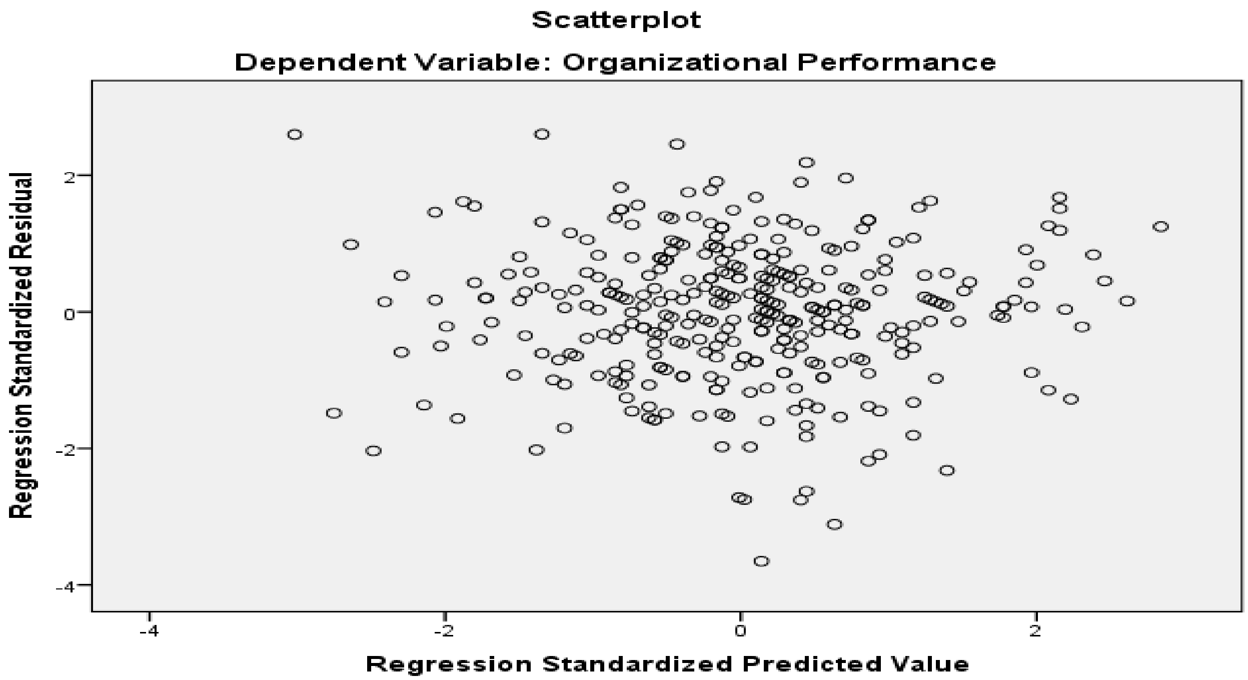

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: Organizational Performance
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0





Annex 3:Homoscedasticity Test Result Graphs





Annex 4: Questionnaire

Dear valued respondent;

I am Aklile Bimeraw, a student at Addis Ababa University College of Business and Economics. I am conducting a research with a title of: ***The mediating role of employee engagement in relationship between Reward and organizational Performance: The Case of Dashen Bank S.C.*** as final requirement for the accomplishment and award of Executive Master of Business Administration.

I request you to kindly respond to a few questions, which take less than 15 minutes. Your participation in the study is voluntary and all the data you provide will be strictly confidential and used for the stated research purpose only.

Thank you for your participation and if you have any question(s) please contact me at +251911121097/ +251940835801or via e-mail address akil_bit14@yahoo.com.com.

Aklile Bimeraw

Part – I:General Demographic Information

Please put an "X" mark in the box of your choice and make it to the nearest year bracket for months in your years of age and service in Dashen Bank (DB).

1. Age: 18-25 yrs ☐ 26-35 yrs ☐ 36-45 yrs ☐ above 45 yrs ☐

2. Gender: Male ☐ Female ☐

3. Education: College Diploma ☐ First Degree ☐ Second Degree & Above ☐

4. Year of service in DB: 1 - 5 yrs ☐ 6 - 10 yrs ☐ 11 - 15 yrs ☐ Above 15 yrs ☐

Part – II: Five point "Likert scale" questions

Please express your level of agreement to the following questions by putting "X" marks in the appropriate box. Number in the score box represents your level of agreement in the statement as follows: - 5 represents "Strongly Agree", 4 represents "Agree", 3 represents "Moderately Agree", 2 represents "Disagree" and 1 represents "Strongly Disagree".

Question on Reward						
No	**Question**	**1**	**2**	**3**	**4**	**5**
Financial Rewards						
1	The Bank provides enough payment to meet the requirements of life.					
2	The Bank provides rewards for skilled employees commensurate with their performance.					
3	The Bank provides bonuses for workers according to their post and consistent with their level of performance.					
4	The Bank provides overtime payment to employees after working hours.					
5	The Bank provides transportation allowances for those who live in far areas					
6	The Bank provides a fair and adequate compensation on retirement.					

7	The Bank provides financial incentives to employees when they work professionally					
Non-Financial Reward						
8	The Bank ensures appropriate Medical Coverage and health insurance for employees.					
9	The Bank is keen to give a fair opportunity for employees in complaints and suggestions.					
10	The Bank provides appropriate offices and well-furnished ones for employees.					
11	The Bank gives smooth annual leave for employees in accordance with rules and regulations.					
12	Health insurance granted by the Bank covered all members of the employees' family.					
13	Disciplinary sanctions for employees characterized by just and objective rules.					
14	The Bank allows career opportunities and development for employees.					
15	The Bank holds annual ceremony in honor of Best Performing employees.					
16	The Bank grants certificates of appreciation and recognition of efficient employees.					
Questions on Organization Performance						
No	**Question**	**1**	**2**	**3**	**4**	**5**
Financial Performance						
1	Profitability of the Bank increases faster compared to industry average.					
2	Return on assets (ROA) of the Bank is significantly higher than industry average.					
3	Value added per employee is significantly higher than industry average.					
Non-Financial Performance						
4	The Bank retains existing Customers and manages to attract new ones.					
5	The number of customer complaints within the last period has decreased strongly.					

6	Reputation of the Bank in eyes of the customers has improved.					
7	You consider the Bank's relations with customers to be excellent because the bank maintain genuine partnerships with them.					
8	There is a mutual trust between the Bank and stakeholders.					
9	Quality of the Bank's service is well above the industry average.					
10	The net variation of employees is very high within the Bank.					
11	Productivity of employees is much higher than industry average.					
12	Employees do feel special commitment to the Bank.					
13	Absenteeism is the Bank (relative to competition) is very Low.					

Question on Employee Engagement

No	Question	1	2	3	4	5
1	At my work, I feel bursting with energy.					
2	At my job, I feel strong and vigorous.					
3	When I get up in the morning, I feel like going to work.					
4	I can continue working for very long periods at a time.					
5	At my job, I am very resilient, mentally.					
6	At my work, I always persevere, even when things do not go well.					
7	Time flies when I am working.					
8	When I am working, I forget everything else around me.					

9	I am absorbed in my work.					
10	I get carried away when I am working.					
11	It is difficult to detach myself from my job.					
12	I find the work that I do full of meaning and purpose.					
13	I am enthusiastic about my job.					
14	My job inspires me.					
15	I am proud of the work that I do.					
16	To me, my job is challenging.					

Thank you very much, for your cooperation!