

Addis Ababa University
College Of Business and Economics
School Of Commerce



**The Effect of Reward Management Practice on
Employee Retention
In The Case Of Ethiopian Management Institute**

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Advisor: Solomon Markos (PhD)

June 2021
Addis Ababa, Ethiopia

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**By: Birhan Girma
Advisor: Solomon Markos (PhD)**

**A Thesis submitted to Addis Ababa University, School of
Commerce in partial fulfillment of the requirements for the
Degree of Master of Art in Human Resource Management**

**June 2021
Addis Ababa, Ethiopia**

DECLARATION

I ,the undersigned ,declare that this thesis entitled “effects of reward management practice on employee retention in the case of Ethiopian management institute “ is original work and has not been submitted partially or in full to other university, and all source of materials used for the purpose of this thesis have been duly acknowledged

Name of the researcher: Birhan Girma

Signature _____

Date of submission_____

APPROVAL

This is to certify that the thesis prepared by Birhan Girm on the topic entitled “the effects of reward management practice on employee retention the case of Ethiopian management institute. Submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resource Management complies with the regulation of the University and meets and accepted the standards with respect to originality and quality

Advisor: Solomon Markos (PhD) **Signature** _____ **Date**_____

Addis Ababa University
School of Graduate Studies

CERTIFICATION

This is to certify that thesis prepared by Birhan Girma entitled “effects of reward management practice on employee retention in Ethiopia management institute “submitted in partial fulfillment of the requirement for the Degree of Master of Art in Human Resource Management complies with the regulation of the University and meets and accepted the standards with respect to originality and quality.

Signed by Examining Board

Examiner: _____ Signature _____ Date _____

Examiner: _____ Signature _____ Date _____

Advisor: _____ Signature _____ Date: _____

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List Of Acronym And Abbreviations

ANOVA -- Analysis Of Variance

EMI -- Ethiopian Management Institute

SPSS -- Statistical Package for Social Science

PRO -- Promotion

RE -- Reward Strategy and Policy

SA -- Salary

BE -- Benefit

WC -- Working Condition

EE -- Employee Empowerment

RC -- Recognition

PG -- Personal Growth and Career Advancement

ER -- Employee Retention

P -- Population Correlation Coefficient

R -- Sample Correlation Coefficient

DV -- Dependent Variable

IV -- Independent Variables

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ABSTRACT

The purpose of this research was to examine the effects of reward management practice on employee retention in the case of Ethiopian Management Institute. The study has looked at both extrinsic (salary, benefit, promotion) and intrinsic (working condition, recognition, empowerment, personal growth and career advancement) type of rewards on employee retention. The study has applied explanatory research design and mixed research approach which has included questionnaire and interview. The questionnaire was distributed to 142 permanent employees of Ethiopian management institute using simple random sampling method out of the total population of 290. primary data were collected using five point Likert-scale questionnaires 130 responses were properly filled and returned. Document of the organization such as annual performance report and labor agreement have been reviewed as a secondary source of data. The data was analyzed using both descriptive and inferential statistics to explore the various variables of the study. The researcher was able to do this using the SPSS version 20.0 software. The correlation finding shows that positive relations between reward management practice and employee retention. the regression coefficient beta revealed that the independent variable Salary, Benefit, Working condition and Employee empowerment have statistically significant positive effect on employee retention. The study conclusion and recommendation that independent variables direct effect on employee retention. Therefore, the institution to retain skilled and experienced employees should improve payment of salary and benefits for alignment of their value, implement employee empowerment and to create a convenient working condition.

Key words: *reward management practice, employee retention*

CHAPTER ONE

INTRODUCTION

This chapter deals about background of the study; statement of the problem; objectives of the study; significance of the study; scope of the study; limitations of the study; operational definition of key terms, and organization of the study.

1.1 Background Of The Study

Human resources have always been central to organization and have taken the role in building a firm's competitive advantage Snell, (2004). Ivancevich, (2004) states that, this makes reward management the most important function of human resource management in any organization. According to Oyir, et al. (2015), every reward system is based on the assumption that rewarding employees would attract, retain and motivate workers. Thus any system that fails to achieve these would be considered as an ineffective reward system.

According to Armstrong (2010), Reward managements are the techniques, policies and processes needed to confirm that the worth of individuals and also the contribution they create to achieving organization, division and team goals.

Armstrong and Murlis, (2004) additionally defined reward management "as the method of formulating and implementation of techniques and policies that purpose to reward humans fairly, equitably and continuously according to their value to the organization. It additionally offers with the design, implementation and maintain of reward procedures and practices which might be geared closer to the development of organizational, team and individual overall performance".

Reward management is greater worried about individuals (worker) and the worth they make in the organization Schneider (1987). For organization to accomplish a profoundly dedicated business environment and its general business aim, a reward approach need to be developed to make sure that the contribution people make to accomplishing organizational or group objectives are valued, recognized and rewarded Armstrong (2010)

The aim of the reward system is to recruit and retain employees for long periods of time, as well as to motivate our employee to work, learn new skills, and embrace change. Torrington et al (2009) was cited by Cowling and Mailer, (1998).

Armstrong (2010) claimed that "the overall objective of reward management should be to add value to individuals" Ghoshal and Bartlett,(1995). In addition, other objectives are to encourage the achievement of business goals through high performance, build and promote the culture of the company, identify what is important in terms of behaviors and results, reward people according to the value they create; reward people according to what the organization values; align reward practices with employee needs; assist in attract and retaining the high-quality individuals the organization needs, as well as winning people's engagement.

According to Abraham (2007), it is important that the organization recruits the right employee and strives to safeguard them to prevent losing them. employee retention is crucial, according to Hyman (2005), for one reason, the cost of employee turnover, whether one measures the cost in terms of recruitment costs, loss of efficiency, opportunity cost, or the knowledge and expertise lost when talented individuals leave these are Licensed under Creative Common all losses that could be saved by providing employees with the right reason to stay.

People would perform better if there is a desirable result or reward, according to Vroom (1961). The reward must be something that is not only desirable but also something that will make the effort exerted worthwhile Borkowski, (2005). Therefore organization must to know understand what types of rewards would be attractive their employees, to encourage them to work hard and also create a sense of commitment to the achievement of organizational goal. This study examine to the effects of reward management practice on employee retention between the permanent staff of EMI.

1.2 Background Of The Study Organization

The Ethiopian Management Institute (EMI) history went back to 1950s when the need to introduce modern management systems in the country was recognized by the government.

Cognizant of this, Public Administration Institute was established in 1954 to shoulder the responsibility. However, after change of government in 1974 the demand for managerial capability was also changed.

The aforementioned Institute did not end up with the same function, status or name as a result of these changes. Until the 1980s, numerous organizational structures with various names, functions and resources were used.

EMI was established in 1984 as a management institute with the aim of improving government institutions management development capabilities. It was transformed later in 1994 into a full-fledged national and specialized human resources and management development organization extending its scope of operation to serve the private sector and NGOs as well. EMI has since then established itself as a major governmental management development institution dedicated to improve managerial performance and organizational effectiveness through Research, Training, and Consultancy interventions.

To improve employees performance and institutional effectiveness of EMI through Research, Training and Consultancy, effective reward management systems plays a major role in employee retention, improving employee's commitment and achieving institutional goal.

1.3 Statement Of The Problem

Willis (2001) suggests that reward is one of the main problems for attracting and retaining talent in organizations. Reward is one of the most essential elements of the organization's retention plan. Armstrong (2009) notes that rewarding individuals are concerned with developing, implementing and sustaining reward systems aimed at enhancing the performance of the company, team and person. Both financial and non-financial benefits are included. Therefore it is important for any company to establish and enforce reward system that inspires employees to stay in the organization.

Armstrong, (2015); Brown, (2015); Gross and Friedman, (2015); Jiang (2015); Lyon and Ben-Ora, (2016) regarded reward management as an approach to impress employees that accommodates financial reward as well as other rewarding experiences, such as the type of job,

work atmosphere, style of management and leadership, and learning and development opportunities. It takes organizational engagement, consistent encouragement and opportunities for success to get employees to stay.

Various studies have been done in relation to employee retention; Allen, (2000) made his research on talent management as an organization strategy to increase the rate of employee retention and concluded that organizations must assess employee skills and abilities in order to match them to the positions and obligations that have been allocated to them. Hosseini (2010) concluded that among the eight dimensions of quality of work life, pay fair and adequate pay size, integration and social cohesion, continuing security, the integration and development of human capabilities and career development opportunities, are related to employee retention.

In addition to these various researches have been done in the relationship between reward practice and employee retention by Ethiopian researcher: Gashaw E. (2019) studied the effect of reward management on employee retention and concluded that direct financial, career development and work life balance are important components of employee retention. Martha (2017) concluded that organizations to properly align retention practices with the needs and value of employees.

The goal of rewards management is to ensure that employees' worth and contributions to an organization is recognized and rewarded. Armstrong, David (2012). Institution like EMI that are engaged in training, consultancy and research activates in order to achieve its objective, become competent and profitable in the exiting environment they have to establish effective reward management system and retain its qualified, well experienced consultants and professionals in the Institution.

Employee's changing their work place to different organization because of different reasons can be seen as a common factor in the sector. According to the present data obtained from HR of the Institution, EMI has in its payroll 290 permanent employees as of November 2020. regardless to the development of similar activities in the country, as information obtained from Human Resource Directorate of the Institution, for example in 2016-2017 budget years from 321

employees, 27 employees was resigned that accounts 8.41%, while in 2017-2018 fiscal years there were 318 employees and 36 was resigned which represents 11.32% of the total employees,

Similarly in the year 2018-2019, 38 employees was leaving the Institution from 304 employees this indicate 12.5% and finally 14.13%,or 41 workers were resigned from 290 permanent employees in 2019-2020 budget years.

Therefore this data indicates that in the last four consecutive years, EMI has losing large number of highly skilled and experienced employee, When we see the position of employees majority of the employees are from the core department that is consultant who are engage in training, consultancy and research works and they have good knowledge, skill and experience in training, consultancy and research works. This clearly shows that there is frequent turnover in EMI in the past four years.

Although few researches were conducted on the effect of reward management practice on employee retention Norah S, (2017) his research on effects of reward management practice on employee retention in the hotel industry, Gladness M.(2014) the role of reward management system on employee retention: a case of the ministry of defense and national service, Metasebia M.(2017) The Impact of Reward Management Systems on Employee Retention: in the Case of CURE Hospital.

Empirical studies have been conducted on employee retention in various sectors. However, were not focusing on reward management practice on employee retention in EMI. The research gap was lack of empirical studies on reward management practice the effects of employee retention in EMI. For that reason, this research attempted to fill this gap, via examining the effects of reward management practice on employee retention from institutional perspective. The study helped management staff to improve their reward management knowledge, and so focused on developing reward management system as a means of attracting and retaining experienced employees.

1.4 Research Question

Based on the above-mentioned problems the study answered the major question as what are the effects of reward management on employee retention. While five specific research questions is design that include:

- What are the existing practices of reward management systems in the case of Ethiopian management institute?
- What is extent of employee retention in the case of Ethiopian management institute?
- What is the relationship between reward management systems (extrinsic and Intrinsic) on employee retention in the case of Ethiopian management institute?
- What is the effect of reward management systems (extrinsic and Intrinsic) on employee retention in the case of Ethiopian management institute?

1.5 Objectives Of The Study

1.5.1 General Objective

The main objective of the research is to investigate the effect of reward management practice on employee retention in the case of Ethiopian management institute.

1.5.2 Specific Objective

In order to meet the main objective, the study concentrates on the following specific objectives:

- To identify the existing practices of reward management systems in the case of Ethiopian management institute.
- To assess the extent of employee retention in the case of Ethiopian management institute.
- To examine the relationship between reward management systems (extrinsic and Intrinsic) on employee retention in the case of Ethiopian management institute.
- To investigate the effect of reward management systems (extrinsic and Intrinsic) on employee retention in the case of Ethiopian management institute.

1.6 Research Hypotheses

The study was guided by the following hypotheses:

- Alternative hypothesis (H1) Extrinsic reward has a positive significant relationship on employee retention.
- Null hypothesis (H0) Extrinsic reward has no positive significant relationship on employee retention.
- Alternative hypothesis (H1) Intrinsic reward has a positive significant relationship on employee retention.
- Null hypothesis (H0) intrinsic reward has no positive significant relationship on employee retention.

1.7 Significance Of The Study

The findings of this research give an outlook for the institution to regularly review its reward practice based on the finding. It helps the institution to tackle problems associated with rewards on employee retention.

The human resource department of the institution is also can be benefited from this research in designing a competitive reward strategy and policy. This can improve reward system, practice, employee retention and ultimately improve performance of employees.

This study helps employees of EMI to address the problem and potential solutions for the institution reward system. Finally, this study supports other researchers by adding a literature on reward practice and employee retention.

1.8 Scope Of The Study

This research was conducted to employees of Ethiopian Management Institute, which is found at Head office in Addis Ababa, around Gurd sholla and Branch training center in Debreziet. The institution employees involve permanent, contract and day workers .in order to limit the scope of the study will be focused only permanent employees.

The study tried to address only eight factors of reward practice. Such as; reward strategy and policy, salary, benefit, promotion, working condition, employee empowerment, recognition, personal growth and career advancement the effects of employee retention. Other components in relation to reward management practices not consider for this study.

The source of information will be gathered from the current employees of the institution by using simple random sampling. Data's would be collected through questioner and interview.

The scope of the assessment has been made on the institution that is working since 2016 G.C up to 2020 G.C.

1.9 Limitation Of The Study

This study had the following limitations: One of the limitation encounters by the researcher some respondents were not return questionnaire on time. The other limitation, some of the respondents is not willing to complete the questionnaire, and also the study had conducted interview with some management members. However, due to their tight time, the interview could not realized per schedule.

1.10 Definition Of Key Terms

Reward strategy and policy: A planned and structured approach to reward one or more persons who act in a desirable way. Ermias, (2017)

Extrinsic Rewards: Financial or tangible rewards which include pay, promotion, interpersonal re-wards, bonuses and benefits Zaman, 2011, as cited in Waruni, (2014).

Intrinsic Rewards: Stoner & Freeman, 1992, as quoted in Waruni (2014) the psychological reward that is personally experienced by an employee

Turnover of Intention: As Homand Griffeth referred turnover intentions as a conscious and deliberate willfulness of an individual towards voluntary permanent withdrawal from the organization.

1.11 Organization Of The Study

The paper is organized in five chapters. The first chapter provided background to the study. This chapter also cites statement of the problem, research questions, and objectives of the research, significance of the study, scope, limitation, and definition of key terms and organization of the research. The second chapter devoted to the presentation of related literature reviews. The third chapter outlines the methodology used to address the research questions. The fourth chapter presents Data Analysis and major findings, and Finally Chapter five presents' the conclusions and recommendations that answer to the problem identified by the research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter offers a review of related literature by various scholars and researchers that have been conducted and analyzed to provide understanding on issues of reward management and employee retention. Therefore based on the relevant theories that explain reward management, employee motivation and retention strategies.

2.1 Theoretical Concepts

A theoretical review is essential to a researcher due to the fact it helps in limiting the scope of data applicable to the study by using focusing on specific variables and viewpoint.

A theory according to Cherry (2015), is a fixed principle that has been created to explain any aspects of the natural world. A comprehension of theories and concepts related to the research should be revealed by a theoretical framework Labaree, (2013). There are a number of theories that exist in reward management. But the researcher focused on the following theories.

2.1.1 Human Capital Theory

Human resource theory was defined by Ehrenberg and Smith (1964) as workers having a set of abilities that may be rented out to employers. Learning, training, and experience are all ways to gain knowledge and abilities. as well as experience-based training, create a certain stock of productive resources .higher earnings, greater employee satisfaction ,and at one point, but less so now he expectation that one's work will be secure are all anticipated return on human resource investments for employees. The increases in efficiency, productivity, flexibility and capacity to innovate that should result from expanding the talent based and increasing degree of competence are supposed to be the return on investment in human capital for the employer.

2.1.2 Expectancy Theory

Theory of Expectancy since the early 20th century, Employee retention has been the topic of extensive study. If there is a desirable outcome or incentive, people will perform better.

According to Vroom (1961), the reward must be something not only valuable but also something that can justify the effort put in. Borkowski is a writer, (2005). Since what motivates one

individual cannot motivate another, the organization must understand what types of things motivate its employees. Some people may be motivated by recognition from their bosses, while others may be motivated by bonuses or other benefits employee retention is higher when employees' expectations are more aligned with the organization goals. Employees have a number of aspirations, according to the theory of expectancy.

Workers expect that management to provide them with job related knowledge and proper training so that can successfully their positions within the institution. Indeed, the extent to which an employee's expectations are in agreement with the company's objectives is described by the expectancy theory the more aligned these are, the higher the employee retention rate Vroom, (1961).

2.1.3 Equity Theory

As illustrated by Adams (2010), the principle that all people have a desire to be treated reasonably led to the establishment of Equity Theory. Inequity occurs when people believe they are not treated equally to others, while equity occurs when people believe they are treated equally being treated respectably in comparison to others is what the equity theory is based upon. How the organization and employees deal with disparities that arise from different types of comparisons is one of the major issues that the equity theory relates to as exerted by Martin, (2013); Grant and Shin (2014). Inequality is created when salary differences are high among the employees and high performing employees make self comparisons and distinguish themselves from low performing employees even though they all perform similar tasks in the organization.

According to Grant & Shin, (2014), one approach for resolving such a problem is to implement a salary privacy policy. Colella, Paetzold, Zardkoohi and Wesson (2015). When examining compensation and its relationship to employee retention, obvious fairness is a factor to consider. Taylor et al, (2013); Allen et al (2015). Frustration and finally employee exit is consequently a result of inequality especially in rewards Aquino, (2016). Being competitive in the businesses is paramount but additionally, paying the highest remuneration in business may not enhance retention Taylor, (2016).

Education and support, promotion possibilities, balance between life and work and conducive workplace atmosphere are pragmatic profits that could be customize by employees in organizations and can be featured Moroko & Uncles, (2016), in addition to equity in payment to improve employees retention.

As confirmed by Hay, (2016), where equality has been related to a diversity of important behaviors such as decreased job productivity and desire to leave the organization, the perception of justice is an imperative theory at the workplace. Reward management is linked to equity theory in entirely since the theory seeks to explain how employees view the ratio between the inputs they bring to the workplace and the outcomes they obtain from it. The theory also helps the employer to award their employees equitably.

2.2 Reward Management

The idea of reward management control has been authored through various academicians concerning the need to manage and drive reward management to the organizations strategic goals. Numerous authors have described reward management; one of the authors has defined the definition of reward management as, ‘Reward management is concerned with the formulation and implementation of strategies and policies that compensation people equally, equitably and regularly based on their value to the organization.

It deals with the development of reward strategies and the design, implementation and maintenance of reward systems which aim to meet the needs of both the organization and its stakeholders. The basic expression of the work relationship is reward. Armstrong, (2009)

Armstrong (2008) claims that reward management is more than just about money. Incentives that provide intrinsic or extrinsic motivation. Intrinsic motivation (motivation from the work itself) is achieved by satisfying individual needs for achievement, responsibility, variety, challenge, influence in decision making and membership of a supportive team. Extrinsic non- financial motivation (motivation through means other than pay incentives) provided directly by the organization is achieved by recognition, skills development and learning and career opportunities.

Furthermore, according to the Ridner A. & Wilson B. (2003,) some actual facts about the reward management theory are indicated as “Reward Management is a motivational practice that businesses use to reward employees for their achievements” and success.

The organizations define goals and rules for its employees to obey in order to reach those goals. It ensures that employees are well informed about these goals, rules and the rewards available for high performance.

2.3 Reward System

The term “employee benefits scheme” refers to various organizations reward programs .positive reinforcement should always be the objective of successful reward programs .in organization Positive reinforcement promotes desired action. Employees are more likely to take positive actions as results of rewards. Reward programs should be properly designed in the organization so as to reinforce positive behavior which leads to performance Torrington, Hall & Taylor, (2008). Employees are more dedicated and feel respected when they are rewarded and recognized for their accomplishments, particularly through difficult times. Employees will be motivated to work harder and achieve the organization’s strategic or vision goals as a result of this emotion.

“You get what you reward” said Nelson and Peter (2005), According to them the most important management principle in the world is a reward scheme.

According to Sutherland (2004), the basic element that indicates how much employees earn by devoting their time and effort to the accomplishment of organization goals is reward: as a result, managers are responsible for designing reward package an enticing reward package in order to attract and retain valuable employees.

Shoaib et al. (2009), also state that it is critical for employers to understand the importance their employees place on their reward program in order to develop policies that address equal and fair reward for their employees. When appropriate reward mechanisms are understood, the reward systems becomes more efficient. Through including them in their reward scheme, to emphasize which criteria their employees can put in extra effort on Svensson, (2001).

2.4 Reward Strategy

“Reward planning is concerned about what the Organization needs to do with reward for the next two or three years”, according to According to Armstrong (2004).

Shuster and Zingheim (1993) claim that “reward strategies provide a road map from where the Organization is present to where it wants to be in the future”.

2.5 Reward Policy

Reward policy in an organization deals with the principal factors of compensation system practices that to be implemented. These practices have to be aligned with the overall business method to help the organization acquire its organizational and individual goals.

In keeping with Jackson et al (2009) employer strategies are referred to as way of attracting, maintaining and motivating personnel as driving change, corporate recognition, affordability when it comes to the restriction of what may be accomplished at any time, worker goal to maximize the reward they earn, purchasing power that determines the standard of living which is an essential consideration for most employees.

2.7 The Main Elements Of Reward Management System

2.7.1 Financial Rewards/Extrinsic Rewards

Financial rewards are monetary rewards that organizations provide to their employees in exchange for the services provide.. Regardless of other factors, the vast majority of employees place great emphasis on the financial compensation (sometimes called tangible, transactional, monetary, extrinsic, cash rewards) for their jobs, and the successful management of this is an effective motivation tool that helps to maximize productivity and competitiveness.

Extensive research has shown that monetary rewards are crucial in attracting and retaining talented employees and in aligning staff behavior with business goals O’Neal, 1998; Trahan and Yearout,(2005-2006); Schuster, (2008): Duchon, (2007); Zingheim et al,(2009). On the other hand extrinsic rewards are non-job related benefits such as compensation, salary and work conditions.

In their study Gupta and Shaw (1998) found that financial incentives are indeed successful. They argued that not all the jobs are interesting and challenging in nature, and that in an ideal world, everyone would be intrinsically motivated and rewarded, but this is not the case in many work place. They come to the conclusion that money is important to most of us and motivates us. According to Nelson, (2004), when money is used to compensate employees for good performance it sends wrong messages to the employees; the focus on monetary rewards pushes employees to reach for individual benefits and decreases team work.

Gupta and Shaw (1998) also acknowledged the signals monetary rewards send to the employees but they appealed humans to be ‘cognitive processors’ who understand the signals management is sending by rewards; rewarding shows employees what kind of behavior is valued.

Armstrong et al. (2010) said that the short-term solutions provided to solve the reward management programs might result in long-term problems referring to the use of extrinsic rewards when trying to motivate employees. According to Kohn (1993), monetary rewards work best for creating temporary enforcement, suggesting that money motivates us as long as we get another raise.

Temporary enforcement refers to the importance it adds to an individual’s motivation in the short term. If a pay raise is offered, it motivates employees for a brief period of time before declining again and employees begin to wait for the next raise.

Compliance is the short-sighted benefit that it adds to an individual’s motivation. If a pay raise is issued, it motivates employees for a brief period of time before they lose interest and begin to wait for another raise. “Promising a reward to someone who seems unmotivated is akin to giving salt water to a thirsty person,” he explained. He argued that using money as a motivator is ineffective, since it motivates employees to earn more money. Also, Armstrong (2010) highlights that the tangible components of compensation programme are of two general types. The employer provides monetary benefits with direct compensation, and the most popular types are base pay and variable pay.

Indirect compensation commonly consists of employee benefits. Surveys such as that conducted by the CIPD (2011), have shown that base pay is believed to be the element that attracts individuals to an organization, whilst benefits encourage them to stay, and flexible pay encourage them to work harder.

2.7.2 Non-Financial Rewards/Intrinsic Rewards

Non-monetary incentives are known as intrinsic rewards. Non-monetary incentives involved in the work itself, challenging and enjoyable work and educational opportunities available to workers. Individuals want to feel like they are contributing to their workplaces,

According to Nelson (2004), so appreciation and rewards are the most effective intrinsic rewards they want to have. On his part, he quoted Elisabeth Kanter, who said, “Compensation is a right; recognition is a gift.” Nelson also stated that recognition, particularly when given in front of the other employees sends positive signals to other employees whose conduct is favored and desirable by management. Intangible rewards.

According to Jensen et al. (2007), are what decide whether an organization over another when tangible rewards are equal. This is an example of how organization can use competitive incentives to stand out from the crowd. The majority of researchers agree that intrinsic incentives are more effective, but they do not discount the value of extrinsic reward, which are often in institution context. For example, Mottaz (1988) stressed the value of intrinsic rewards but stated that importance extrinsic incentives as follows: if extrinsic benefits were totally insufficient, employees will stay on a work for a long period time,“ Buckman (1991) also argued that monetary in the context ,but intrinsic compensations are what really make a difference in employee organizational conduct Given the length of time spent at the office, it is understandable that people want more from their jobs than just pay

As a result non-monetary incentives (also known as intangible, relational, and/or non-monetary rewards) are becoming increasingly important. Intangible rewards are “crucial in helping an organization stand out as a top employer, and also have the dual impact of increasing engagement among employees” McMullen et al, (2009).As a result, they have been highlighted as a vehicle to improve the effectiveness of incentive programmes.

According to Scott et al, (2007), and empirical studies supports their usefulness in this respect, for instance, the Hay Group (2009) analysis consistently shows that intangible benefits play a critical role in employee retention. Similar findings emerge from the most recent research CIPD, (2011), indicating that employees place great emphasis on non-financial rewards when deciding where to work and the level of commitment to give to their work. “Organizations are realizing this, particularly in light of limited financial resources, and are increasing their emphasis on intangible rewards to increase employee retention”, are according to Hay Group research (2009).

2.7.3 Employee Retention

Retention of employees can be characterized in a different of ways. But it essentially refers to the various steps taken by organization to enable their people to commit to working for them for a longer time of period. The primary reason for retention of employees is to protect its well skilled employees from resigned James & Mathew,(2012)

Hom and Griffeth (1995) defined retention as the process of persuading personnel to stay for an For an indefinite period of time or until the project is completed.. “The Society of Human Resource Management” claims employee retention is the hottest topic in the present scenario, according to Winsock, B (1997) .employees who voluntarily leave their employment, according to Drucker (1999). When addressing voluntary turnover, it is a big difficulty for many businesses, according to Itrip, R. Voluntary or involuntary turnover is possible, as well as functional or dysfunctional turnover. Voluntary turnovers are employees that leave an institution on their own. The employee chooses to leave/resign from the company voluntarily.

When an employee leaves due to involuntary attrition, the employer fires them. I.e. the employee leaves the organization unwillingly. It may be for a variety of reasons, including poor results, dispute, or employment-at-will. When a low-performing employee leaves the organizations, this is known as functional turnover.

When a high-performing employee leaves,, it’s known as dysfunctional turnover and it costs an organization. There are several reasons for workers to resign voluntarily, Terence et al. claim that (2001). Personal considerations may affect some people, while organizational elements may impact others.

A personal factor such as family circumstances, career advancement and attractive job offers, among others. Organizational causes include a lack of reward possibilities, unfair motive of employees, and a misalignment of personal and organizational ideals, among others.

2.7.4 Retention Strategies

Employee turnover is a significant issue, which is why a great deal of emphasis is placed on employee retention. When an employee leaves an organization, he takes the culture, values, skill set with him which can be tapped by the competitors and that is something no company likes to happen with them. Since the cost of replacing an employee is so high, it is often preferable to keep the current employees in the flock, retention is also important for an organization's development and stability.

Compensation, Learning Opportunities, benefits and protection, work autonomy, merit orientation, and rapid vertical growth were defined as six critical factors of employee retention by Das (1996). Cloutier, Felusiak, Hill, & Pemberton-Jones (2015) according to in their research suggest the development of four strategies for employee retention. Effective communication, workforce diversity, hiring of skilled worker and training and development plan to employees. According to studies, keeping current employees costs less than recruiting new ones Sinha & Sinha, (2012).

2.3 Empirical Review Of Reward Management And Employee Retention

Different researches have been made on the impacts of reward management practice on retention of employees both globally and locally. Globally, Kioko, (2005) in his research on Motivating Employees without Money, the Fintech Case study, Group found that money and monetary rewards remained the preferred employee motivator. However, he also found out that managers needed more than financial incentives to encourage people to work harder. He recommended that employees be viewed individually with different needs and motivators. Thus, the employer should provide a range of reward options available for employees to make a selection, which should include non –financial and financial rewards

Chitalu (2011), who's finding showed that training and development opportunities are one of the most essential aspects of retaining experienced employees. In addition, Waleed (2011) research also concluded that effective training and career development have a positive integration on employee retention as it makes the employees feel that the organization recognize their strength and opportunity to further develop their abilities.

According to Kiragu (2013) investigated the elements of impact nurse retention. At Nairobi. Aga Khan University hospital Specific objective were to find out how reward strategy, Career development, and work environment and performance based rewards affect retention of nurse,. 70 respondents selected from a target population of 350 nurses by a stratified random sampling techniques. The findings revealed that remunerations, health coverage, a house allowances and increment of salary were important reward factors in retention of nurses in Aga Khan University Nyanjom (2013) career development was also ranked as one of the most essential factors affect retention of employees. As a result, the report concludes that career development has a substantial positive impact on employee retention.

Kamunge, (2014) conducted research to determine the impact of total reward management on employee retention among Kenya Vision 2030 Delivery Secretariat. Compensation, work-life balance, training and career development all have a positive effect on employees' decision to remain or leave an organization, according to the report. However, at the Kenya Vision 2030 Delivery Secretariat, a weak salary system and a lack of career development were identified as the factors that have the greatest effect on employee retention.

Locally, Tarekegn D.(2018) study to assess reward management system in Fincha Sugar Factory. The research looked at financial and non- financial type of incentives, in addition to employee perception of them. Employee Satisfaction According to his study, that the reward management system is not satisfying most of the employees. Workers are unhappy with pay incentive s such as salary and bonus, which are the main important rewards in encourage employees, according to an examination of data collected via interview and a review of focus group discussion. The criteria for rewards such as annual salary increment and bonus are based on annual production performance. However, the production schedule is followed from top to

bottom and is difficult to achieve, and hardly achievable. Hence, employees are not getting reward because of the unmet target that leads to dissatisfaction.

Ahmad, et.al. (2015) conducted on research human resource strategies and retention of employee in the banking sector of Pakistan. The study was based on compensation, benefits, career development and working environment. The results indicated that the salary package is most important in the organization, which can also motivate or attract the employees.

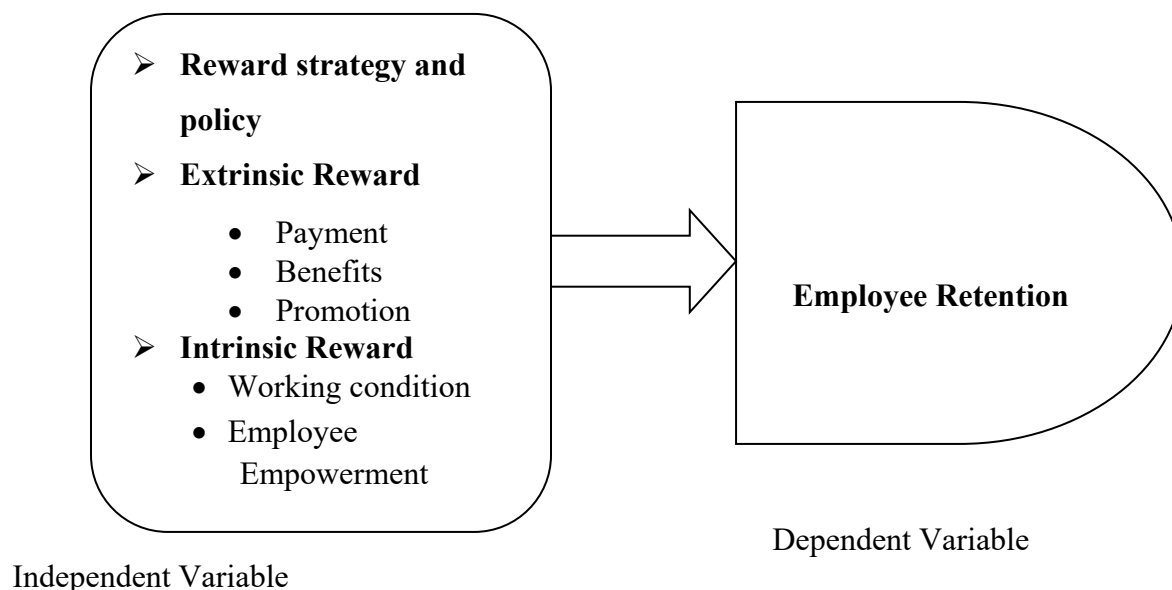
2.4 Conceptual Framework

Vaughan, (2008) Kombo and Tromp (2009), as an abstract or broad idea inferred or resulting from definite instances. They also identified a conceptual framework as a collection of broad ideas and theory drawn from various fields of study and used to construct a subsequent presentation. The independent variables of this study Reward Strategy and Policy, extrinsic and Intrinsic Rewards and the dependent variable as employee retention.

In addition to that Armstrong, (2009) detailed extrinsic and intrinsic types of rewards have a direct relation with retention. Therefore, below conceptual framework has been adapted.

Figure 2.1 conceptual framework of independent and dependent variables.

The study's Conceptual framework provides structure and content. A definition is described by



Source: Armstrong, (2009)

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the methodological approach for the study and it provides a detailed overview of how the research was designed. It comprises research approach, research design & technique, data type and source, total population, sampling design technique, method of data collection, data processing & analysis, validity and reliability & ethical consideration.

Description of the Study Area

The study was conducted at Ethiopian management Institute (EMI) at Head Office and Deberziet training center. The Head office of the institute is located in Addis Ababa Yeka sub city around megengna close to Salite Mehirate church while the Deberziet training center which is located at Deberziet near to ministry of Agriculture research center.

3.1 Research Approach

According to Kothari (2004), quantitative approach is concerned with the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. On other hand, qualitative research is concerned with phenomena involving quality or kind. Quantitative survey method playing the major role, while the qualitative aspect would have been its own contribution. According to Johnson and Turner (2007), mixed approach research dominating quantitative approach is most appropriate for its research, but who also believes that the insights gained from qualitative data would benefit the researcher for triangulating. There for this strategy is compatible with the selected paradigm and suitable for the stated purpose of the study.

3.2 Research Design

Research methodology is about solving a research problem systematically. Kothari (2004), states that research methodology is wider scope than research methods, and it gives answer for questions such as what, why, where, when, and how the research has been undertaken, as well as how the research question has been defined. It also considers the logic behind the methods we apply in the context of our research study and explain why we are using a particular method or technique.

The study used both descriptive effect of reward management on employee retention and explanatory study design to examine the effect of reward management on employee retention. This study adopted a descriptive research design because of its ability to describe a situation and its minimum bias in collection of data. According to Kothari (2004), descriptive research includes survey and fact finding enquires of different kinds and its major purpose is description of the state of affairs as it exists at present. Explanatory research design was employed to identify or establish the existence of cause and effect of variables and to test relationships between independent and dependent variables. Therefore, this research design is compatible and suitable for the current study that explores the effect of reward management on employee retention in EMI.

3.3 Population and Sample Size Determination

3.3.1 Population

The population of this study included all permanent employees of EMI in the head office and Debrezite training center. The researcher used simple random sampling to select sample from the population. Of interest is homogenous and population studies are more representative because everyone has equal chance to be included in the final sample that is drawn. The target population for the study comprised all permanent employees of EMI in the head office and Debrezite training center which constitutes a total population number of 290 employees (N=290).

3.3.2 Sample Size

The sample size of EMI Permanent employees that were studied was determined by applying the formula developed by Dr Todd Grande (2016). The formula used to calculate sample size is shown below, which is reliable when the population size is finite.

$$n = \frac{z^2 P(1-p)}{e^2} \frac{1 + \frac{z^2 P(1-p)}{e^2 N}}{1}$$

Where, n= sample size, e= margin of error of (5%), p= 95% confidence interval to estimate the population proportion, while N is the total population size. Therefore, based on the above formula, the sample size will be calculated as follows:

$$n = 142$$

Accordingly, copies of the 142 questionnaire were distributed among study participants. Correspondingly, consultants, officers, Directors and Team leaders who do have experiences in EMI.

3.4 Source Data and Data collection methods

This study used primary and secondary data. Primary data was collected through structured questionnaire that consists of both closed and open types of questions. Closed ended questionnaire used since they are easy to use, analyses, capture data and enhance consistency of response across all the respondents while, open ended questions helped to capture varied opinions of the respondents regarding the variables under invocation so as to obtain relevant, reliable and sufficient information and come up with good research objectives.

The respondents are requested to respond to a series of statements by using five point likert-scale methods rating from 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree which is adopted from the different previous research. The questionnaires were distributed with a cover letter outlining the objective of the research along with direction for filling out the survey.

In a similar fashion, semi-structured questions prepared were used for interview. Interview was conducted with directors and team leaders. The core objective of interview is to triangulate the data collected through questionnaires. Furthermore, secondary data relevant to the research were collected from different articles, journals of the institute, HR employee satisfaction and turnover reports, institution's labor agreement different research papers and books related to the study topic were referred.

3.5 Validity and Reliability

Reliability and validity address issues about the quality of the data and appropriation of the methods used in carrying out the research

3.5.1 Validity

Validity, according to Mugenda & Mugenda (2003), is the accuracy and meaningfulness of inferences, which are based on the research results. It refers to the degree to which results obtained from the analysis of the data actually represent the study variables.

The content validity is the degree to which the items represent the dimensions of the construct being measured Hu, Dinev, Hart, & Cooke,(2012). The validity of the items is normally assessed through literature and also preferably reviewed by domain experts Straub, Boudreau, & Gefen, (2004). The instrument has to be carefully constructed and pilot tested.

The validity of this research study instrument was measured through the opinion of experts especially the research supervisor, who were knowledgeable in this field, measured the validity of this research instrument, and also to ensure the internal validity of data analysis by pilot test using the questionnaire was tested on eight employees.

3.5.2 Reliability of Research Instruments

To measure the reliability of the data collection instruments, an internal consistency technique using Cronbach's alpha was used Mugenda (2008). Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalization Zindart, (2005). An alpha coefficient of 0.70 or higher, the collected data are reliable since they have a relatively high level of internal consistency and can be generalized to reflect opinions of all respondents in the target population Zinbarg (2005)

The Cronbach's alpha reliability coefficient results as follows; reward strategy and policy 0.815, extrinsic reward such as salary .816, Benefit .811, promotion .814, and intrinsic reward as working condition .817, employee empowerment .809, recognition .810, personal growth and career advancement .806 and finally intention of stay .82

Reliability Statistics	
Cronbach's Alpha	N of Items
.817	41

Table 3. 1 Reliability statistics

Variables	Cronbach's Alpha	No. of Item
Reward strategy and policy	.815	4
Salary	.816	6
Benefit	.811	6
Promotion	.814	3
Working condition	.817	7
Employee Empowerment	.809	2
Recognition	.810	4
Personal growth & Career advancement	.806	4
Employee Retention	.828	5

Source: own survey data April, (2021)

All variables have the Cronbach's alpha results which more than 0.70. Therefore, the questionnaires in this research study are considered good reliability and consistency.

3.6 Data Analysis Method

Data analysis deals with the conversion of data into significant information for making decisions, editing, error correction, rectification and compiling the information gathered. Cronbach's alpha was calculated to determine the internal reliability of the instrument. The statistical Package for Social Science (SPSS) version 20 used for statistical analysis. Gupta [2002] asserts that this technique gives simple summaries about the sample data and present quantitative descriptions in a manageable form.

The study used both descriptive and inferential statistics to analyze quantitative data. The qualitative information was also be used to augment the quantitative data this helped to answer the research questions and show degree of relationship between the independent and dependent variables. In addition, descriptive statistics will enable the researcher to carry out data analysis process using the mean, standard deviation, frequencies and percentage in an effective and meaningful manner.

The results from the data analysis were presented in the form of tables, graphs and charts. Mean Standard Deviation, percentages, frequency distributions and graphical analysis

In relation to inferential statistics, the study used correlation analysis and multiple linear regressions to determine the relationship between dependent variable and independent variables as well as to show the effect of and influence of independent variables on dependent variable.

3.7 Ethical Consideration

Ethical standards were obvious important in this study as human subject would be involved. All procedures were taking to respect privacy and ensured full confidentiality of all individuals, balancing the needs of consent and openness in respect of the study findings. And also anonymity of individuals and organizations participate in the research have been ensure, and any type of communication in relation of the research would be done with honesty and transparency. Therefore, special attention have been conducted given to ethical issues at all stages of this research.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Introduction

This chapter presents the analysis, findings and discussion of the study. The findings are presented in descriptive analysis such as percentage, frequency, mean and standard deviations as well as inferential analysis like correlation and multiple linear regression analysis. The data were analyzed using Statistical Package for Social Science Software (SPSS).

4.1 Response Rate

Table 4.1 Questionnaires Répondants Valid Percentage

Questionnaires	Respondents	Valid percentage
Returned	130	92%
Not returned	12	8%
Total	142	100%

Source: survey results (April, 2021)

The sample size of this study was 142 employees, and the same number of questionnaires were prepared and distributed for EMI employees, and out of this 130 being completed and returned. These represent 92% of the questionnaires were returned. According to Mugenda & Mugend, (2008) a response rate of 50% is sufficient for analysis and reporting while rate of 60 % is fine and a response rate of 80% and above is excellent. As a result,, this response rate was sufficient for analysis and reporting.

4.2 Demographic Information of Respondents

Table 4.2, demographic information of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	79	60.8	60.8	60.8
	Female	51	39.2	39.2	100.0
	Total	130	100.0	100.0	
Age	18-24	1	.8	.8	.8
	25-35	50	38.5	38.5	39.2
	36-45	51	39.2	39.2	78.5
	46 and above	28	21.5	21.5	100.0
	Total	130	100.0	100.0	
Educational status	High school	8	6.2	6.2	6.2
	Certificate	10	7.7	7.7	13.8
	Diploma	24	18.5	18.5	32.3
	Degree	57	43.8	43.8	76.2
	Masters	31	23.8	23.8	100.0
	Total	130	100.0	100.0	
Work experience	1-2	3	2.3	2.3	2.3
	3-5	52	40.0	40.2	42.3
	6-10	42	32.3	32.3	74.6
	11-20	23	17.7	17.7	92.3
	more than 20	10	7.7	7.7	100.0
	Total	130	100.0	100.0	
Position of employees	Director	4	3.1	3.1	3.1
	Team leader	5	3.8	3.8	6.9
	Consultant	25	19.2	19.2	26.2
	expert / officer	96	73.8	73.8	100.0
	Total	130	100.0	100.0	

Source: serve data output, 2021

The demographic information of respondents is presented to give readers an idea of who they are. This section contains demographic Information on EMI employees, such as gender age, educational background, work experience, and position of the employee's .The result of the analysis is presented in Tables 4.2.

Gender of participant

Genders of the respondents from Table 4.2 shows that out of total respondents 79 or 60.8 % of respondents are male and 51 or 39.2% are female, so large number of respondents are male this implies that there is a slight difference in number of the respondent's regarding to gender.

Age of participant

When we see the Age of respondents in Table 4.2 it indicates that from the total respondents 1 or 0.8% are in the age group of 18-24 years, 50 or 38.5% respondents are between the age of 25-35 years, 51 or 39.2% respondents are among age 36-45, and also 28 or 21.5 % respondents are 46 above ages. Therefore, the data indicate that respondents are matured to understand and properly respond the relationship between reward practice and employee retention.

Education level of respondents

Educational level of respondents from the Table 4.2 shows, 8(6.2%) of respondents are high school graduate, 10(7.7%) have certificate, 24 (18.5%), they had collage diploma, 57 (43.8%) respondents are BA degree and 31(23.8%) respondents had MA degree. Therefore the data shows that employees of Ethiopian management institute have varied educational backgrounds. Majority of the respondents 122 (93.8%) have a college certificate, diploma, BA and MA degree. This would enable them to understand the questionnaire and properly respond about reward management and employee retention.

Work experience of respondents

From table 4.2 regarding Work experience of the respondents EMI indicates that 3 (2.3%) have 1-2 year, 52 (40.0%), 3-5 years, 42 (32.3%) 6-10 year, 23(17.7%) 11-20 years of experience and finally 10 (7.7 %) have more than 20 years of work experience. So the data indicates that 127 (97.6%) of the respondents have three & above years work in the Institution. Therefore, majority of the respondents have experienced the reward management practice in the institution, and have given reliable response to the questionnaires.

Work position of respondents

The results in figure 4.2 also explain the respondents work position that is , 4(3.1%) of the respondents are Director, Team leader accounts 5(3.8%), 25(19.2%) are consultant and finally expert/officer represents 96(73.8%) of the respondents. This shows that most of the respondents are in expert/ officers position.

4.3 Descriptive Analysis Of IV and DV

The mean and standard deviation from descriptive statistics are used to analyze the data. The application of means is to explain a data set which must be bounded to ratio and interval level data Thompson, (2009).

The response of the respondents for the variables shown below was rated using five point Likert scale ranging from 1= strongly disagree, 2= disagree, 3=neutral, 4=agree and 5= strongly agree After receiving the filled questionnaires from respondents, the result of all the fourthly-one questions is analyzed using Statistical Package for Social Science Software (SPSS). To facilitate in depth and smooth analysis.

According to Zaidaton & Bagheri (2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is moderate and mean score above 3.8 is high

Table 4.3 Comparison Bases of Mean Score of Five Point Likert Scale Instruments

NO.	Mean score	Description
1	< 3.39	Low
2	3.40 - 3.79	Moderate
3	> 3.80	High

Source: Zaidatol & Bagheri (2009)

4.3.1 Reward Strategy And Policy

Table 4.4 Analysis of reward strategy and policy

No	Item	Stat	Employee response					mean	SD
			1	2	3	4	5		
1	The reward strategy and policy of EMI incorporate basic benefit schemes	F	26	30	33	29	12	3.07	1.12
		%	20.0	23.1	25.4	22.3	9.2		
2	I am satisfied of the reward management practice	F	51	42	30	7	4	1.95	.92
		%	39.2	32.3	23.1	5.4	2.1		
3	I am satisfied with the Institution reward policy	F	40	53	22	11	4	1.99	.97
		%	30.8	40.8	16.9	8.5	3.1		
4	EMI reward policies motivates for achieving its Mission and Objectives	F	36	37	28	25	4	2.94	1.32
		%	27.7	28.5	21.5	19.2	3.1		
Aggregate mean							2.48	1.08	

Source: Survey Result (2021)

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

This section discusses the effects of reward policy and strategy on retention of employee in EMI. With regard to reward policy and procedure, Armstrong (2010, p.41, as cited in Brain, 2015) states that an evidence-based approach shall be used, which essentially means managing reward systems on the basis of evidence rather than opinion, understanding rather than assumptions, and on an unrelenting dedication to gather the information need to make more intelligent and informed decisions”, thus respondents were requested to rate the extent to which they agreed or disagreed with questions in relation to reward strategy and policy in the institution. The mean and standard deviation were used to summarize the study.

The above analysis of Table 4.4 indicates that most of the employees were not awareness with the reward strategy and policy of the institution. They responded their disagreement and strong disagreement. Most of the items which comprise statement that ‘The reward strategy and policy incorporate basic benefit schemes, the respondents response was 43.1% strongly disagree and disagree, 23.1% neutral and 31.5% the mean score 3.07 and SD 1.12.

This implies that the institution reward policy is not incorporate all benefit schemes, at the same time respondents perception regarding I am satisfied of the reward management practice have 71.5% disagree,23.1 neutral,7.5 agree and the mean score 1.95 and SD .918,to easily identify were the institution reward practice dissatisfied for majority of respondents. Furthermore, the respondents view also sought disclose whether their reward policy satisfied in their institute in this regard the respondents response 71.6% disagree, neutral 16.9%, 11.6% and the mean 1.99 and SD .968, and finally, respondents were also asked whether they are motivated with institution reward policies and for achieving its Mission and Objectives.56.3% of respondents are disagree, 21.5% neutral, 22.3% by the statement of motivation with the rewards policy. This is issue is also validated by mean score of 2.94 and SD 1.322.

Furthermore the qualitative data obtained from open-ended questionnaires also shows that there is complain on the basic contents of reward and its policy as well as its practice which discriminate majority of the employees. Thus, the qualitative as well as the quantitative data indicates that employees are dissatisfied and de- motivated with the Institution existing reward practices that have its own negative impact on achievement of institution mission and objectives.

Extrinsic Reward

4.3.2 Salary

Table 4.5 Analysis of employee salary

No.	Items	Sta.	Employee Response					Mean	SD
			1	2	3	4	5		
1.	The payment system is clearly stated and communicated to all employee	F	6	16	47	48	13	3.35	.98
		%	4.6	12.3	36.2	36.2	10		
2.	I am satisfied of my salary with respect to my work value	F	16	34	30	43	7	2.93	1.14
		%	12.3	26.2	23.1	23.1	5.1		
3.	Salary increment is fair and transparently managed	F	33	44	27	22	4	2.78	1.07
		%	25.4	33.8	20.8	16.9	3.1		
4.	The salary scale of the institution is competent at the current market	F	18	41	33	33	5	2.74	1.10
		%	13.8	31.5	25.4	25.4	3.8		
5.	pay scale of the institution is reasonable with your work	F	11	46	37	29	7	2.81	1.05

	load	%	8.5	35.4	28.5	22.3	5.4		
6.	I am motivated with the institution's payment	F	11	52	32	33	2	2.72	.99
		%	8.5	40	24.6	25.4	1.5		
	Aggregate mean							2.88	1.05

Source: own survey data (April. 2021)

Compensation, according to Willis (2000), is one of the most significant factors in attracting and retaining talent. The impact and contractual relationship between employers and employees is built on the basis of equal wages. Employee motivation is influenced by compensation, which contributes to employees staying with the company. The company's pay should be comparable to that of comparable companies, otherwise companies may not be able to attract and retain talented employees. One of the purposes of this study was also to examine the effect of salary on Employee Retention at EMI. For this purpose, six (6) questions are identified from literature that shows the perceptions of employees' on the effect of salary at Employee Retention. In each of these areas the effect of salary, employees were requested to give their perception to answer their agreement and disagreement on a five scale ranging that varies from strongly disagree to strongly agree. The summaries of respondents in each area of Employee Retention were shown in the Table 4.5.

According to Table 4.5, majority of the respondents were agreed that their institute payment system is clearly stated and communicated to all employees. 16.9% disagree, 36.2% neutral, 46.2% agree and the mean result was 3.35 and SD .98, implies that the institution communication way about the payment system is relatively fair to its employees satisfaction. At the same time respondents are asked that, they are satisfied of their salary with respect to work value. 38.5% disagree, 23.1 % neutral, 28.2% agree and the respondents response show mean value of 2.93 and SD 1.14, from this we can infer that majority of the employees are not satisfied of the payment of salary based on their work value. Again, at the same time respondents are asked that Salary increment is fair and transparently managed. Respondents replied with 59.2 disagree, 20.8% neutral, 20% and the mean 2.78 and SD 1.07, from this we can infer that more than half of employees are their salary increment is not fair. Concerning the fourth item, the salary scale of the institution is competent at the current market. Respondent's response indicates

45.3% disagree, 25.4% neutral, 29.2% agree and mean value of 2.74 and SD 1.10. the study interpreted the respondents' perception on salary scale is not competent to the market rate. While the Pay scale of the institution is reasonable with your work load. Employees response have 43.9% disagree, 28.5 neutral, 27.7 agree and the mean value of 2.81 and SD 1.05, and the final item that deals with, they are motivated with the institution's payment have 48.5% disagree, 24.6% neutral, 26.9% agree and the mean value of 2.72 and SD .99.

Therefore, the respondents response results on the above study shows that, majority of respondents are dissatisfied with institutions' current payment which is not competitive in the current market, the payment system of the institution is not consider employee work value and load, this implies that salary payment practice is not attractive by employees.

Moreover, the qualitative data responses obtained from open-ended questionnaires and interview indicates that there are gap in the institution current payment, unfair and unbalanced workload, lack of work life balance and payment of salary based on workload. Therefore, the above practices in the institution have caused employee's dissatisfaction and de-motivation.

4.3.3 Benefit

Table 4.6 Analysis of benefit

No	Items	Sta.	Employee Response					Mean	SD
			1	2	3	4	5		
1	EMI benefit scheme incorporate basic components of benefit to employees	F	35	56	30	8	1	2.11	.90
		%	26.9	43.1	23.1	6.2	0.8		
2	The housing benefit scheme of the institution fairly benefited all employees	F	72	30	19	8	1	1.74	.98
		%	55.4	23.1	14.6	6.2	0.8		
3	I am satisfied of the residence house payment by the institution	F	73	35	12	9	1	1.69	.96
		%	56.2	26.9	9.2	6.9	0.8		
4	I am satisfied of my medical scheme	F	33	41	30	21	5	2.42	1.15
		%	25.4	31.5	23.1	16.2	3.8		
5	I never had a problem with my leave arrangements	F	34	39	24	29	4	2.46	1.19
		%	26.2	30	18.5	22.3	3.1		
6	I am motivated of the institution's benefit scheme	F	39	58	23	8	2	2.05	.93
		%	30	44.6	17.7	6.2	1.5		
Aggregate mean							2.07	1.01	

Source: own survey data (April, 2021)

The other purposes of the study were also to examine the effect of benefit on Employee Retention at EMI. For this purpose, six (6) questions are identified that shows the perceptions of employees' on the effect of benefit at Employee Retention. In each of these areas of effect of benefit, employees were requested to give their perception to answer their agreement and disagreement on a five scale that varies from strongly disagrees to strongly agree. The summaries of respondents in each of area of Employee Retention were shows in the Table 4.6 above.

Accordingly, the study result in Table 4.6 shows that, the respondent's response regarding benefit scheme incorporate basic components of benefit to employees.70% disagree,23.1%neutral,7%agree and the mean value of 2.11 and SD .90, implies that more than half of respondents rate disagree with the institution benefit package and is not executing their performance. The other issue is housing benefit scheme of the institution fairly benefited to all employees. The response result indicate78.5% disagree, 14.6% neutral, 7% agree and the mean value 1.74 and SD .98. The third question, which rises about I am satisfied of the residence house payment by the institution.

The respondent's reflect their opinion having 83.1% disagree, 9.2% neutral, 7.7% agree and the mean value of 1.69 and SD .96. From this we can infer that more than half of the employees are not satisfied with the house allowance of their institution. In a similar way the fourth item I am satisfied of my medical scheme. Response outputs indicate that 56.9% disagree, 23.1% neutral, 20% agree and the mean value 2.42 and SD 1.15, implies that the institution medical scheme of employees is not executing their performance. Again, the next question I never had a problem with my leave arrangements.56.2% disagree, 18.5% neutral, 25.4% agree and the mean value of 2.46 and SD 1.19, and finally, I am motivated of the institution's benefit scheme.

The respondent's response had 77.1% disagree,17.7% neutral,7.7% agree and the mean value of 2.05 and SD.93 Therefore, employees perception concerning the benefit scheme of the institute majority of the respondents response have disagree and low mean value and it does not contain basic component, and unfairly benefit package for employees.

Furthermore the qualitative data obtained from open-ended questionnaires and interviews with management members also shows that there is a complain on basic components of benefit scheme and unfair treatment of employees regarding the existing practice of benefit scheme of the institution which discriminate majority of the employees (for example they raised majority of the employees did not have housing and transportation allowance) as a result employees are dissatisfied and de-motivated with the existing reward practices.

4.3.4 Promotions

Table 4.7. Perception of promotion

No	Items	Sta.	Employee Response					Mean	SD
			1	2	3	4	5		
1	promotion is carried out fairly and transparently in the institution	F	6	22	36	46	20	3.40	1.08
		%	4.6	16.9	27.7	35.4	15.4		
2	everyone has equal opportunity for promotion	F	6	14	40	56	14	3.45	.98
		%	4.6	10.8	30.8	43.1	10.8		
3	I am motivated of the promotion policy and procedures of the institution	F	13	9	32	62	14	3.42	1.10
		%	10	6.9	24.6	47.7	10.8		
Aggregate mean							3.42	1.05	

Source: own survey data (April, 2021)

Promotion is one of the ways to add more responsibilities to an employee as well as a major form of boosting employee motivation and morale. This results in high productivity and prevents the organizations from losing its valuable and important employees.

This study examines the effect of promotion on Employee Retention at EMI. For this purpose, three questions are identified, in each of these areas of effect of promotion, employees were requested to give their perception to answer their agreement and disagreement on a five scale ranging that varies from strongly disagree to strongly agree. The summaries of respondents in each of area of Employee Retention were shows in the Table 4.7

From table 4.7 the analysis result shows that the respondents were agreed that Promotion is carried out fairly and transparently in the institution.21.5% disagree, 27.7% neutral, 50.8% agree and the mean value 3.40 and SD, 1.08, implies that almost half of the respondent satisfied with the way of fair and transparent employee promotion practice.

The other issue which is everyone has equal opportunity for promotion the response result was 15.4% disagree, 30.8% neutral, 53.9% agree and the mean value 3.45 and SD .98 and finally I am motivated of the promotion policy and procedures of the institution.16.9% disagree, 24.6% neutral, 58.5% agree and the mean value 3.42 and SD 1.10.

According to the finding, there is a general satisfied and moderate agreement among respondents on the institution’s promotion strategy.

Intrinsic Reward

4.3. 5 Working Condition

Table 4.8 Analysis of employee working condition

No	Items	Sta.	Employee response					mean	SD
			1	2	3	4	5		
1	My working place is ergonomically convenient	F	5	21	34	53	17	3.43	1.03
		%	3.8	16.2	26.2	40.8	13.1		
2	I have smooth and positive work relationship with managers and coworkers	F	7	12	17	68	26	3.72	1.06
		%	5.4	9.2	13.1	52	20		
3	I have never overworked	F	21	38	25	41	5	2.78	1.17
		%	16.2	29.2	19.2	31.5	3.8		
4	open discussion is encouraged at my work place	F	14	34	26	42	14	3.06	1.21
		%	10.8	26.2	20	32.3	10.8		
5	basic tools and other resources are sufficiently available	F	7	20	23	56	24	3.54	1.12
		%	5.4	15.4	17.7	43.1	18.5		
6	the institution has implemented appropriate safety, health & environment policy and procedure	F	5	13	29	65	18	3.60	.98
		%	3.8	10	22.3	50	13.8		
7	I have a motivating working condition	F	4	22	33	56	15	3.43	1.00
		%	3.1	16.9	25.4	43.1	11.5		
Aggregate mean							3.4	1.23	

Source: own survey data April, (2021)

Working conditions includes the working environment and aspects of an employee's terms and conditions of employees. It covers matters such as: the organization work and its activities; capacity building, and employability; health and safety as well as well-being; working time and work life balance. It also considers the Payment aspect of working conditions. Article 153 of the Treaty

This study also tries to examine the effect of working condition on Employee Retention at EMI. For this purpose, seven (7) questions are identified in each of these areas that affect working conditions, employees were requested to give their perception to answer their agreement or disagreement on a five scale ranging that varies from strongly disagree to strongly agree. The summaries of respondents in each area of working condition for employee Retention were shows in the Table 4.8

The above analyses in Table 4.8 indicate the respondents were agreed that: My working place is ergonomically convenient.20% disagree, 26.2% neutral, 53.9% agree and mean value 3.43 and SD 1.03,implies that half of the respondent satisfied with their working condition .at the same time respondents are asked that I have smooth and positive work relationship with managers and co-workers.14.6% disagree,13.1% neutral,72% agree and the mean value 3.72 and SD 1.06, from this we can infer more than half of the respondent are satisfied with relationship among employees in their work place. To this effect, respondents were asked the basic tools and other resources are sufficiently available.20.8% disagree, 17.7% neutral, 61.6% agree and the mean value 3.54 and SD 1.12. In this regard, majority of the respondents agree with sufficient resources are available in their institution. Again, at the same time respondents are asked that, implemented appropriate safety, health and environment policy and procedure.13.85 disagree, 22.3% neutral,63.8% agree and the mean value 3.60 and .98 and finally ,I have a motivating working condition.20% disagree, 25.4% neutral, 54.6% agree and the mean value 3.43 and SD 1.00.

The above analysis data indicate that employees were satisfied with the working conditions, that is ergonomically they are convenient, smooth and positive work relationship with managers and co workers, basic tools and other resources are sufficiently available and has implemented appropriate safety, health and environment policy and procedure.

On the other hand the responses regarding I have never overworked have (Mean value of 2.78 and SD 1.170), and Open discussion is encouraged at my work place. (Mean 3.06 and SD 1.206), Thus, the analysis results of these two questions had rated low value by the respondents. As a result, employees have dissatisfaction with this working condition at the institution.

Moreover the qualitative data obtained from open-ended questionnaires, reflects there is poor open discussion, weak work relationship with managers, and there is lack of available basic tools and resources for the work. Therefore, even though majority of the quantities data from the practices of the institution indicates positive working condition, but some qualitative data shows employees have dissatisfaction in their working condition, which adversely affects employee’s motivation.

4.3.6 Employee Empowerment

Table 4.9, Analysis of employee empowerment

No	Items	Sta	Employee Response					mean	SD
			1	2	3	4	5		
1	I am encouraged to handle problems by myself at my workplace	F	20	43	29	32	6	2.70	1.14
		%	15.4	33.1	22.3	24.6	4.6		
2	I have enough power of decision making	F	24	50	32	19	5	2.47	1.07
		%	18.5	38.5	24.6	14.6	3.8		
Aggregate mean							2.58	1.10	

Source: own survey data (April, 2021)

Employee empowerment focuses on honesty, motivation, decision-making, and cooperation. Managers can promote organizational success by inviting employees to be innovative in their ideas, solutions, and decisions in the mean time they give the authority to see them through to implementation.

Regarding employee empowerment on Retention of Employees at EMI, two basic questions are identified in this research. Employees were requested to give their perception to answer their agreement and disagreement on a five scale ranging questions that varies from strongly disagree to strongly agree. The summaries of respondent’s response in each area of Employee empowerment on retention were shows in the Table 4.9.

As indicated in Table 4.9, the respondents were agreed that, I am encouraged to handle problems by myself at my workplace. 48.5% disagree, 22.3% neutral, 29.2% agree and the mean value 2.70 and SD 1.14. In this regard, majority of the respondents were not satisfied and at the same time respondents are asked that, I have enough power of decision-making. 57% disagree, 24.6% neutral, 18.4% and the mean value 2.47 and SD 1.07. Implies that respondents disagree by the statement that employee participate in decision making that has a positive effect on their work performance and satisfaction in their institute respectively.

In general, based on the analysis of the data from the respondent’s response, majority of the respondents replay that they are not empowered to make decision at their work place, similarly they are not encouraged to handle problems by themselves, thus, they had rated low value. Therefore, employees are not empowered to make decision and solve problems as a result; they are dissatisfied with the institution’s employee empowerment practice

4.3.7 Recognition

Table 4. 10, Analysis of employee recognition

No	Items	Sat	Employee Response					mean	SD
			1	2	3	4	5		
1	I am regularly reward for my good work	F	18	50	34	23	5	2.59	1.05
		%	13.8	38.5	26.2	17.7	3.8		
2	I am fairly recognized for my good performance	F	18	43	42	24	3	2.62	1.01
		%	13.8	33.1	32.3	18.5	2.3		
3	I receive constructive criticism for my work	F	26	33	33	31	7	2.92	1.08
		%	20	25.4	25.4	23.8	5.4		
4	I usually credited for my achievement	F	15	38	39	32	6	2.82	1.08
		%	11.5	29.2	30	24.6	4.6		
Aggregate mean							2.73	1.05	

Source: own survey data (April, 2021)

Examining the effect of employee recognition on retention of employees at EMI was the other objective of this study. For this purpose, four questions are identified in each of the areas that may have effect on employee retention. Employees were requested to give their perception to answer their agreement and disagreement on a five scale ranging questions that varies from strongly disagrees to strongly agree. The summaries of respondents in each of area of Employee retention were shows in the Table 4.10.

Cited by Maurine Nora Ajuang Mjambili Managers must be able to map and retain highly qualified employees while also reminding them how valuable they are through recognition to the organization Bhatt, (2015). In this way the organization will avoid dissatisfaction and prevent employees from leaving the organization Noe, (2016). Employees must be rewarded and recognized in order for organizations to achieve a balance between employee expectations and organizational goals and keep the employee’s morale, Selden & Sowa, (2015).

As indicate in Table 4.10, the respondents respectively agreed for each of the following questions that: I am regularly rewarded for my good work.42.3% disagree, 26.2% neutral, 21.5% agree and the mean value 2.59 and SD 1.05,. Again, t the same time respondents are asked that I am fairly recognized for my good performance.46.9% disagree,32.3% neutral,20.8 agree, and the mean 2.62 and SD 1.01, this implies that most of the institution did not gives credit for what they do is not executing their performance. furthermore, I receive constructive criticism for my work.45.4% disagree,25,4% neutral,29.2% agree and the mean 2.92 SD 1.08 .the respondents have dissatisfied that I receive positive feedback, and finally, I usually credited for my achievement.40.2% disagree,30% neutral ,29.2 agree and the mean 2.82 and SD 1.08.

According to the analysis results of the above study, all of the respondent’s response shows that they were dissatisfied with employee recognition practice of the Institution, and gave it a low ranking value.

4.3.8 Personal Growth and Career Advancement

Table 4. 11 Analyses of Personal Growth and Career Advancement

No.	Items	Sta.	Employee Response					mean	SD
			1	2	3	4	5		
1	My supervisor takes interest in my career development	F	20	34	33	34	9	2.83	1.18
		%	15.4	26.2	25.4	26.2	6.9		
2	The career development path is fair and consistence	F	29	34	37	27	3	2.55	1.12
		%	22.3	26.2	28.5	20.8	2.3		
3	I have access for development opportunities	F	12	25	47	33	13	3.08	1.10
		%	9.2	19.2	36.2	25.4	10		
4	I have bright future for organizational leadership	F	29	28	32	36	5	2.69	1.21
		%	22.3	21.5	24.6	27.7	3.8		
Aggregate mean							2.78	1.15	

Source: own survey data (April, 2021)

The availability of training and growth opportunities is one of the most important factors in retaining professional employees, Chitalu, (2011).need skilled and efficient employees to achieve and retain a competitive advantage, and these employees need professional advancement to improve and grow their competency, Prince, (2005).

Career development is important for both the employees and employer Hall, (2002).Employee growth leads to internal advancement opportunities as well as training and capability development to enhance employees' ability to compete in the external labor market. Butler & Waldrop, (2001). Investment on employee training and career development is considered one of important factor in employee retention

This study was also examining the effect of personal growth and career advancement on Retention of Employees at EMI. The summaries of respondent's response in each of the area of Employee Retention were shows in the Table 4.11.

As shown in Table 4.11, the respondents agreed on the above four questions that: the first one deals with my supervisor takes interest in my career development.41.6% disagree, 25.4% neutral, 33.1% agree and the response result of mean value 2.83 and SD 1.18, this implies that employees dissatisfied their career development by supervisor intention . Second item discusses the career development path is fair and consistence have 48.5% disagree, 28.5% neutral, 23.1% agree and the mean value 2.55 and SD 1.12, respondents were expressed their disagreement opinion about fair and consistence career development in their institution. the third issue raises I have access for development opportunities .Respondents perception was 28.4%disagree,36.2% neutral,35.4% agree and the mean value3.08 and SD 1.10. This implies that majority of employees relatively satisfied based on their development opportunity. Finally, the respondent's opinion with I have bright future for organizational leadership. The response outcome was 43.8% disagree, 24.6 neutral, 31.5% agree and the mean value 2.69 and SD 1.21.from this we can determine that the extent of employee engagement of leadership position in their organization is weak.

In general, based on the above analysis results of the study, all of the respondent’s responses for the Personal Growth and Career development questions were given low mean value and SD and majority of respondent’s response indicate disagree about the statements, which means employees were not satisfied with the existing practice of Institution personal growth and career advancement.

4.3.9 Employee Retention

Table 4. 12. Analysis of Employee Retention

No.	Items	Sat.	Employee Response					Mean	SD
			1	2	3	4	5		
1	I plan to work at my present job for as long as possible	F	20	30	34	38	8	2.88	1.18
		%	25.4	23.1	26.2	19.2	6.2		
2	The benefit scheme provided by institution prevent me from leaving	F	23	45	41	17	4	2.49	1.03
		%	17.7	34.6	31.5	13.1	3.1		
3	If I may choose again ,I will choose to work for the current organization	F	22	30	49	26	3	2.68	1.05
		%	16.9	23.1	37.7	20	2.3		
4	I would hate to quit this job	F	6	16	28	48	32	3.65	1.12
		%	4.6	12.3	21.5	36.9	24.6		
5	I would turn down an offer from another organization at this point of time	F	17	37	45	27	4	2.72	1.03
		%	13.1	28.5	34.6	20.8	3.1		
Aggregate mean							2.88	1.08	

Source: own survey data (Apr., 2021)

One of the purposes of this study was to examine employees retain at EMI. For this purpose, five (5) questions are identified in each of these areas. Employees were requested to give their perception to answer their agreement and disagreement on a five scale ranging that varies from strongly disagrees to strongly agree. The summaries of respondents in each of area of Employee Retention were shows in the Table 4.12.

As indicated in Table 4.12, the respondents agreed on the questions to intention of stay that: “I plan to work at my present job for as long as possible. The response result shows 48.5% disagree, 26.2% neutral, 25.4% agree and the mean value 2.88 and SD 1.18, Therefore, from the respondents analysis data we can conclude that 48.5% respondents were not stay for long period of time in the institution. the benefit scheme provided by institution prevent me from leaving also have 52.3% disagree,31.5%neutral,16.2% agree and the mean value 2.49 and SD 1.03,as a result the analysis data indicate more than half of the respondent disagree , so there is no attractive and retaining reward system in the institution . If I may choose again, I will choose to work for the current organization. Respondent’s reflection was 40% disagree, 37.7% neutral, 22.3% agree and the mean value 2.68 and SD 1.05, this implies that, majority of respondents were not preferred stay their institution. I would hate to quit this job.16.9% disagree, 21.5% neutral, 61.5% agree and the mean value 3.65 and SD 1.01.this implies that, and finally, response for I would turn down an offer from another organization at this point of time. 41.6% disagree, 34.6 neutral, 23.9% agree and the mean value 2.72 and SD 1.12.

In general, the above analysis data implies that majority of respondents disagreed and they had rated low mean value and SD, So that they are unlikely to stay in the Institution.

4.4 Aggregate Mean And Standard Deviation

Table 4.13 Aggregate Mean and Standard Deviation of all variables

Type of rewards	Variables	Mean	Standard deviation
	Reward strategy and policy	2.48	1.08
Extrinsic rewards	Salary	2.88	1.05
	Benefit	2.07	1.01
	Promotion	3.42	1.05
Intrinsic rewards	Working conditions	3.40	1.23
	Employee empowerment	2.58	1.10
	Recognition	2.73	1.05
	Personal growth and career advancement	2.78	1.15
	Employee retention	2.88	1.08

Source: Own survey data (April, 2021)

Aggregate means and standard deviations were used to summarize the findings of the study in table 4.13, the statements were rated using a five point Likert scale with each aspect rated from 1, strongly disagree to 5 strongly agree.

Most of the respondents response result were low rated value, with reward strategy and policy (Aggregate Mean 2.48 and Aggregate SD 1.08), salary (Aggregate Mean 2.88 Aggregate SD 1.05), benefit, (Aggregate Mean 2.07 Aggregate SD 1.01) employee empowerment (Aggregate Mean 2.58 Aggregate SD 1.10), recognition (Aggregate Mean 2.73 Aggregate SD 1.05), personal growth and career advancement (Aggregate Mean 2.78 Aggregate SD 1.15) and employee retention (Aggregate Mean 2.88 Aggregate SD 1.08) in their institution. Based on the response results, majority of the respondents does not satisfied by their institution reward practice except the promotion and working condition.

Therefore, the above analysis data indicate that majority of employees agreed that the institution reward practice does not satisfied the employees, So that the existing reward practice of EMI does not retain the existing skilled and experienced employees as well as it does not attract skilled and experienced employees from the external environment.

Regarding promotion and working condition, the score was (Aggregate mean value of 3.42, Aggregate SD 1.05, and Aggregate mean 3.40, Aggregate SD 1.23) .this indicated that the respondents moderately satisfied with promotion practice of their institution and also their institution working condition were moderately convenient, they have smooth and positive work relationship with managers and coworkers

4.5 The Relationship Between IV And DV

Correlation analysis assesses the extent of the relationship among any pair of variables, according to Reimann, Filzmoser, Garrett, and Dutter (2008). A measure of integration depends on the variability of each two variables by correlation coefficient. Because of covariance, correlation coefficient might be a positive or negative value. A number with + or – sign Reimann et.al, (2008).

Values of correlation coefficient range from -1 and +1. Positive one (+1) in a correlation, shows that pair variables are perfectly and positively related in a linear sense. While negative one (-1) shows that pair variables are perfectly related but in a negative linear sense.

Cohen (1988) stated that a correlation coefficient between, 0.10 to 0.29 can be considered as weak, from 0.30 to 0.49 moderate and from 0.50 to 0.10 Good

Table 4.14 Shows correlation between dependent and independent variables

Reward management practice		Employee Retention
Reward strategy and policy	Pearson Correlation	.125
	Sig. (2-tailed)	.157
	N	130
Salary	Pearson Correlation	.245**
	Sig. (2-tailed)	.005
	N	130
Benefit	Pearson Correlation	.434**
	Sig. (2-tailed)	.000
	N	130
Promotion	Pearson Correlation	.207*
	Sig. (2-tailed)	.018
	N	130
Working condition	Pearson Correlation	.347**
	Sig. (2-tailed)	.000
	N	130
Employee empowerment	Pearson Correlation	.325**
	Sig. (2-tailed)	.000
	N	130
Recognition	Pearson Correlation	.205*
	Sig. (2-tailed)	.019
	N	130
Personal growth and career advancement	Pearson Correlation	.409**
	Sig. (2-tailed)	.000
	N	130

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

The findings on Table 4.14 indicate that correlation between dependent and independent variables. Retention had statistically positive significant relationship with all independent variables (RE, SA, BE, PRO, WC, EE, RC, PG). For instance, retention had statistically positive

significant and moderate correlation with BE, $r = .434$, $p < .01$ WC, $r = .347$, $p < .01$ EE, $r = .325$, $p < .01$ PG $r = .409$ $p < .01$.this implies that better opportunity for Benefit, working condition; employee empowerment and personal growth and career development have effect on employee retention.

There was a weak positive significant correlation between retention and SA, $r = .245$, $p < .01$, PRO $r = .207$, $p < .01$, RC, $r = .205$, $p < .01$ and also RE, $r = .125$, $P < .157$ have positive relationship but statistically were not significant. This implies that as one variable increase, the other variables also increase.

4.6 Test of Assumption

Before running the regression model to test the hypothesis, the model was tested for major assumptions of multiple linear regression including: linearity Multicollinearity, Heteroscedasticity, error terms are independently and normally distributed, Field,(2009).

4.6.1 Linearity

Linearity of the relationship between each independent variable and the dependent variable was checked using visual inspection of the scattered plot (see Appendix Figure 4.1) which indicates the existence of sufficient linear relationship between independent and dependent variables.

4.6.2 Multicollinearity

The independent variables were also evaluated for Multicollinearity by using variance inflation factor (VIF). According to Gaskin (2017), the VIF value for independent variables is recommended not to be greater than 10. The tested result indicated that the VIF value for the independent variables were less than 2 and the tolerance values were greater than 0.2 (Table 4.15) indicating that the variables satisfy Multicollinearity assumptions.

Table 4.15: Collinearity Statistics

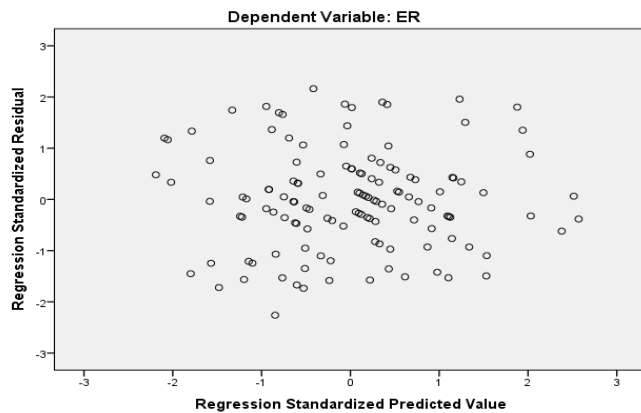
Independent Variables	Tolerance	VIF
SA	.916	1.092
BE	.790	1.265
PRO	.784	1.276
WC	.853	1.172
EE	.799	1.252
RC	.676	1.479
PG	.521	1.919
RE	.876	1.141

4.6.3 Homoscedasticity

This assumption of homoscedasticity test whether the variation in the residuals is similar at each point of the model and this can be tested by visually inspecting the scatter plot between the residuals and the standardized predicted value(Field,2009).As the predicted values increase (along the X-axis), the variation in the residuals should be roughly similar.

If the graph looks like a funnel shape, then it is likely that this assumption has been violated. The result of the plot of standardized residuals vs. standardized predicted values showed no obvious signs of funneling suggesting the assumption of homoscedasticity has been met.

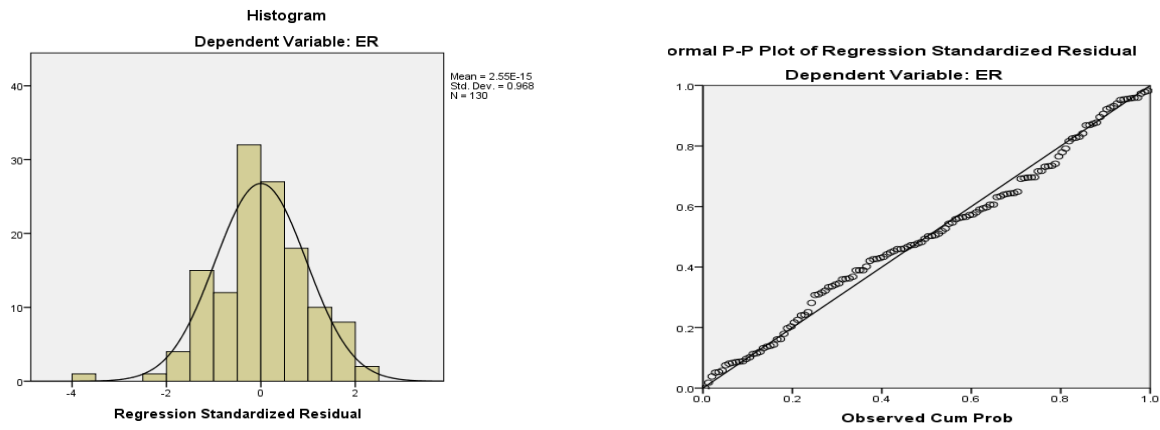
Figure 4. 2: Scatter plot



4.6.4 Normality

According to Field, (2009) to test the normality of residuals, looking at the histogram and the P-P plot of the data is important. The histogram should look like a normal distribution (a bell-shaped curve) or on the PP plot all points should lie on the line. Therefore, both the histogram and the PP plot shown on the figure- 3 below indicated that the assumption of normality has been met.

Figure 4.3 Histogram and PP plot



4.6.5 Durbin-Watson Test

The values of the residual are independent

According to Field, (2009) Durbin-Watson statistic used to test the assumption of independent errors. The result of Durbin-Watson statistic showed that this assumption had been met, as they obtained value was close to 2 (Durbin-Watson = 1.93) as indicated in the table 4.16 below.

Table 4.16 Durbin-Watson Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
	.614	.377	.336	.53529	1.948

Predictors: (Constant), PG, RE, SA, WC, EE, BE, PRO, RC
 Dependent Variable: ER

4.7 The Effects of IV On DV

4.7.1 Multiple Linear Regressions

Multiple linear regression analysis help us to model an equation showing how the independent variables and dependent variable that is employee retention are interrelated with reward management practice. Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable.

4.7.2 Model Summary

Table 4.17 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614 ^a	.377	.336	.53529

a. Predictors: (Constant), PG, RE, SA, WC, EE, BE, PRO, RC

In order to establish the overall effect of reward management practices on employee retention, multiple linear regressions was computed at a confidence level of 95% with an error margin of 0.05. The coefficient of determination (R) from table 4.15 was .614 representing strong positive correlation between reward management practices and employee retention. R square is 0.336 indicating that 33.6% of variance in employee retention is explained by reward Management practices.

4.7.3 ANOVA

Table 4.18 ANOVA^A

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.992	8	2.624	9.158	.000 ^b
	Residual	34.670	121	.287		
	Total	55.663	129			

a. Dependent Variable: ER

b. Predictors: (Constant), PG, RE, SA, WC, EE, BE, PRO, RC

Source: own survey data Apr, (2021)

The analysis of the variance was also performed to test for how well the regression equation fit the data. The results shows are in the above table 4.18. The model for reward management practices (reward strategy and policy, salary, benefit, promotion, working condition, employee empowerment, recognition and personal growth and career advancement) and employee retention was significant at 0.000 (P<0.05). This implies that, the overall regression model statistically significantly affects the outcome variable (employee retention). This study concluded that employee retention is significantly affected by reward management practice.

4.7.4 Regression Coefficient

Table 4.19 Regression Coefficients of predictor variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.018	.437		.042	.967
RE	.019	.085	.017	.227	.821
SA	.150	.069	.162	2.166	.032
BE	.362	.094	.310	3.843	.000
1 PRO	.005	.068	.006	.069	.945
WC	.302	.098	.239	3.081	.003
EE	.132	.052	.201	2.510	.013
RC	.014	.076	.016	.185	.854
PG	.084	.072	.116	1.166	.246

a. Dependent Variable: ER

Source: own survey data Apr, (2021)

In order to assess the influence of predictor variables on retention, multiple linear regression analysis was computed. The table 4.19 shows that, the four predictor variables, i.e. SA, BE, WC and EE made a statistically significant prediction in explaining the dependent variable, employee Retention. In order to evaluate the contribution or influence of each independent variable to the dependent variable, we can see the Beta value. In the table 4.17 above, the Beta value for predictor variable, BE was 0.310 which implies that this predictor variable made the first positive and statistically significant influence in explaining the dependent variable employee retention when the variance explained by all other variables in the model is controlled for. In addition, WC made a statistically significant positive prediction to the dependent variable with Beta value of 0.239. This implies that WC made the second strong influence in predicting the criterion variable, employee Retention. Furthermore, EE made the third positive influence in predicting the dependent variable, with Beta value of 0.201. SA made the fourth statistical significant positive influence in predicting the dependent variable with Beta value of 0.162.

Regarding in RE, PRO, RC and PG were not statistically significant. This implies that there is no significant influence on employee retention

Based on the above table fitted regression equation:

$$Y = 0.018 + 0.150 x_1 + 0.362 x_2 + 0.302 x_3 + 0.132x_4 + \varepsilon$$

$$Y = 0.018 + 0.150 SA + 0.362 BE + 0.302 WC + 0.132EE + \varepsilon$$

Where: Y = employee retention

SA = salary

BE = benefit

WC = working condition

EE = employee empowerment

4.8 Hypothesis Testing and Discussion of the Results

The results of hypothesis testing show that the hypothesized relationships were all statistically significant meaning they all contributed immensely to employee retention.

Hypothesis 1: extrinsic rewards has a positive significant relationship on employee retention

As it is indicated in table 4.14, the result of Pearson's correlation coefficient SA, $r = .245$ and $p = .005$, BE, $r = .434$ and $p = .000$, PRO $r = .207$ and $p = .018$. from this analysis it is noted that, employee's perception of rewards based on salary, benefit and promotion scheme had significant and positive relationship with employee retention. This positive value of the correlation coefficient showed that higher the level of employee retention and vice versa. The relationship is significant at p value, 0.05. This implies that the null hypothesis of the study is rejected.

Hypothesis 2: Intrinsic rewards has a positive significant relationship on employee retention

As it is indicated in table 4.14, the result of Pearson's correlation coefficient WC, $r = .347$ and $p = .000$, EE, $r = .325$ and $p = .000$, RC, $r = .205$ and $p = .019$, PG, $r = .409$ and $p = .000$ from this analysis it is noted that, employee's perception of rewards based on working condition, employee empowerment, recognition and personal growth and career advancement scheme had significant and positive relationship with employee retention. This positive value of the correlation coefficient showed that higher the level of employee retention and vice versa. The relationship is significant at p value, 0.05. This implies that the null hypothesis of the study is rejected.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATION

This chapter summarizes the main findings of the research, drawn conclusion and proposed recommendations with respect to the research statement of problem was presented. It also provides suggestions for further studies.

5.1 Summary Of Major Findings And Discussions

The objective of this research is to examine the effects of reward management practices on employee retention at Ethiopian management institute with the view to investigate the following basic research questions.

1. What is the practice of reward management systems in EMI?
2. To what extent employee retention is practiced in EMI?
3. What is the relationship between reward management systems and employee retention in EMI?
4. What is the effect of reward management systems on employee retention in EMI?

The descriptive result indicates that even if the Institution has reward strategy and policy, some of the respondents did not know the existing reward strategy and policy of the institution, the reward strategy and policy did not incorporate the basic reward schema. Moreover it is not participatory, have no clear criteria, its practice discriminate majority of the employees and it is not properly implemented. Thus, majority of the employees are dissatisfied with the existing Institution reward practices.

The study result shows that, majority of the respondents were not satisfied with direct financial compensation system of the institution. They also respond that they were not offered salaries, which are adequate and match the work load, the institutions salary is not competitive to the market, to their colleagues in similar jobs and positions in similar organizations. In addition, salary adjustments are not made in the institutions within reasonable time, and they are not happy with allowances and bonus they get at the institutions based on their positions.

Regarding career development and promotion opportunities availability in the institution the respondents have aggregate mean value of (2.78 and 3.42) respectively. Therefore, the study result implies that the institution employees are not satisfied with career development while relatively they provide moderately promotion opportunity for its employees.

The descriptive result regarding empowerment of employees to make decision, handle problems and recognized have mean results (2.58 and 2.73) indicates that employees are not empowered to make decision and recognized at their work place and they are not encouraged to handle problems by themselves, thus, they are dissatisfied with the institution's employee empowerment and decision making practice.

The study result with institution working condition related to open discussion, communication and overworked shows that majority of the employees are not satisfied having a mean results (2.78 and 3.06). Therefore, employees have poor communication and weak working relations with their supervisors and colleagues, which leads to dissatisfaction in their working condition.

The descriptive result shows correlation between dependent and independent variables. Correlation coefficient was computed to determine the relationship between the independent variables and dependent variables that is reward practice and employee retention respectively. There is a positive and statistically significant relationship between the variables mentioned the above. Salary ($r=.245$, $p=.005$), benefit ($r=.434$, $p=.000$) promotion ($r=.207$, $p=.018$), working condition ($r=.347$, $p=.000$) and employee empowerment ($r=.325$, $p=.000$), recognition ($r=.205$, $p=.019$), personal growth and career advancement ($r = .409$, $p = 000$). Therefore from the above data all variables show positive and have significant relationship with employee retention at $p<0.01$. However, reward strategy and policy ($r=.125$, $p=.057$), there was a weak positive relationship but were not statistically significant, because p value is greater than 0.01.

Based on the regression coefficient Beta indicates that salary, benefit, working condition and employee empowerment are the most components that influence employee retention positively.

5.2 Conclusion Of The Study

The study examined the effects of reward management practice on employee retention in EMI. Based on the analysis data and major findings of the study, the following conclusions were drawn:

The study revealed that even though EMI have reward strategy and policy, majority of the respondents dissatisfied with the existing Institution reward practices, because employees did not know the existing reward strategy and policy, the reward strategy and policy did not incorporate the basic reward schema, its practice discriminate majority of the employees and it is not fairly implemented. Thus, the Institution reward practices had significant effect on employee retention in case of EMI.

The study shows that most of the respondents were not satisfied with direct financial compensation practice of the Institution. The career development and promotion opportunities that exist in the Institution are not also encouraging. Furthermore, direct financial compensation, career development and promotion opportunities and employee retention had statistically positive significant relation. Therefore, reward management practices on career development and promotion opportunities and direct financial compensation had significant effect on employee retention in case of EMI.

The study also revealed that there is unfair and unbalanced workload, lack of work life balance and its payments practices, which discourages and create dissatisfaction on employees. Thus, reward management practices on unbalanced workload, work life balance and its payments practices had significant effect on employee retention in case of EMI.

The study revealed that employees are not empowered to make decision and recognized at their work place and they are not encouraged to handle problems by themselves, thus, they are dissatisfied with the institution's employee empowerment and decision-making practice that have significant effect on employee retention in EMI.

The study result shows that employees have poor communication and weak working relations with their supervisors and colleagues, which leads to dissatisfaction in their working condition.

Thus, the Institution poor communication and weak working relations with their supervisors and colleagues had significant effect on employee retention in case of EMI.

The study examined the effects of reward management practice on employee retention in EMI; based on the analysis data and major findings of the study, the following conclusions were drawn:

The importance of this study can be seen as it has theoretical contributions as well as practical implications. The Theoretical part of the study fills gap in the literature by identifying workforce retention factors in EMI. Thus its findings may add to the existing body of the literature and can help as a starting point for future studies. While from the practical aspect, this study can help the top-management decision makers of EMI to improve the basic factors which contributes their employees 'retention and achieving Institutional mission and objectives. Moreover, the finding of the study would help human resource management of EMI to review and develop appropriate reward police and strategies for attaining and attracting workers.

5.3 Recommendation Of The Study

Based on the major findings and conclusions of the study, the following recommendation is proposed by the researcher to EMI and any concerned bodies that have similar problems related to effect of reward management practice and employee retention.

The Ethiopian management Institute management should revise its reward strategy and policy and develop a total reward structure that includes financial and non-financial compensation. The reward strategy and policy should incorporate the basic reward schema, comparable with market packages and fair, transparent and equitable being applied on merit and performance based.

The Institute should adjust its employees' salaries and benefits schemes within reasonable time period. The adjusted salary should be at least equivalent to increased cost of living, externally competitive, and internally fair and consistent based on the employees performance, competency, educational levels and experiences.

EMI should designed career development programs and promotion opportunities that help employees in meeting new demands through a range of developmental and skills upgrading activities as well as employee retention.

The Institute should also have a structured career development and promotion plan based on qualification, experience, proficiency and demonstrated work performance.

The Institution management should establish and implement policies that enable employees to reach a fair workload and better work life balance and payment system which encourages, creates satisfaction and retain its employees.

The Institution should have to develop a system that create comfortable work environment for open discussion, strong communication, work relations with managers and co- workers, empowered its employees to make decision at each level of their work and encouraged to handle problems by themselves at each level of their work.

5.4 Suggestion For Further Research

This study has investigated the effects of reward management practice on employee retention at EMI. Therefore, it is also recommends that further research should have to be done on the comparison of reward practice on employee satisfaction with similar institutions.

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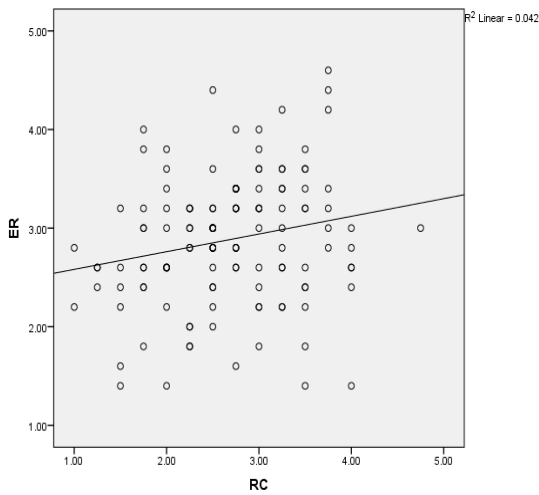
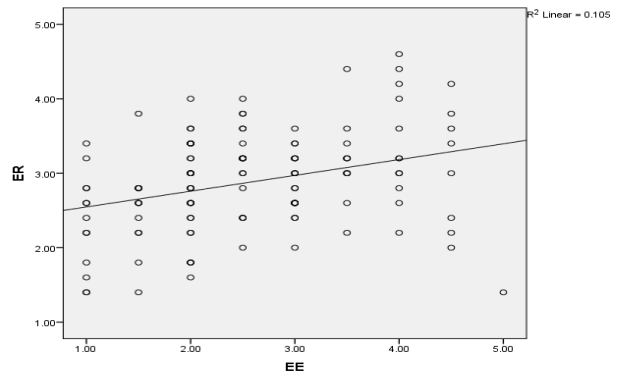
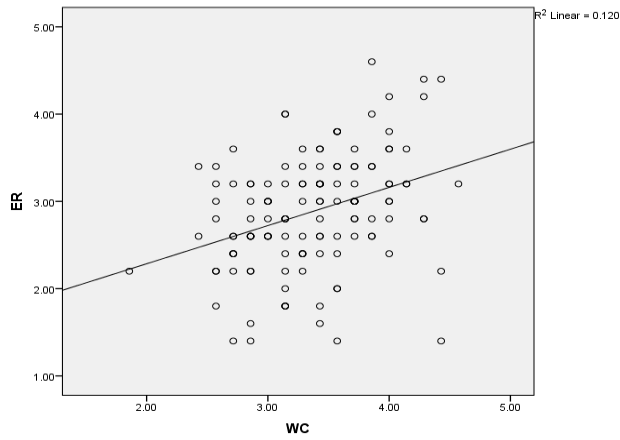
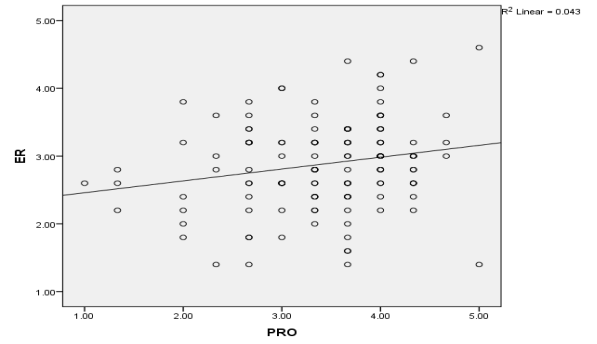
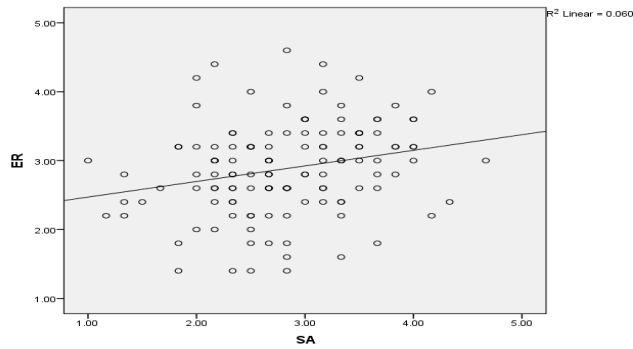
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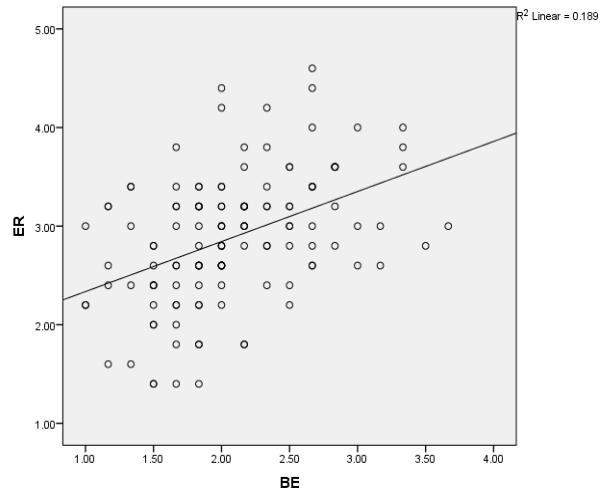
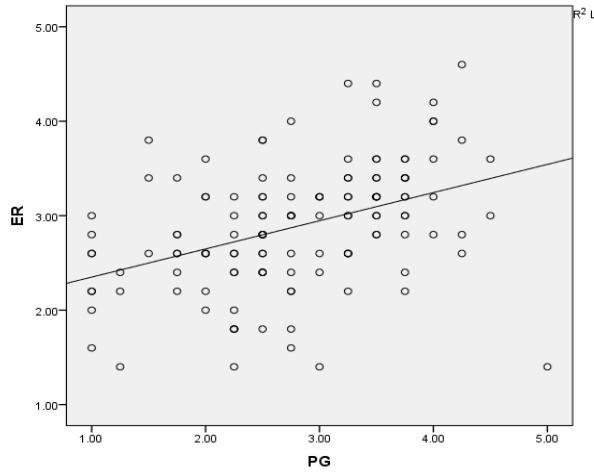
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Appendix .1 Scatter Plot between DV and IV

Figure-1 Scatter Plot between DV and IVs





Annex 2: Questionnaire

Addis Ababa University College of Commerce
Department of Human Resources Management

Dear Respondents,

The purpose of this questionnaire is to collect primary data that will be used for thesis, **the effects of reward management practice on employee retention** in the case of Ethiopian management Institute in partial fulfillment for post graduate degree course .So the information you provide will therefore be used for academic purposes only and will be treated with confidentiality. You are kindly requested to give genuine and clear information.

Every information you give is crucial to the success of the study, so please Tick ‘√’ the box that best corresponds to your answer.

If you have any comment and questions you can contact me through the following Addresses:

Birhan Girma (+251911121041) e-mails address: birgir1013@gmail.com

I- Personal Profile

1. Sex: Male Female
2. Age: 18-24 25-35 36-45 46 and above
3. Educational status: High School Certificate Diploma
Degree Masters PhD
4. Work experience: 1-2 3-5 6-10 11-20 more than 20
5. Position: _____

II- Questions Related To The Study

Please indicate your preference among alternative answers for each statement in the table below by ticking ‘√’ in the appropriate box:

The questionnaire will be measure by using five point likert scale such as,

SA= Strongly Agree A= Agree N= Neutral D= Disagree SD= Strongly Disagree

1. Reward Strategy and Policy

No.	Description	SD	D	N	A	SA
1.1	the reward strategy and policy of EMI incorporate basic benefit schemes					
1.2	I am satisfied of the reward management practice					
1.3	I am satisfied with the Institution reward Policy					
1.4	EMI reward policies motivates for achieving its Mission and objectives					

1.10 If you have any other additional suggestion related to the above questions please write in the space provided below

2. Extrinsic Rewards

No.	Description	SD	D	N	A	SA
2.1	Salary					
2.1.1	The payment system is clearly stated and communicated to all employee					
2.1.2	I am satisfied of my salary with respect to my work value					
2.1.3	Salary increment is fair & transparently managed					
2.1.4	The salary scale of the institution is competent at the current market					
2.1.5	Pay scale of the institution is reasonable with your work load					
2.1.6	I am motivated with the institution’s payment					
2.2	Benefits					
2.2.1	EMI benefit scheme incorporate basic components of benefit to					

	employees					
2.2.2	The housing benefit scheme of the institution fairly benefited all employees					
2.2.3	I am satisfied of the residence house payment by the institution					
2.2.4	I am satisfied of my medical scheme					
2.2.5	I never had a problem with my leave arrangements					
2.2.6	I am motivated of the institution 's benefit scheme					
2.3	Promotion					
2.3.1	Promotion is carried out fairly & transparently in the Institution					
2.3.2	Everyone has equal opportunity for promotion					
2.3.3	I am motivated of the promotion policy & procedures of the Institution					

2.3.4 If you have any other additional suggestion related to the above questions please write in the space provided below.

3. Intrinsic Reward

No.	Description	SD	D	N	A	SA
3.1	Working Condition					
3.1.1	My working place is ergonomically convenient					
3.1.2	I have smooth and positive work relationship with managers & co-workers					
3.1.3	I have never overworked					
3.1.4	Open discussion is encouraged at my work place					
3.1.5	Basic tools and other resources are sufficiently available					
3.1.6	The Institution has implemented appropriate safety, health & environment policy & procedure					
3.1.7	I have a motivating working condition					
3.2	Employee Empowerment					

3.2.1	I am encouraged to handle problems by myself at my workplace					
3.2.2	I have enough power of decision making					
3.3	Recognition					
3.3.1	I am regularly reward for my good work					
3.3.2	I am fairly recognized for my good performance					
3.3.3	I receive constructive criticism for my work					
3.3.4	I usually credited for my achievement					
3.4	Personal growth and career advancement					
3.4.1	My supervisor takes interest in my career development					
3.4.2	The career development path is fair and consistence					
3.4.3	I have access for development opportunities					
3.4.4	I have bright future for organizational leadership					

3.4.5 If you have any other additional suggestion related to the above questions please write in the space provided below.

4. Employee Retention

	Description	SD	D	N	A	SA
4.1	I plan to work at my present job for as long as possible					
4.2	The benefit scheme provided by institution prevent me from leaving					
4.3	If I may choose again, I will choose to work for the current organization					
4.4	I would hate to quit this job					
4.5	I would turn down an offer from another organization at this point of time.					

4.6 If you have any other additional suggestion related to the above questions please write in the space provided below.

Part: III Open Ended Questions

1 .Can you list down the challenges you noticed in your Institution towards reward management system?

2. Does the reward management practice motivate employees? (Yes/No) if your answer is yes, please write the way of motivation?

3. What rewards factors motivate you as an employee working with the institution?

Part IV: Interview Questions

1. Dose the Institution has reward policy & strategy

2. Dose the employee reward policy and procedures are clear criteria in the work place?

3. Dose the policies, procedures and reward criteria clearly communicated and understood by all employees? If yes, how? If no, why?

4. Does the Institution's rewards management practice practically motivate employees? If

Your answer is No, why? Discuss the reason

5. How do you rate employees current work condition? Do they feel fairly treated?

6. Are employees satisfied with the reward management practice? Recommendation to improve the existing reward management practice in your Institution (if any).

Thank you

