ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

THE EFFECT OF REWARD MANAGEMENT ON THE RETENTION OF EMPLOYEES:

THE CASE OF OROMIA INTERNATIONAL BANK (OIB)

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A Thesis

Submitted in Partial Fulfillment of the Requirements for the Degree of Master of Arts Degree in Human Resource Management

The undersigned have examined the thesis entitled '**The Effect of Reward Management on the Retention of Employees: The case of Oromia International Bank (OIB)**' presented by **Helina Tesfaye**, a candidate for the degree of **Master of Arts** and hereby certify that it is worthy of acceptance.

Advisor	Signature	Date
Internal Examiner	Signature	Date
External Examiner	Signature	Date
Chair person	Signature	Date

UNDERTAKING

I certify that the research work titled "**The Effect of Reward Management on the Retention of Employees: The Case of Oromia International Bank (OIB)**" is my own work. The work has not been presented elsewhere for assessment. Where material has been used from other sources it has been properly acknowledged / referred.

Helina Tesfaye

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God bless you all!

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ABBREVIATIONS

CI	Confidence Interval
EBR	Ethiopian Business Review
EC	Employee Commitment
ER	Employee retention
EW	Employee Well-being
ETB	Ethiopian Birr
OC	Organizational Climate
OIB	Oromia International Bank
RWAT	Reward Attitude
SPSS	Statistical Package for Social Science

ABSTRACT

Reward management is related to factors that can indulge the unsatisfied needs of employees. Objectives include examining the effect of reward management on the retention of employees; in Oromia International Bank of Ethiopia. Five hypotheses were formulated to address the objectives. Data were collected from sample size of 298 respondents through reward attitude survey adopted from Armstrong (2010) and a self-administered questionnaire and interview. The study also uses OIB's annual report as a secondary source. The study is a descriptive which used correlation and regression analyses. The analysis is conducted using SPSS version 20 and the results found that reward attitude, organizational climate, job satisfaction, employee commitment are strongly related while employee well-being are not significantly related. Finally the study recommends that OIB should work on the perception of employees toward the company reward system through communication and in addition the bank employees' well-being should be reinforced with a knowledge and skill that would enable them to accomplish their activities in the desired way. Finally the study suggests that further research should be conducted in different sector to avoid peculiarity of a single industry and also to consider other sectors different strategic approaches to ensure the observed association consenting for comparison and generalization to a broader population on the effect of reward management on employee retention.

Key words*:* *Reward management, Employee retention*

CHAPTER 1 INTRODUCTION

1.1 Background of the Study

The success and failure of every organization depends on the type of employees they have and their ability to add values to achieve their organization objective. Human capital is an important element of the intangible assets of an organization. Armstrong and Baron (2007)

Managing human capital is therefore an approach to managing people that regards them an asset and stress that; competitive advantage is achieved by strategic investments in those assets through employee engagement and retention, talent management, learning and development programs (Ibid).

Pratheepkanth (2011) noted that organizations are realizing that they have to establish an equitable balance between the employee’s contribution to the organization and the organization’s contribution to the employee.

Organizations that follow a strategic approach to creating an equitable balance between the employee’s contribution to the organization and vis-à-vis focus on the three main components of a reward system, which includes, compensation, benefits and recognition.

However, Studies that have been conducted on the topic indicates that the most common problem in organizations today is that they miss the important component of Reward, which is the low-cost, high-return ingredient to a well-balanced reward system (Ibid).

Kotze and Roodt (2005) quotes from a survey reported that the main reason for leaving an employer was the prospect of better pay and better working conditions. Among skilled staff, 23% of those who resigned did so for better pay, 5 percentage points more than in 2001. This accounted for about 19% of staff resigning at lower levels about 6 percentage points lower than in 2001. The turnover was at its highest among skilled clerical, secretarial, financial and administrative staff, reaching 20%. The figure for management and specialist staff was about 15%, with 10% for senior management.

Research has proven that employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative. Pratheepkanth (2011)

Reward management is related to factors that can indulge the unsatisfied needs of employees. This highly encourage employees to deploy themselves towards an organization to achieve organizational goal, building up trust and being committed toward the organization, which can induce them to be retained long term in the organization.

Background of Oromia International Bank

Oromia International Bank (OIB), the company on which this study has been carried out, was licensed on September 18, 2008 G.C. The bank was established in accordance with the pertinent laws, regulations and the 1960 Commercial Code of Ethiopia, by the Monetary and Banking Proclamation No. 83/1994 and by the Licensing and Supervision of Banking Proclamation No. 592/2008. At the time of its establishment, OIB's authorized capital was ETB 1.5 billion, whereas its subscribed capital was ETB 279.2 million, and its paid-up capital ETB 91.2 million. OIB began operation on October 25, 2008 by opening its first branch at the Dembel City.

However, as of June 2016, the banks paid-up capital reached ETB950 million and deposits were ETB9.6 billion. The bank overall goal is to maintain its level of investment and growth and striving to have short and long-term plans to reach out to large portion of the population. The total branch in the industry has reached 4,000, up from 600 some six years ago. Ethiopia Business overview (2016)

The total staff strength of the Bank during the period under review reached 2,880 up by 19% from last year number of 2,425 staff after a net addition of 455 staff in the year. Human resource development has been also one of the prime focuses of the bank since its inception. To this end, during the 2015/16 financial year, a total of 3,718 employees took training on a number of topics to cope up with the ever changing business environment as well as to provide efficient banking services to the customers. The selected senior management of the bank has also got an exposure of oversee training during the reporting year. OIB annual report (2015/2016)

1.2 Statement of the Problem

Employee turnover is not a new issue for any organizations and managing retention has become a continuing challenging factor for many organizations.

OIB has offer various forms of rewards that are intended to attract and retain talented employees. The bank's reward management is being guided by its HR policies and the bank offers additional payments in the form of allowances and as part of employee privileges, the bank provides staff benefits in the form of advances and loans to meet the unsatisfied needs of employees and also enable them to be satisfied them in their job. OIB annual report (2015/16)

Studies have been conducted at various countries draws to various conclusions Balogun and Olowodunoye (2006) cited in Adenew (2015) conducted a study in Nigerian bank, the result showed that job satisfaction, social support, and emotional intelligence significantly and independently predicted turnover intention among bank employees. Terera and Ngirande (2014) also did a research on the impact of rewards on job satisfaction and retention and the results from their study showed that rewards and job satisfaction are key factors in retaining employees.

However, the bank's annual report (2014/15) showed that, the annual attrition rate of the bank for the fiscal year 2014/15 was 151 and 181 for the next fiscal year which is 19.87% increase from the previous year.

Since the banks mainly concerns has turned on competing with other banks on salary rather than investing on employees rewards and development, existing employees start raising their voices on the bank's current rewarding system. EBR (2016) for employees to be motivated and to be retained the employees demand has to be identified and the gap has to be filled timely. Therefore, the researcher through this study assesses the effects that a comprehensive reward packages and its management have on the retention of employees.

1.3 Research Questions

1. What is the association between reward management and employee retention?
2. How does reward management exert its effect on employee retention?
3. How do employees perceive the existing reward practice of the bank?

1.4 Research Objectives

The general objective of this study is to examine the effect of reward management on the retention of employees in Oromia International Bank of Ethiopia.

The specific objectives of the study are as follows:

- To assess the association between reward management and employee retention.
- To investigate how reward management affect employee retention

- To assess the perception of employees towards the existing reward practices of the bank.

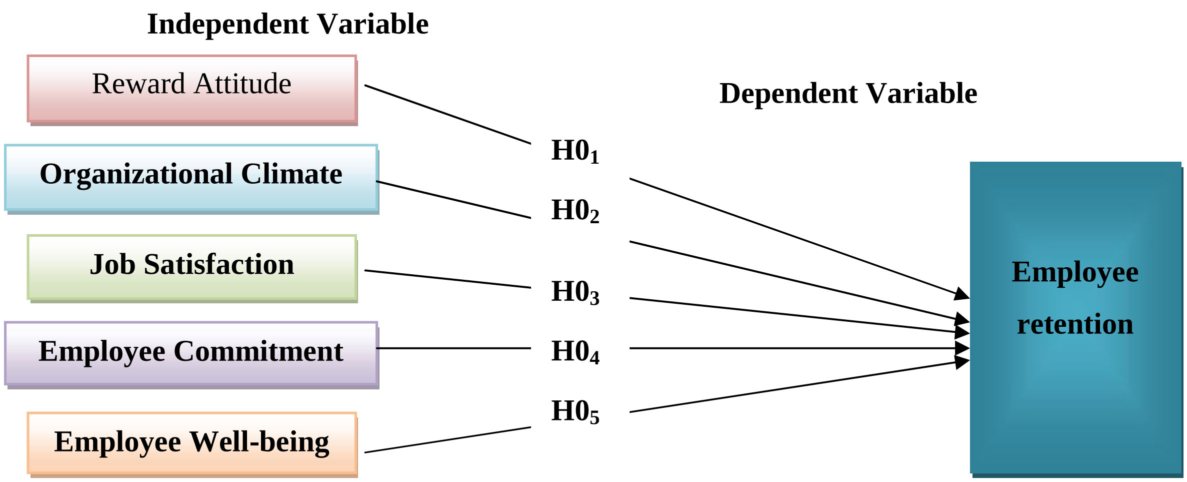
1.5 Hypotheses

Losing key talent costs considerably more since the values in which those employees add to their organization are more than that of typical employees. Hay group survey indicated that 20% of employees plan to look for a new job in the next two years and another 20% plan to leave in the next five years. These trends are due to limited base salary increments and incentive payouts awarded in recent years, and increased pressure to perform. World at Work (2012)

Kerr and Slocum (1987) and Kopelman and Colleagues (1990) cited in Sheridan (1992) suggested that an organization cultural values influence its HR strategies, i.e. selection, and promotion and development procedures and reward systems. This strategies result in organization climates foster varying levels of commitment and retention among employees. Saari and Judge (2004) also noted that organization have so much control over a person's job satisfaction and can spillover of employee' low job satisfaction into their life satisfaction and well-being.

As the study done by Edwards et al (2006) cited in Jehanzeb, Rasheed, Rasheed, and Aamir (2012) indicated that job satisfaction is inclined by rewards and motivation of employees and concluded that there is an association between rewards and job satisfaction

Moreover, many organizations rely too heavily on compensation as the answer a risky endeavor as dissatisfaction with pay is generally not what leads employees to begin exploring alternatives, although the prospect of better compensation elsewhere may solidify the decision to leave. So, organizations should focus on two key areas to keep motivate their talent i.e. increasing employee commitment and developing system provide better support for employees' success.



Source: Veldman's Model Adapted

H01: There is no significant relationship between reward attitudes and employee retention.

H02: There is no significant relationship between organizational climate and employee retention.

H03: There is no significant relationship between job satisfaction and employee retention.

H04: There is no significant relationship between employee commitment and employee retention.

H05: There is no significant relationship between employee well-being and employee retention.

1.6 Significance of the Study

The effectiveness of any organization depends on the quality of employees they have. According to Deloitte, business strategists noted that the total cost of losing an employee can be nearly double the salary of the worker who left. Costs associated with hiring new staff, including job advertisement expenses and training a new employee. EBR (2016)

With this in mind, the finding of this study regarding the effect of reward management on employee retention contribute a significant insight and also act as a greater input to the bank's human resource practitioners and executives who addresses retention issues on a routine basis. More over the findings provide some notion on identifying which kind of rewarding mechanism have a greater effect on retention. In addition, the research aims to increase the researcher's level of understanding on the relationship between rewards and retention and it also serves as a source document for those who want to pursue further study by considering the various aspects of rewards that influence the attitude of employees in their organization that are not included in this study.

1.7 Scope /Delimitation/ of the Study

This research focuses on assessing the existing association between reward management and employee retention. The researcher focused on conducting this study on a private bank namely OIB. The bank has close to 3000 employees, 203 branches as March 2016. Of its total branches, 141 are of outside Addis Ababa and the remaining 65 are resides in the capital. Since there are a lot of branches around the country and it is difficult to address its employees, this research focused on those selected branches in Addis Ababa. The study is conducted in between January, 2017 and May, 2017.

1.8 Limitation of the Study

Given the explanatory nature of the study, certain impediments were encountered. The major problems were; preparation of enough questions in the survey questionnaires to assess all aspects of the study and to obtain replies from the entire individual that to be communicated.

Another constraint is employees lack of awareness to fill out questionnaires with due care and to return them on time and not to forget to mention their level of knowledge on the subject matter and their willingness to participate in the study. Cares should be taken by pointing out respondents who better understand the subject matter and the purpose of the study.

Moreover, it may be hardly possible to conclude the result of the research to the countrywide level because the research is based only on the result to be obtained from only the branches that are located in Addis Ababa. In addition as only clerical City Branch employees are covered under the study, the effect of reward systems on non-clerical and outlining employees were left unknown.

Financial and time constraints shall also be considered. Since the research focusing on conducting the research through sampling of employees working at the head office and branches located at the capital. Regardless of the expected impediments the researcher strives to come up with a prolific findings and recommendations.

1.9 Definition of key terms

The first step to efficaciously winning and retaining employees is to understand what their wants and needs are so that the organization can be built around serving those needs.

Reward management: The strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financially and non-financial means. Armstrong (2010)

Organizational climate: is defined as an enduring characteristic of an organization this embodies the members' collective perceptions about their organization. Kotze and Roodt (2005) furthermore, a positive climate encourages employees' productivity and decrease turnover. Permarupn, Mamun, Saufi and Zainol (2013)

Job satisfaction: is a result of employees' perceptions of how well their jobs provide in those qualities that they perceive as important. Luthans (1998, p. 44) cited in Kotze and Roodt (2005) moreover, satisfaction with the nature of the work itself as explained by Saari and Judge (2004) best predicts overall job satisfaction as well as important outcome like employee retention.

Employee commitment: is a mindset that ties the individual to the organization. Durkin and Bennett (1999, p. 124) cited in Kotze and Roodt (2005)

Employee well-being: emotional state of employees within their total work setting. (ibid)

Employee retention: the percentage of employees staying in the organization.

1.10 Organization of the Study

The paper is organized in five chapters. Chapter one discusses the introduction and the route map of the research. Chapter two is about the review of related literature which provides a comprehensive discussion of reward management, types of reward systems (reward strategy, reward policy, reward practice, reward process, and reward procedure), types of rewards (financial, non-financial rewards) motivational theories, retention of employee and relation between reward and employee retention strategy. Chapter three covers the research methodology applied to execute the research. Chapter four discusses the analysis and Interpretation of data collected from respondents and addresses the results of the empirical analysis on the data collected. Finally, conclusion and recommendations were discussed on chapter five.

CHAPTER 2 LITERATURE REVIEW

2.1 Theoretical Background

Lawler (2003) cited in Danish and Usman (2010) stated that prosperity and survival of organizations is determined through the quality of treatment rendered to the human resources. This implying a proper motivational strategy for employees will give any organization an exponential return on investment.

Moreover; Stone (2002) emphasized that rewards are mainly designed to encourage continual outstanding performance. He also found that employees receive a base pay or salary based on the importance of their position, value placed on their skills in the marketplace, and experience of the job holders. Rose (2014) however, emphasize that Effective reward management is about both the individual elements of reward and the total cost and value.

The different parts of reward may be for different purposes but they all cost money to provide. It maneuvers in accordance with the concept of return on investment as described by Armstrong and Murlis (2007), who stated that as a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. So, organizations should strategically manage their reward system in order to have a greater return of investment.

2.2 Reward System

Reward systems are based on the reward strategy, which flows from the business strategy. Armstrong (2010) the different aspects of reward systems are;

Reward strategy: is an approach to reward based on a set of coherent principle in support of the organization’s aim. Rose (2014) furthermore; Armstrong (2010), noted that it is a framework were organization plans to use it in the longer term so as to implement reward systems like; reward policies, practices, processes and procedures that will help the organization to successfully achieve its goals.

Quoting CIPD (Chartered Institute of Personnel and Development) 2010 reward management survey report; Rose (2014) found that only 35% of participant organizations had a written reward strategy. The reason for this may be found in his research is the lack of a strategic approach to reward.

Reward policy: set guidelines for decision making and action. Armstrong (2010) hence this will cover the main rules about reward and may be part of the terms and conditions of employment. Rose (2014)

Reward practices: These comprise the schemes such as contingent pay, structures and techniques such as job evaluation, which is used to implement reward strategy and policy. Armstrong (2010)

Reward process: Armstrong (2007) noted that these concerns on the way policies are implemented and practices carried out.

Reward procedures: which are operated in order to maintain the system and to ensure that it operates efficiently and flexibly and provide value for money. Armstrong (2010) it is typically giving work flow of forms, authorization level etc. as also explained by Rose (2014), and annual pay review process or absence procedure can be termed as an example for reward procedure.

2.3 Reward Practices

2.3.1 Base Pay

The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. It may be varied according to the grade of the job or, for shop floor workers, the level of skill required. Armstrong (2007) he also emphasized that basic pay expressed as an annual, weekly or hourly rate. In addition the organization adjusts the rate alone or by agreement with a trade union. The adjustment is made by considering a cost of living and market rate.

According to Armstrong (2010) base pay will be influenced by internal and external relativities (going rates). The internal relativities may be measured by some form of job evaluation. Base pay management is achieved through grade and pay structures.

2.3.1.1Grade Pay Structure

It is a way of grouping broadly similar jobs in an organization into a hierarchy that provides some degree of internal relativity. There may be as few as three grades or more than 20. Rose (2014) moreover, internal relativities within the organization can be measured through job evaluation.

A grade structure allows people to see where there may be similar sized jobs in other parts of the organization, so it can help career development. Where benefits are based on seniority, different benefits may be tied to the different grades. For example, car allowance may become payable at a given grade. Rose (2014)

2.3.1.2Pay Structure

Rose (2014) also identify pay structure as a hierarchy of pay or salary levels showing the rates of pay for employees performing a particular job or function at each level of the organization. It therefore seeks to help address internal pay relativities and is normally based on a grade structure.

A pay structure normally has some form of range of pay for each level (grade) and typically has a minimum and maximum pay rate, and a series of mid-range opportunities for pay increases. Rose (2014) unlike grade pay structure, the pay structure is depends on the external relativities. External relativities are measured by tracing market rates.

2.3.2 Contingent Pay

Armstrong (2010) referred contingent pay as financial rewards that are provided depending on employee's performance, competence, contribution, skill and/or experience. If such payments are not consolidated into base pay, they can be described as 'variable pay'. Variable pay is sometimes defined as 'pay at risk'. Armstrong (1996, 1999, 2002) categorized contingent pay in to individual performance-related pay, bonus, incentives, commission, service-related pay, competence-related pay, contribution-related pay, skill based pay and career development pay.

Individual performance-related pay is a type of contingent pay which is determined by performance assessment and ratings. What is more; successful performance of employees' are recognized through a lump sums of money. This cash/lump sums termed as bonuses.

Incentives are the other type of contingent pay. These types of payments are used to motivate employees for achieving organization's objectives and also to help employees' attain higher levels of performance. Further; payments that are generated on the basis of a percentage of the sales value they produce. This special form of incentive is called commission.

Service-related pay however, is a type of pay which is depending on service in the job and increases by fixed increments on a scale or spine. On the other hand;

contribution-related pay relates pay to both performance and competence. As employees' skill develops they are recognized through skill-based pay according to the level of the skill they achieved. Last but not least is rewarding people for taking on additional responsibilities as their career develops that is in terms of career development pay.

2.3.3 Employee Benefit

Employee benefits are compensations that are added to the various forms of cash pay. Although, are payments that not hourly wage or salary. According to Armstrong (2010) the main benefits, deal with personal security, financial assistance, personal needs, holidays, company cars, other benefits, voluntary benefits.

Personal security which covers employees' health care; this is to insure employees well-being by making available periodic health screening at a private hospital, the other one is insurance cover granted when employees' got into an accident or for death in service. Sick pay is another form of personal security benefit. It is usually entitled when employees got sick while at work.

Financial assistance: company loans, season ticket loans, mortgage assistance, relocation packages are more likely to be provided by financial company for a particular purpose such as home improvement, annual season ticket and the like.

Personal needs: employees are entitled with benefits like maternity and paternity leave, leave for personal reasons, pre-retirement counseling etc. to further satisfy their personal needs.

Company cars: it is the most valued incentives offered by companies. The reason behind as Armstrong (2010) defines in his word is perhaps people do not have to make a capital outlay, do not lose money through depreciation and are spared the worry and expense of maintenance.

Rose (2014) quotes from 2013 CIPD Reward Management survey reported that a list of 71 benefits provided by participating organizations and others like company car, mobile phone and first-home deposit were by provision to all employees . One interesting point from the survey that Rose (2014) found is that benefits are mostly provided on a common basis, (single status) to all employees rather than by seniority. This however, reflects the cultural means that most organizations develop to minimize artificial hierarchy and engagement and involvement.

2.3.4 Recognition

Employees take recognition as their feelings of value and appreciation and as a result it boosts up morale of employee which ultimately increases productivity of organizations. Danish and Usman (2010)

Lawler (2003) argued that prosperity and survival of the organizations is determined through the human resources how they are treated. Recognition today is highest need according to most of the experts whereas a reward which includes all the monetary and compensative benefits cannot be the sole motivator for employees' motivation program. Danish and Usman (2010) on the other hand, Deeprose (2006) substantiate the above idea on the point of when people are recognized for their potential, their efforts, and their accomplishments, they starting showing a change in their attitude towards setting challenging goals for their own, finding innovative ways to meet goals, overcome setbacks, continually seek new opportunities including taking responsibility and managing their own work. However, without that recognition, employees start resisting challenges because they feel inadequate and develop a sense of sticking with what is familiar in order to avoid high risks.

Employee recognition are non-financial but some organizations provide cash awards. Importantly, recognition is also given less formally when managers simply say ‘well done’, ‘thank you’ or ‘congratulations’ face to face or in a brief note of appreciation. Armstrong (2010) Deeprose (2006) tone up Armstrong’s idea, by saying the phrase ‘‘thank you’’ is a catching word were people begin to realize that it feels good to be on both the giving and receiving end of it is used by people more often since it boosts employee morale towards reviving a good relationship throughout their work unit.

2.3.5 Promotion

If organizations compensate their employees with good pays, bonuses and promotion to do things effectively then employees will be motivated toward organization goal. According to Rose (2014), organizations pay structure will often be used to help set increases on promotion to a new job. For example, this may be based on the position of the individual’s existing salary in the salary range for the new role to which they have been promoted.

Promotion however is a keyed to job performance and usually conferred in private, primarily focusing on conduct of operations using performance appraisal or merit ratings. Rose (2014) therefore, promotions have a pivotal effect on employee’s life style and occupation and it has also a recognizable impact on other job aspects like job attachment and responsibilities.

2.3.6 Working Condition

If organizations provide good working condition to their employee to work comfortably, authority to make decision and control things and recognition to their employees for their extra efforts and also for their achievement then they will be generate positive result for the organization and for them as well. Rafique, Tayyab, Kamran & Ahmed (2014)

2.4 Types of Reward

According to Armstrong (2010) reward management concerned about both rewarding employees financially and non-financially. Rewards which compose pay and employee benefit are not just about financial rewards, pay and employee benefit. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility.

2.4.1 Financial Reward

The management of a reward system requires decisions on levels of pay, how jobs should be valued, the design and operation of grade and pay structures and the choice of benefits. Such decisions can be complex and difficult, but the problems pale by comparison with the issues surrounding the use of financial rewards contingent on performance, contribution, competence or skill. Armstrong (2010) furthermore, employees can be motivated through financial rewards on one side, and on the other side, the non-financial awards can be a resource of motivation for the employees and cost effective for the organizations. Abrar, Baig, Bashir, Sabir, and Saqib (2015) plus as Porter, Steers & Mowday (1982) accentuate, pay provides an important inducement for employees to remain as members of organizations, it might be predicted that level of pay would be positively related to commitment, particularly where employee contributions are high.

The reward that an employee values most and that provides the greatest incentive to maintain and improve performance will be one that contributes to the fulfillment of that person's strongest drives. The challenge for the manager is to recognize what each employee is seeking and to identify ways to reward the employee by satisfying that need. Deeprose (2006)

2.4.2 Non-financial Reward

Non-financial rewards are those that focus on the needs people have to varying degrees for recognition, achievement, responsibility, autonomy, influence and personal growth. They incorporate the notion of relational rewards, which are the intangible rewards concerned with the work environment (quality of working life, the work itself, work-life balance), recognition, performance management, and learning and development. Armstrong (2010)

Non-financial rewards can be extrinsic, such as praise or recognition, or intrinsic, arising from the work itself associated with job challenge and interest and feelings that the work is worthwhile.

Types of Non-financial Rewards

Non-financial rewards can be classified as follows:

- Individual extrinsic rewards: non-financial recognition, praise, feedback;
- Individual intrinsic rewards: fulfilling work, opportunity to grow;
- Collective extrinsic rewards: work–life balance policies, employee well-being services, concierge services, voluntary benefits, learning and development and talent management programs;
- Collective intrinsic rewards: work environment enhancement, work system design.

Non-financial factors have the potential to improve the competitiveness of organizations in attracting and retaining employees because they are less costly and have a long term focus especially in the case of learning and development.

Nienaber (2009) cited in Nyaga (2015) suggests that employees seek more meaningful and challenging opportunities, an alignment between personal and organization values as well as tolerance to individual preferences and differences.

Rewards can also be intrinsic or extrinsic, intrinsic rewards are intangible rewards are those that exist in the job itself. Ozutku (2012) achievement, variety, challenge, autonomy, responsibility, and personal and professional growth can be attributed as an example. Extrinsic rewards are tangible rewards are salary, bonuses, safety, recognition, marginal benefits like transport. Rafique, et al. (2014)

2.4.3 Intrinsic Rewards

Sometimes organizations more focus on extrinsic rewards but intrinsic rewards also very important in employee motivation. Appreciation and recognition are intrinsic rewards which motivate employees and improve the performance.

There are many consciences of intrinsic job satisfaction which are motivation, emotional promise, retaining and efficiency Rafique, et al. (2014). In addition Intrinsic rewards which is elucidated by Mottaz,(1985) cited in Ozutku (2012) are derived from the content of the task itself and according to him intrinsic reward include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities, and sufficient feedback regarding the effectiveness of one's efforts.

Howard and Dougherty (2004: 41) cited in Ozutku (2012) stated that Reward systems are strategically designed when rewards are linked to activities, attributes and work outcomes that support the organization's strategic direction and that foster the achievement of strategic goals. Such linkages can lead to increased employee knowledge or skill development, flexibility, commitment, retention and productivity.

2.4.4 Extrinsic Rewards

Salary, promotion and bonuses are major components that motivate employees of any organization. If organization provide salary against his employee's efforts and promotion against his hard work and bonus for his extra time which he have given to the organization will motivate that employee. Rafique, et al. (2014)

Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities. According to Pratheepkanth (2011) extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job

2.5 Organizational Climate

Organizational climate represents the condition of the organization's culture. Permarupan, et.al (2013) a study commenced by Kerr and Slocum (1987) cited in Sheridan (1992) further suggested that organizational culture may vary from organization to organization regarding retention rates of strong and weak performers. Moreover, organizational climate is deemed to be important it is perceived, as motivated employee will result in higher productivity, greater passion for the business, and a deeper engagement with customers. A positive climate encourages employees' productivity and decrease turnover. Permarupan, et.al (2013)

2.6 Job Satisfaction

Job satisfaction is an important determinant of turnover. According to Jehanzeb, Rasheed, Rasheed, and Aamir (2012) organizations like banking sector have determined a balance between the performance of the employees and their commitment to the work which in result of job satisfaction. Reward and motivation are the two main factors that have an effect on the job satisfaction and motivation of employees.

2.7 Employee Commitment and well-being

Employee engagement is the willingness of employees to go the extra mile for the organization. World at Work's (2009) research (ibid) realized that organization need to motivate high levels of employee performance through appropriate performance management systems along with compensation and recognition approaches that reward employee contributions in order to enhance their commitment to the organization. Moreover supporting the employee both at work and beyond can have positive results for the organization in terms of increased productivity, increased engagement levels, increased employee satisfaction and positive changes in employee behaviors. This differs from organizations that limit employee well-being to more traditional wellness offerings with the sole purpose of lowering health-care costs. World at work (2015)

2.8 Motivational Theories

Most managers believe that all forms of reward revolve around money. However, increase in pay and/or bonuses do not dramatically increase motivation. What actually happens is that the employee is being offered a bonus for a job they should be doing anyway rather than actually rewarding them to do more and/or better. In doing so, the employee might take to mean this as they are working for a bonus versus doing the best job that they can because they enjoy it. Not to forget to mention that employees' wages must also be fair in comparison to others in the industry otherwise motivation will actually decrease. Assuming that reward management has correlation with employee retention and motivation, it is reasonably calling on the content theories of motivation. Maslow's hierarchy of needs, Herzberg's motivation-hygiene is among the various motivational theories that have been developed to ensure organizations sustainability.

Ali, Akhtar, and Ali, (2015) emphasized motivational theories as content and process theories. Content theories mainly focus on the internal elements that motivate the humans i.e. the intrinsic side of rewards, whereas the Process theories focus on the external factors.

Considering promotion, pay raises and increased responsibilities all such items should be available for an effective rewards and recognition. These types of rewards are considered as extrinsic rewards. Henderson (2006) cited in Ali, et al. (2015).

Mahaney and Lederer (2006: 43) cited in Ozutku (2012) suggest that rewards like recognition works because it gives positive reinforcement to the employees and when the employee feels appreciated they will work harder to add more value and for a more recognition this type of intrinsic rewards also includes achievement, variety, challenge, autonomy, responsibility, and personal and professional growth. They also include status, recognition, praise from superiors and co-workers, personal satisfaction, and feelings of self-esteem.

In order to have a clear understanding about why people are motivated in any case or form of situation it is better to consider the need based theories.

Maslow's (1954) cited in Huma et al. (2015) recognized five different hierarchy of need: physiological, safety and security, belonging, esteem, and self-actualization. According to his argument of prioritization, the first two needs are low order needs in which people get from external factors which need to be identified before leaping to the other three high order needs which is fulfilled by internal factors cumulated through rewards.

Maslow (1943) cited in Ramall (2004) certain that people, including employees at organizations, are motivated by the desire to achieve or maintain the various conditions upon which these basic satisfactions rest and by certain more intellectual desires. Humans are a perpetually wanting group. Ordinarily the satisfaction of these wants is not altogether mutually exclusive, but only tends to be. Furthermore; Ramall (2004) emphasizes that the need theory can be used as a device for managers to find ways of motivating employees aimed at satisfying emerging or unmet needs.

Another important theory is Herzberg's two factor theory (1959), which includes the concept of 'motivators' and 'hygiene factors'. Motivators are the intrinsic factors that increase job satisfaction and motivations like achievements, recognition, work itself, responsibility, and growth, whereas Hygiene factors are the extrinsic factors that eliminate job dissatisfaction but do not motivate like: salary, company policy, and relationship with supervisor, security situation, and relationship with peers etc.

Ramall (2004) quotes from Herzberg's survey reported that, among 200 accountant and engineers he discovers that most employees tended to describe satisfying experiences in terms of factors that were intrinsic to the content of the job itself. According to his theory this intrinsic factors are called motivators which include such variables as achievement, recognition, the work itself, responsibility, advancement, and growth. In contrast he noted the dissatisfying experience as 'hygiene' factors which he called as extrinsic, non-job related factors, such variables are: company policies, salary, coworker relations, and supervisory styles. Thus, jobs should be redesigned to allow for increased challenge and responsibility, opportunities for advancement, and personal growth, and recognition.

2.9 Retention of Employees

Many organizations are now recognizes the bottom-line effect on retaining quality employees. When the employees feel satisfaction in job, they don't think about the leaving current job. Retaining quality performers (employees) quite simply adds to increase productivity and morale, while dropping the associated and related costs of turnover. Salman, Ahmad & Matin (2014) Greer (2003) also contend that when employees are confident about their organization's future direction, they are more likely to stay. Thus, setting a clear direction for the future and building confidence in the vision for the future should help improve retention.

2.10 Reward and Employee Retention

In fact, in the competition to recruit and retain top talent, an organization can best differentiate itself as an employer of choice through the nonfinancial components of its total rewards package. Companies that stand out provide a unique work experience by offering rewards that not only meet their employees' needs but also affirm strong values that make workers proud. Deeprose (2006) despite, it is not the size of the salary budget that differentiates between companies that retain their key workers and those that lose them, but rather the way raises are distributed. (Ibid)

Assuming that reward management have a significant correlation with retention, motivation theories that have significance importance towards employee retention have been developed, for instance, the equity theory, need theory and expectancy theory. These theories have a pivotal effect on the following factors which have great implications for developing, implementing and encouraging employee retention practices. Ramlall (2004)

Needs of the employee: Employees have multiple needs based on their individual, family, and cultural values and these needs highly depends on the social, economic and political factors in which one can satisfy one's need with the current and desired being state.

Work environment: Employees want a fun, challenging, and empowering work environment in which they are able to use their abilities to do meaningful jobs for which they receive appreciation this is likely to be a more certain way to enhance motivation.

Responsibility- Most employees seek to perform in a more challenging environment and want to be rewarded fairly and equitably for the responsibility they ought to take.

Fairness and equity- Employees want to be treated and rewarded in a fair and equitable manner regardless of age, gender, ethnicity, disability, sexual orientation, geographic location, or other similarly defined categories. This will increase their productivity and gives them a means to remain in their respective organization.

Effort/Employee commitment: Even though employees may exert higher levels of effort into a position based on a perceived significant reward, this could be a short-term success if the task itself does not challenge or provides satisfaction to the employee.

Employees' development- based on their interest on a particular position employees seek to work on an environment that values their effort and have an intention to offer them a new learning opportunities for advancement and personal development.

On the other hand Veldsman in his model classified factors that affect retention of employees in to three categories. Which are; factors pertaining to organizational climate and culture, factors pertaining to job satisfaction and factors pertaining to employee well-being.

Factors pertaining to organizational climate: it is a core ideology of organization aimed to typify employees overall collective perception with respect to dimensions such as trust, cohesiveness, support, recognition, innovation and fairness also includes values, attitudes, norms and the organization's culture.

Factors pertaining to job satisfaction: the outcome of employees' perception of how well their jobs provide in those qualities that they perceive as important.

Factors pertaining to employee well-being: it is employees' attitude towards being in a positive or negative work setting

2.11 Empirical Review

Ever since the fractional liberalization of the financial sector, the banking industry has been one in which robust activities have taken place once that highlight larger trends in the Ethiopian economy.

Business strategists allude; worker compensation as a key influencer of employee loyalty. According to a survey conducted by the human resource recruitment website career builder, 88 Percent of respondents make-believe that salary was an important determinant in their loyalty to a particular place of employment. Furthermore, 70 percent of them argued that "increasing salaries is the best way to boost employee retention, while 58 percent keen a better benefit." (EBR, 2016)

Cheng (1995) cited in Kanwal, and Majid (2013) particularize his glimpse as the main duties for banks management is to encourage the employees to provide the better services in regards of customer's expectations. It is the first and foremost obligation of the human resource manager to keep the employees motivated and to do their best by retaining in the organization.

Motivation can be in the form incentives, emotional support by providing progressive opportunities and enhancement of their life styles. Dissatisfaction of the employees with the working environment causes the poor performance which intern leads to the higher turnover in an organization. Kanwal, and Majid (2013)

Recent research reveals that bonus and reward have been the major factors of the employee retention in the banking industry. A study conducted at the banking sector of Multan, Pakistan exposed that 86% of the respondents paid a huge attention that a low pay is one of the factors that causes the employees dissatisfaction but 16% has a reverse concept they said that the low pay may not be a major contributor towards the dissatisfaction of employees in the banks.

Another study conducted on a banking sector in Saudi Arabia revels that the degree of rewards, motivation and job satisfaction of employees has a strong relationship in the banking sector of Saudi Arabia. From different research, it has been found that employees in banking sector give more importance to economic or financial rewards. So, if reward is increased, the incremental variance in employees' motivation for public and private banks was 31%. Jehanzeb, Rasheed, Rasheed, and Aamir (2012)

Kotze and Roodt (2005) identify studies that have linked retention to organizational climate. The international survey that (Ibid) quotes from, covers 50 countries and 330 companies were under study regarding factors pertaining organizational climate. As the result depicted, 74% of dissatisfies employees feel that their company has no clear sense of direction as compared to the 43% of satisfied employees. The survey finally concluded that companies are less concentrated at presenting themselves to their employees than they are at peddling the company to other stakeholders.

Another study commenced by Hay's international study (2002) cited in (Ibid) regarding job satisfaction conceded that 74% of those who planned to stay were happy with their managers, compared to those 41% who is planning to leave. Another study occurred to strength the above idea, asserted that people leave managers, not companies.

So, organization should be keen to overlook their managers whenever turnover bell rings.

Regarding factors pertaining to employee well-being (Ibid) quotes from Hay's international study 38% of respondents urges to leave to learn new skills while 22% of employees planning to leave for advancement opportunities. Nevertheless, another survey which is investigated by P-E Corporate survey examined 800 South African companies and revealed its research findings as 23% of respondents who quit their job mainly for a better pay. The result surmises that about 19% of staff resining at lower levels.

Additional study regarding employee well-being conducted by Kotze and Roodt (2005) resulted 49% of the variance in organizational commitment is caused by employee well-being. Strengthening his idea Udo and TorGuimaraes (1997) cited (Ibid) found that role stressors were significant indirect influences on retention.

2.12 Conceptual Framework

Reward management plays a significant role in meeting employees unsatisfied needs. After going through previous researches and facts the researcher aims to overlook the association between reward management and retention from the other way around and this is supported by veldman model. Veldsman (2003) cited in Kotze and Roodt (2005)proposed a model to explain the relationship of various factors that affect employee retention. However, the research model includes the reward attitude, organizational climate, job satisfaction, and employee commitment and employee well-being. These components are independent variables of the study while employee retention is the dependent variable in the conceptual model below.

Conceptual Framework

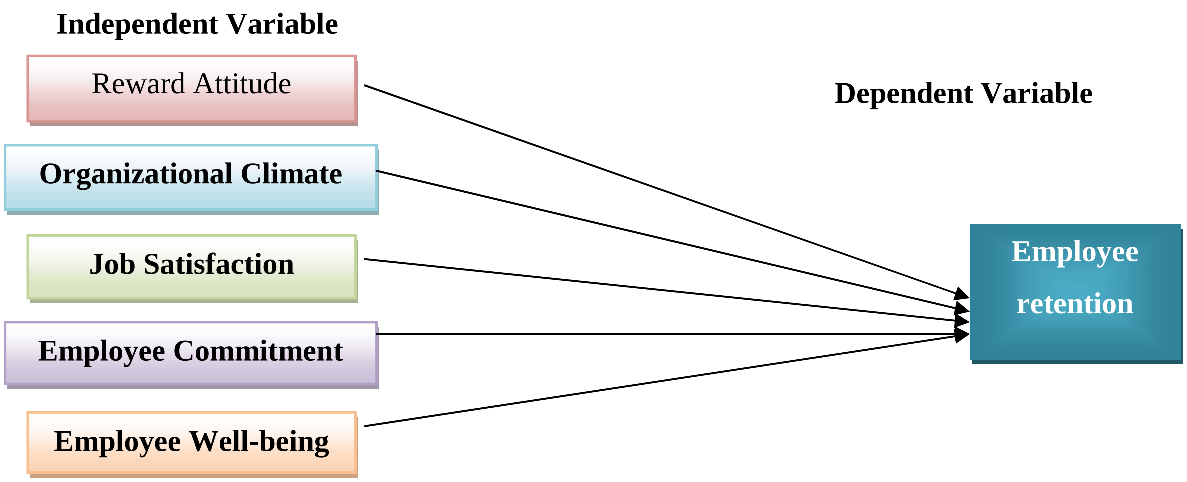


Figure 1: Conceptual Framework

Source: Veldman's Model Adapted

CHAPTER 3 RESEARCH DESIGN AND METHODOLOGY

3.1 RESEARCH DESIGN AND METHODOLOGY

Research methodology is a philosophy behind all research. Adams, Khan, Raeside and White (2007) according to Kothari (2004) decision regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design. In this study, the research approaches, research designs, sampling technique, data sources, and data analysis will be used and they are discussed as follows.

3.2 Research Approach

Approaches to a research are selected based on either the purpose of research, or the time required to accomplish research, on the environment in which research is done, or on the basis of some other similar factor. Kothari (2004)

The purpose of the study is particularly intended to identify the effect of reward management on employee retention. To achieve this objective, a mix of qualitative and quantitative methods was considered to be appropriate. In this sense by using a mixed approach can eradicate any biases that exist in a single research method.

3.3 Research Design

This study used a descriptive and explanatory study design to examine the effect of rewards on the retention of employees. Kumar (2011) noted that descriptive study attempts to describe systematically a situation, problem, phenomenon, service or program, or provides information about a certain situation. In this study descriptive study design is used to describe the effect of rewards with respect to employee retention.

The main emphasis in an explanatory study as explained by Kumar (2011) is to discover or establish the existence of a relationship/association/interdependence between two or more aspects of a situation. This study examines the cause and effect relationship between the independent and dependent variables.

3.4 Population and Sample

Participants for the study are full time employees of OIB. The management staff and clerical employees were included in the study. The survey was conducted taking samples from these target population. However, a valid and reliable data can be collected through census. Moreover, the researcher found it appropriate to employ sample method due to undue time, energy and money.

3.4.1 Sampling Methods

According to Creswell (2014) researchers select samples and examine from a population and generalize results from the sample to the population. Simple Random Sampling provides the opportunity for each member of the population understudy to have an equal chance of being selected. This method shall apply to those populations that have similar character from which selection will be made randomly from each sample frame on the required number of subjects.

For this study as the requirement of the selected sampling method subjects; list of the samples under study is included which is list of head office departments, list of branches located in the capital and also number of respondents of OIB.

Table 3-1: Data Collected from Branches

No	Branches	Male/ female	No	Branches	Male/female
1	Africa Godana	10	15	Geda	12
2	Anwar Mesgid	15	16	Gullele	15
3	Arat kilo	8	17	Harbu	10
4	Babo	25	18	Hora	6
5	Bethel	9	19	Jemo	12
6	Biftu	13	20	Kazanchis	14
7	Bole	12	21	Lideta	7
8	Bole Michael	11	22	Merkato	10
9	Burka	7	23	Mesalemia	7
10	Chafe	21	24	Mexico	14
11	Derartu	9	25	Milki	5
12	Doqqa Bora	19	26	Oda	5
13	Elilli	15	27	Sena	3
14	Finfinne	4		**Total**	**298**

Source: Own Survey (2017)

3.4.2 Sample Size Determination

The sample size for this research is determined by the sample size formula. Whilst among different methods of sample size determination formula the one which was developed by Taro Yamane's (1967) is used. The simplified formula of Yamane is expressed as:

n - The sample size

N - The population size

e - The acceptable sampling error

* 95% confidence level and e = 0.05 are the accepted sampling error

The total population in this study is 2,880 and the researcher wants to work a 95% confidence level in determining the sample size. Therefore,

n= 2,880 /1+2,880*(0.05)2

= 351

3.5 Data Source and Type

The source of data should enable the provision of answers to the research questions in this research. Underlining the above statement, the researcher was utilizing both primary and secondary source of data. For the case of primary data, the study mainly concentrates on employees of the banks. This data is directly related to the purpose and collected by the researcher through well developed, structured and substantiated questionnaire. Since this data is collected for the first time it should be considered as original.

Information on organization is gathered from organization reports and broachers, annual reports, HR manuals, and strategies of the concerned banks, and serves as a secondary data sources. Data from academic sources as well as different published and unpublished materials such as reference books, handouts, journals and the internet also serve as a secondary data source to reinforce the current study. Cautionary attention is needed in the case of compatibility and trustworthiness of the secondary research not to forget to mention those gathered from internet and other sources.

3.6 Data Collection Procedures

The primary data were gathered through questionnaires. The questionnaires are going to be close ended type and try to address the research questions mentioned above. The questionnaire were adopted from Armstrong (2010) which is a survey on employee reward attitude used to evaluate and monitor reward practices by assessing the views of respondents which are at the receiving end of pay policies as a basis for taking action and is taken in a way it fits to the studies. A questionnaire regarding the retention of employees is developed after an in-depth review of literature and by studying various research papers and consulting with the research advisor and is given to the sample of the study. The questionnaire is developed to include all the possible present factors that are revealed in the literature reviews. The In depth-open ended interview is focused on the management staff of the bank: This is based upon previous studies and various literatures.

3.7 Ethical Considerations

Implementations of ethical standards are of obvious importance in this study as human subject are involved. By way of understanding the full risks and benefits, all procedures were considered carefully; to respect privacy and ensure and maintain full confidentiality of all individuals and before distributing the questionnaire the consent of the research participant is obtained. The main ethical issues in this study are concerned with balancing the needs of consent, confidentiality and openness in respect of the study findings. Therefore, special attention has been and continued to be given to ethical issues at all stages of this research. In this regards, all codes of ethics of the bank (OIB) is maintained.

3.8 Data Analysis

With the help of SPSS version 20, both descriptive and inferential statistics like regression analysis is analyzed to identify factors relevant to reward management and employee retention. The researcher was describing the effect of reward management on employee retention. Hypotheses testing were used to examine whether the theoretical association between reward management and employee retention can be substantiated. In addition the researcher would utilize correlation and regression analysis for the hypotheses testing. As is typical of survey based correlation study, the study has been conducted with virtually no interference as questionnaire administered by the principal investigator and the result is analyzed

3.9 Model Specification and Description of the Study Variable

3.9.1 Multiple Regression Analysis

Multiple regression analysis takes into account the inter-correlations among all variables involved. According to Kothari (2004), multiple regressions form a linear composite of explanatory variables in such way that it has maxim um correlation with a criterion variable. This technique is appropriate when the researcher has a single, metric criterion variable. This is supposed to be a function of other explanatory variables. This method is used to investigate the effect of reward management on employee retention.

3.9.2 Regression Functions

The equation of multiple regressions on this study is generally built on around two sets of variables, namely dependent variables employee retention and independent variables (reward attitude, organizational climate, job satisfaction, employee commitment, employee well-being). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Variables of the Study

Independent variables and Dependent variables

Employee retention

Reward Attitude

Organizational Climate

Job Satisfaction

Employee Commitment

Employee well-being

Regress Reward attitude, Organizational commitment, Job Satisfaction, Employee Commitment, and Employee Well-being on employee retention.

Employee Retention= f (Reward attitude, Organizational commitment, Job Satisfaction, Employee Commitment, Employee Well-being)

Dp= Er

InD= RWAT, OC, JS, EC, EW

ER= β1+β2+β3+B4+B5+B6+B7

Mathematically,

$Yi = \beta_0 + \beta_1$ RW+β_2OC + β_3 JS + β_4 EC + β_5 EW

Where Y is the dependent variable which is Employee Retention and X1,X2…X5 are the independent variables β_0 is the intercept term it provides the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.β1, β2, β3, β4, β5 refer to the coefficient of their respective independent variable which are the change in the mean value of Y, per unit change in their respective independent variables. The above regression equation used to show the effect of independent variable on employee retention.

3.10. Reliability Test

Since this research used a quantitative data analysis, the intent of raising the issue of validity and reliability are imperative. Reliability is concerned with consistency. Adams et al, (2007) the test is administered using SPSS. Cronbach's alpha is the most commonly used measure of reliability. In 1951 Cronbach's generalized the original formula which was first derived by Kuder and Richardson which is for dichotomously items (0 or 1). According to Ho (2006) Cronbach's alpha is a single correlation coefficient which is an estimate of the average of all the correlation coefficients of the data to be analyzed. If the alpha results 0.80 or greater, it implies that all of the tested variables are reliable and the entire test is internally consistent. However, if alpha is low, it refers at least one of the variable is unreliable. Also George and Mallery (2003) cited in Gliem and Gliem (2003) provides the following rules of 0.90 or greater are nearly always acceptable, 0.80 or greater is good , 0.70 and greater is acceptable, 0.60 and above questionable and also 0.50 is poor and mentioned increasing the value of alpha is partially dependent upon the number of items in the scale. Therefore, in this research of the total sample of 298 cases was analyzed. The researcher divided the items to be tested in to two i.e. the reward attitude and the retention factor. Cronbach's alpha for the reward attitude is 0.78, which indicates high overall internal consistency. However, in the retention factor the researcher disintegrate what the researcher assumed to be factors that influence retention to 5 variables and while testing the reliability of each variable two of them resulted less than 0.6 (Table 3-2). So that the researcher decided to test over all items at once and this on the other hand resulted 0.92 this shows the whole items were reliable and acceptable as Ho (2006) described Chronbch's alpha of 0.90 or greater are acceptable (Table 3-3).

Table 3-2: Alpha Coefficients for Variables

Alpha Coefficients for Each section of Questionnaire			
S/No	**Variables of the study**	**No of Items**	**Alpha Value**
1	**Reward attitude**	**20**	**.782**
2	**Organizational climate**	**10**	**.837**
3	**Job satisfaction**	**5**	**.758**
4	**Employee commitment**	**3**	**.496**
5	**Employee well-being**	**2**	**.479**
6	**Employee propensity to stay**	**4**	**.594**

Table 3-3: Computing the Overall Retention Factor

Cronbach's alpha	N of items
.917	24

Source: Own Survey (2017)

When the coefficient was calculated for the overall 6 items, it was identified to be 0.917 (table 3.3) the overall α coefficient for each factor were comparable to coefficients calculated when individual items within these factors were deleted, indicating the valuable contributor effect of each item to its factor

CHAPTER 4 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This research has begun having an objective of examining the effect of reward management on the retention of employees in OIB. The data was collected using a likert scale questionnaire and the result was analyzed using SPSS. As of the sample size requirement 351 questionnaires were distributed to the clerical employees who are working at the head office and in those branches which are located in the capital. Among the distributed 351 questionnaires 298 of them were properly filled and returned back and that gives an 85% response rates which is assumed to be sufficient to be analyzed using SPSS.

Statistical Package for the Social Science (SPSS) version 20 software was used. Frequency, descriptive analysis and inferential analysis of the study are clearly described separately. In addition correlation and regression analysis are used to examine and measure the independent variables i.e. rewards on employee retention.

4.2 Descriptive Statistics

4.2.1 Descriptive Analysis

In this section the results of findings through data that are collected using questionnaires are going to be explained and discussed descriptively and as briefly as possible. Furthermore, the discussion aimed to meet the research objective and give answer to the research questions.

Table 4-1: Reward Attitude Survey

No	Questions	**SD (1)**	**D (2)**	**N(3)**	**A(4)**	**SA(5)**	**mean**	**Std. deviation**
1	My contribution is adequately rewarded	21(7.0)	56(18.8	67(22.5	128(43.0	26(8.7)	3.28	1.085
2	Pay increases are handled fairly	27(9.1)	64(21.5)	76(25.5)	111(37.2	20(6.7)	3.11	1.100
3	I feel that my pay does not reflect my performance	20(6.7)	62(20.8)	55(18.5)	98(32.9)	63(21.1	3.41	1.220
4	My pay compares favorably with what I could get elsewhere	44(14.8	68(22.8)	99(33.2)	76(25.5)	11(3.7)	2.81	1.090
5	I am not paid fairly in comparison with other people doing similar work in the organization	40(13.4	96(32.2)	37(12.4)	70(23.5)	55(18.5	3.01	1.356
6	I think the organization's pay policy is overdue for a review	14(4.7)	38(12.8)	105(35.2)	92(30.9)	49(16.4	3.42	1.055
7	Grading decisions are made fairly	36(12.1	58(19.5)	68(22.8)	104(34.9	32(10.7	3.13	1.202
8	I am not clear how decisions about my pay are made	20(6.7)	82(27.5)	77(25.8)	75(25.2)	44(14.8)	3.14	1.171

9	I understand how my job has been graded	15(5.0)	51(17.1)	65(21.8)	138(46.3)	29(9.7)	3.39	1.039
10	I get good feedback on my performance	25(8.4)	48(16.1)	72(24.2)	97(32.6)	56(18.8)	3.37	1.200
11	I am clear about what I am expected to achieve	11(3.7)	18(6.0)	56(18.8)	134(45.0)	79(26.5)	3.85	1.003
12	I like my job	12(4.0)	16(5.4)	24(8.1)	94(31.5)	152(51.0)	4.20	1.064
13	The performance pay scheme encourages better performance	26(8.7)	57(19.1)	65(21.8)	84(28.2)	66(22.1)	3.36	1.259
14	I am proud to work for the organization	12(4.0)	23(7.7)	50(16.8)	96(32.2)	117(39.3)	3.95	1.110
15	I understand how my pay can progress	27(9.1)	50(16.8)	104(34.9)	91(30.5)	26(8.7)	3.13	1.082
16	The job evaluation scheme works fairly	42(14.1)	59(19.8)	107(35.9)	70(23.5)	20(6.7)	2.89	1.121
17	The benefits package compares well with those in other organizations	81(27.2)	96(32.2)	59(19.8)	48(16.1)	14(4.7)	2.39	1.179
18	I would like more choice about the benefits I receive	37(12.4)	57(19.1)	96(32.2)	78(26.2)	30(10.1)	3.02	1.165

19	I feel motivated after my performance review meeting	19(6.4)	60(20.1)	107(35.9)	82(27.5)	30(10.1)	3.15	1.056
20	I do not understand the pay policies of the organization	33(11.1)	88(29.5)	83(27.9)	61(20.5)	33(11.1)	2.91	1.176

Source: Own Survey (2017)

Where: SD= strongly disagree D= disagree A= agree SA= strongly agree

The above table 4-2 surmises an attitude survey which is used to evaluate and monitor reward practices by assessing the views of respondents which are at the receiving end of pay policies as a basis for taking action. The survey tried to assess the company's reward policies, job grading, performance pay scheme, job evaluation scheme, salary survey, benefit scheme and pay policy. By weighing the response for each item, the researcher infers that with respect to rewards given depending on the value they are adding to the organization, most of respondents which is 51.7% of them agreed. And about 25.8% of respondents differed in their thoughts regarding their contribution being rewarded and 22.5% stayed neutral. From this response rate, the researcher speculate that employees are very much satisfied with the rewarding policy of the organization with respect to their effort.

Concerning pay increment, 30.6% of respondents disagreed and 43.9% agreed on the matter. As the result shows, more employees regardless of those who are being in the middle of the road (25.5%) sanctioned the fact that the company decision on payment increase addressed employees in an equitable and fairly manner.

Furthermore, comparing salary with performance 54% of respondents feel that their payment does not defines their performance. However, 27.5% of respondents disagreed. As the result pointed out, the wider population of the company need their performance to be recognized through attractive payment.

Regarding the payment offered by the company compared with the market 37.6% of respondents contradict with the idea and 29.2% of respondents yet agreed on the matter. This result surmises that the bank fails to offer attractive salary and although flops to be competitive enough with other banks in order to attract and retain talented employees.

About payment equity within the company 42% of respondents felt they are being undermined as their effort simply unnoticed while those who are at the same position doing similar work recognized fairly. On the other hand, 45.6% of respondents ratified that they are paid fairly compared with their colleagues. Where, 12.4% of respondents are neither agreed nor disagreed.

Furthermore, for issues regarding the company's pay policy being overdue for a review 47.3% agreed on the fact and 17.5% of respondents disagreed. However, in the case of understanding the pay policy of the organization 40.6% disagreed where 31.6% agreed. From this respect it is concluded that employees want their company to review its pay policy more often in order to make decision makers action regarding payment to be fair and equitable. In addition most of the respondents have no clue how the company pay policy implemented.

About the fairness of the grading decisions made by the organization, 45.6% agreed where 31.6% of respondents disagreed. This research finding implies that relatively large number employees perceived the company's grading decisions as rational.

Also, 40% of respondents agreed with the item which refers to the company's decision regarding payment is vague. While 34.2% of respondents' shows that they have a good understanding. As this result shows, the larger percentage manifested that a number of employees lacks awareness regarding how the company made decisions concerning payment.

On the other hand, 56% of employees approved that they have a good understanding how their job has been graded and relatively 22.1% disagreed. In this result the smaller number should also be well-thought-out. Well In this regard the company should communicate its job evaluation, grading including its pay policy with its employees as clear as possible.

About 51.4% respondents are assured that they get good feedback for a good job done. Where 24.5% of respondents are disagreed concerning the issue. This implies majority of employees favors recognition from their managers for a good job done. Moreover, 50.3% of respondents assured that the company's performance pay scheme encourage a better job done 27.8% disagreed.

Employees' perception concerning in fulfilling what is expected from them 71.5% of respondents had shown to have a clear understanding about what they are expected to achieve. 18.8% are in the middle of the road and 9.7% disagreed. This surmises that the company provides a clear work content in which employees can perform it without any difficulty. In addition majority of respondents have shown a clear understanding of the value they are adding to their company have a great impact on achieving both the company's as well as theirs objective. This leads employees to like their job refering the result, more than the majority of respondents which is 82% agreed on the matter. 9.4% of respondents however dislike their job. Moreover, 71.5% of respondents proud to work for the organization while 11.7% acted on the reverse. Still this result conveys, majority of respondents' satisfied working for the company.

Regarding the job evaluation scheme 33.9% of respondents disagreed. Where, 30.2% thought the job evaluation scheme handled fairly. The researcher draws from the result that most employees perceived well how their organization evaluates their job.

The survey also included questions aimed to assess the benefit package of the organization compared with other organization. 59.4% of respondents disagreed on the matter where 20.8% agreed. Concluding on the finding result the majority of respondents felt that the company fails to provide a favorable benefit package to its employees as compared to other organization. Whereas 36.3% of respondents would like the company to provide more choice about the benefit they ought to receive and 31.5% of respondents disagreed regarding the provision of more choice about the benefit they receive. Therefore, more number of employees wanted the benefit package to be forceful with a full of choice.

Moreover, raising a question concerning the company's performance appraisal system 26.5% of respondents disagreed and 37.6% agreed. As the result signifies most of the respondents inspired after their performance being reviewed in a more favorable manner.

Table 4-2: Retention Factors

Organizational Climate

No	Questions	SD (1)	D (2)	N (3)	A (4)	SA (5)
1	My organization creates a conducive working environment; that encourage employees to work hard and increase their ability to do more	66(22.1)	66(22.1)	56(18.8)	74(24.8)	36(12.1)
2	My organization motivates me in achieving my personal goals aligning with that of the organization	41(13.8)	77(25.8)	70(23.5)	80(26.8)	30(10.1)
3	My job responsibility challenges me to use my knowledge and skill	27(9.1)	92(30.9)	48(16.1)	90(30.2)	41(13.8)
4	There is a practice in my organization that empowers employee to take responsibility and make their own decision	30(10.1)	66(22.1)	84(28.2)	88(29.5)	30(10.1)
5	Employee empowerments have an impact on employee retention	23(7.7)	35(11.7)	55(18.5)	124(41.6)	61(20.5)
6	My organization treats me fairly and in an equitable manner	42(14.1)	71(23.8)	87(29.2)	68(22.8)	30(10.1)
7	There is a formal suggestion system available in the organization that can allow employees to contribute their ideas and suggestions	44(14.8)	98(32.9)	79(26.5)	58(19.5)	19(6.4)
8	My organization acknowledge my achievements through non-monetary forms of recognition such as using certificates, letters complimentary tickets, etc.	59(19.8)	102(34.2	75(25.2)	54(18.1)	8(2.7)
9	I receive regular appreciation; specific praise, even verbally or otherwise, from my supervisors for achievements of quality improvements goal.	38(12.8)	76(25.5)	88(29.5)	81(27.2)	15(5.0)
10	In my organization everyone has equal chance to be promoted	90(30.2)	62(20.8)	59(19.8)	63(21.1)	24(8.1)

Job Satisfaction

11	I am very satisfied with the work I do	22(7.4)	49(16.4)	50(16.8)	121(40.6)	56(18.8)
12	I am satisfied with the profit share scheme of my organization	35(11.7)	70(23.5)	93(31.2)	84(28.2)	16(5.4)
13	I am satisfied with the promotion system of my organization	64(21.5)	84(28.2)	59(19.8)	61(20.5)	30(10.1)
14	I am satisfied with the cloth and other material scheme offered by my organization	82(27.5)	63(21.1)	95(31.9)	44(14.8)	14(4.7)
15	I am satisfied with my organization housing loan policy	42(14.1)	58(19.5)	52(17.4)	89(29.9)	57(19.1)

Employee Commitment

16	In my organization I have full employment security	20(6.7)	39(13.1)	64(21.5)	114(38.3)	61(20.5)
17	Bonuses which are given at special occasions have a great role to boost employee motivation and commitment	15(5.0)	46(15.4)	47(15.8)	109(36.6)	81(27.2)
18	Performance appraisals and pay increase are based primarily on individual achievements	34(11.4)	86(28.9)	88(29.5)	64(21.5)	26(8.7)

Employee Well-Being

19	I often think about leaving this organization and look for another with a better job, a better salary and a better opportunity.	75(25.2)	80(26.8)	60(20.1)	54(18.1)	29(9.7)
20	I believe I have a good future in this organization	29(9.7)	15(5.0)	78(26.2)	72(24.2)	104(34.9)

Employee's Propensity to Stay

21	With the development of the bank I see my growth	19(6.4)	36(12.1)	67(22.5)	122(40.9)	54(18.1)
22	My organization recognition system have a significant impact on employee retention	13(4.4)	65(21.8)	85(28.5)	104(34.9)	31(10.4)
23	My organization shares some portion of profits with its employees which also encourages employees to stay	24(8.1)	28(9.4)	93(31.2)	124(41.6)	29(9.7)
24	My company medical coverage and insurance policy help to retain talented employees	20(6.7)	22(7.4)	65(21.8)	117(39.3)	74(24.8)

Source: Own Survey (2017)

Table 4-3: Mean and Standard Deviation of retention factors

Statistics

		Organizational climate	Job satisfaction	Employee commitment	Employee well-being	Employee propensity to stay
N	Valid	298	298	298	298	298
	Missing	0	0	0	0	0
Mean		2.90	2.95	3.35	3.15	3.45
Median		2.80	3.00	3.33	3.00	3.50
Std. Deviation		.764	.869	.816	1.041	.728

Source: Own Survey (2017)

In the above table 4-4 factors that affect employees to be retained in OIB are organizational commitment, job satisfaction, and employee commitment and employee well-being. As the resulting mean implies i.e. 3.35, 3.15, 2.95 and 2.90 respectively, employee commitment and employee well-being are the utmost factor to patronize OIB employees to be retained. However, the remaining factors which are job satisfaction and organizational commitment had lesser effect on retention compared with the employee commitment and employee well-being.

4.3 Correlation analysis

4.3.1 The Pearson Correlation analysis

The Pearson's Correlation Coefficient (r) is a measure of the degree of association between variables. It takes a value between -1 and 1. Adams et al. (2007) when the correlation is 1 or -1 an impeccable linear positive or negative relationship occurs. However, when the correlation is resulting 0, it entails there is no relationship between the two sets of data. For instance, the correlation between the dependent variable (i.e. employee retention) and the independent variable (i.e. reward attitude, organizational climate, job satisfaction, employee commitment and employee well-being) in this case the larger the magnitude of the correlation, the stronger the linear association between the two variables.

Table 4-4: Correlation Analysis

Correlations

		RWAT	OC	JS	EC	EW	EP
Reward attitude	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	298					
Organizational climate	Pearson Correlation	.663**	1				
	Sig. (2-tailed)	.000					
	N	298	298				
Job satisfactions	Pearson Correlation	.647**	.779**	1			
	Sig. (2-tailed)	.000	.000				
	N	298	298	298			
Employee commitment	Pearson Correlation	.507**	.641**	.670**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	298	298	298	298		
Employee Well-being	Pearson Correlation	.378**	.583**	.630**	.505**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	298	298	298	298	298	
Employee propensity to stay	Pearson Correlation	.559**	.633**	.666**	.571**	.430**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	298	298	298	298	298	298

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

SOURCE: Own Survey (2017)

The above table 4-7 analyzes the inter-correlation between the variables under study. In other words it represents the correlation between the independent variable (i.e. Reward attitude, organizational climate, job satisfaction, and employee commitment and employee well-being) and the dependent variables (i.e. employee retention). As the result implies the correlation between organizational climate and employee retention is strongly positive and statistically significant (r= 0.663, $p < .001$). This implies that as the organization provides appropriate working environment, employee retention increases. Job satisfaction was positively and highly correlated with employee retention (r= 0.647, $p < 0.01$). Since the level of significance is less than 0.01, the researcher would have been able to say that there is enough evidence to suggest that the correlation that the researcher observed does exist in the population.

We also noted that there is a positive relationship between the reward attitude which includes the overall reward policy, pay policy and so on and factors swaying employee retention (r=0.559, $p < 0.01$) in this result the researcher infer that the sample observed is relatively small and have a positive correlation and still the correlation that has been observed exist in the population.

The above table 4-7 also revealed that there is a significant positive stimulus of employee commitment over employee retention (r=0.507, $p < 0.01$). However, regarding employee well-being the researcher observed that a small and positive correlation (r= 0.378, $p < 0.01$) and as it is shown in the result, the significant value is less than 0.01, and it means there is enough evidence to advocate the correlation association exist in the population.

4.4 Regression assumption

Table 4.5: Multicollinearity assumption test

Coefficients[a]

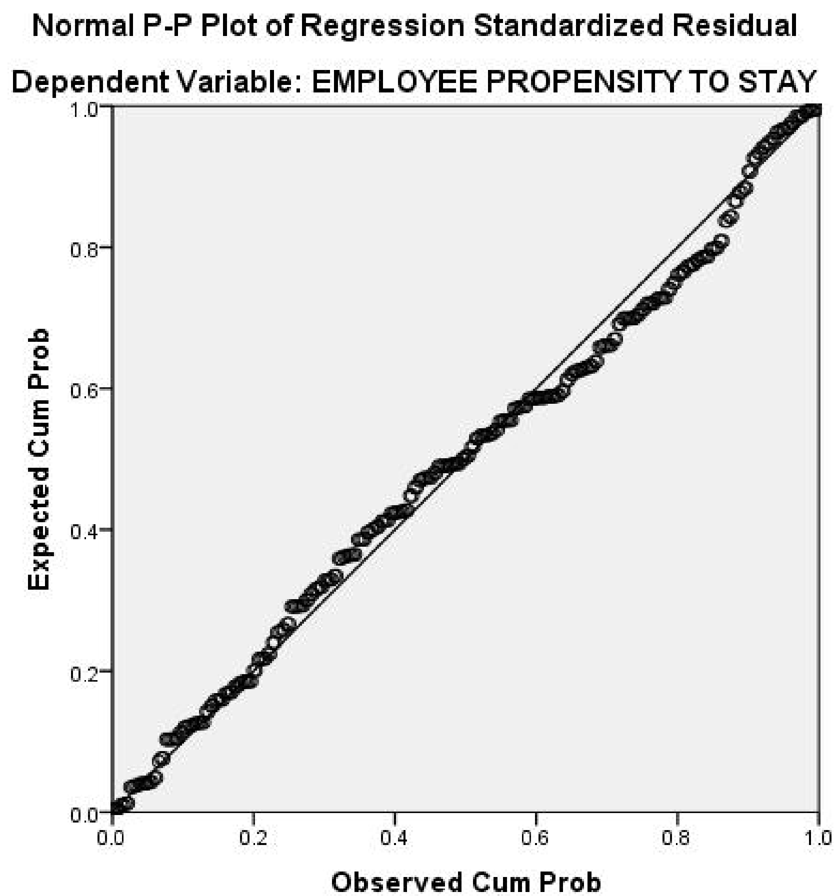
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.972	.213		4.553	.000	.552	1.392		
REWARD ATTITUDE	.227	.090	.146	2.528	.012	.050	.404	.507	1.973
ORGANIZATIONAL Climate	.176	.070	.184	2.526	.012	.039	.313	.319	3.134
JOB SATISFACTION	.276	.064	.330	4.315	.000	.150	.402	.291	3.440
EMPLOYEE COMMITMENT	.153	.052	.172	2.969	.003	.052	.255	.508	1.967
EMPLOYEE WELL-BEING	-.019	.038	-.027	-.489	.625	-.094	.057	.566	1.766

a. Dependent Variable: EMPLOYEE Retention

Soruce: Own Survey (2017)

The above table tried to assess the multi-collinearity of predictor variables and according to Ho (2006) the tolerance value is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictors. Values that are less than 0.10 may merit further investigation. The VIF, which stands for variance inflation factor, is computed as “1/tolerance,” and it is suggested that predictor variables whose VIF values are greater than 10 may merit further investigation. In this study as it is indicated in the above table tolerance value is greater than 0.10 and VIF is less than 10 Thus, multicollinearity does not seem to be a problem.

Figure 2: Normal distribution curve



Source: Own Survey (2017)

Even though there are some deviations of following the line, the points are more or less in a straight line this surmises that the distribution approximate the normal distribution.

4.5 Regression analysis

Regression analysis mainly concerned on using the relationship for prediction i.e. if two variables were correlated perfectly, then knowing the value of one score permits a perfect prediction of the score on the second variable. Ho (2006)

Mathematically speaking the prediction equation is termed as Y'=A+BX where Y' is the predicted dependent variable, A is constant, B is unstandardized regression coefficient and X become the value of the predictor variable.

As shown in the table 4-8 below the independent variables (i.e. reward attitude, organizational climate, job satisfaction, employee commitment and employee well-being) explains R^2 = 0.504 which is 50% of the dependent variable (employee retention). This implies 50% of the employees' propensity to stay in the bank clearly depends on the independent variables while remaining 50% is determined by other factors.

Table 4-5: Model Summary Table

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.504	.496	.517

a. Predictors: (Constant), Employee Well-being, Reward Attitude, Employee Commitment, Organizational Climate, Job Satisfaction

Source: Own Survey (2017)

The beta value which is presented in the coefficients table below presents beta coefficients between the predictor variables (i.e. reward attitude, organizational climate, job satisfaction, employee commitment, employee well-being) and the dependent variable (i.e. employee retention). Therefore, the beta value of this research as presented in the table below is Beta= 0.330, t= 4.315, p < 0.01 which specifies the beta coefficient is positive and statistically significant at 0.01 level. This surmises the higher the beta value the greater the effect of the predictor variable on the criterion variable. Which is job satisfaction (Beta= 0.330) makes the strongest unique contribution to explaining the dependent variable followed by organizational climate (B=.184) in addition employee commitment, reward attitude and employee well-being are relatively the list contributors to explaining the dependent variable with beta values of (.172, .146, -027) respectively. As Ho (2006) noted that when you have only one predictor variable the standardized Beta coefficient is equivalent to the multiple R coefficients. However in this research the predictor variables are found to be more than one. These predictor variables which are engaged in multiple regressions are RW, OC, JS, EC, EW (i.e. the independent variables) and the dependent variables (i.e. employee retention) are also included in testing the hypothesis.

Moreover, when looking at the statistical significance of each predictor variables from the coefficient (table 4-9) below the result revealed that job satisfaction is significant at 0.01, employee commitment significant at 0.05, organizational climate and reward attitude (Sig=0.12, $p < 0.05$) have a statistically significant contribution for the prediction of the dependent variable despite the fact employee well-being (Sig=0.625) as the finding clearly indicated the beta value was not statistically significant at 0.05 levels. This implies employee retention is not statistically dependent on employee well-being. Some literatures emphasized that if the study design used to generate the data, does not have sufficient power to detect the dependence such kind of results would be observed. So it can be concluded that employees' retention is known to be depend on employee well-being but the study design, used to generate the data, does not have sufficient power to detect that dependence and it does not make any significant prediction.

Table 4-6: Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.972	.213		4.553	.000
	Reward Attitude	.227	.090	.146	2.528	.012
	Organizational Climate	.176	.070	.184	2.526	.012
	Job Satisfaction	.276	.064	.330	4.315	.000
	Employee Commitment	.153	.052	.172	2.969	.003
	Employee Well-being	-.019	.038	-.027	-.489	.625

a. Dependent Variable: Employee Retention

Source: Own Survey (2017)

4.6 Hypotheses Testing

Linear regression analysis used to measure the significance of each independent variable on the respective dependent variable this is done by measuring through β and P value. The hypothesis are analyzed and explained through linear regression below

$H0_1$= There is no significant relationship between Reward attitude and employee retention

One of the first explanatory variables was reward attitude and is found to be significantly and positively affect retention of employees. Furthermore, a unit increase in reward attitude will lead behave a 0.23 success in employee retention. Thus null hypothesis is rejected.

$H0_2$= There is no significant relationship between organizational climate and employee retention

The other predicted variable is organizational climate which is found to be significant at 0.05 levels and positively affecting the employees' propensity to stay in the bank. In this instance, the null hypothesis is rejected.

$H0_3$: There is no significant relationship between job satisfactions and employee retention

One of the independent variable which is found to have a significant and positive influence over employee retention is employees' job satisfaction in OIB. Whenever there is an increase in job satisfaction there will be a 0.33 attainment in employee retention. This is to mean that for every 1-unit increase in the predictor variable, the dependent variable will increase by the unstandardized beta coefficient value. In this finding it can be surmised as the beta coefficient is .33 and statistically significant at 0.01, then for each unit increase in the predictor variable, the outcome variable will increase by .33 units. Here null hypothesis rejected.

$H0_4$: There is no significant relationship between employee commitment and employee retention

The fourth predictable variable in these findings was employee commitment. The significant value in this study is 0.003 and this value is less than 0.05. Due to this the researcher infers that there is a statistically significant association between employee commitment and employee retention. Due to this the null hypothesis is rejected.

$H0_5$: There is no significant relationship between employee well-being and employee retention

The fifth variable addressed in this research is employee well-being. This predictor variable resulted ($B= -0.019$, $\beta= -0.027$ and $p > 0.05$). From this finding it can be inferred that the negative Beta value would imply that the employee well-being is negatively correlated with employee retention. Furthermore employee retention on average will reduce by an amount equal to the beta value for a unit change in its independent variable (i.e. employee well-being). Moreover, as the finding clearly indicated, the beta value was not statistically significant at 0.05 levels. This implies employee retention is not statistically dependent on employee well-being. Some literatures emphasized that if the study design used to generate the data, does not have sufficient power to detect the dependence such kind of results would be observed. So it can be concluded that employees' retention is known to be depend on employee well-being but the study design, used to generate the data, does not have sufficient power to detect that dependence. Therefore, the researcher fails to reject the null hypothesis.

4.7 Analysis and Interpretation of the Regression Result

In this part the researcher explains and discusses the outcome and findings based on the analysis through the collected data descriptively. The outcome furthermore discussed in this study by triangulating the instruments used to collect the data. This includes literature review, close-ended questionnaire and interview. The discussion aimed to achieve the objective of the research and also answer the research questions.

Table 4-7: The Mean and Standard Deviation of Predictor Variables

	N	Mean	Std. Deviation
Reward Attitude	298	3.09	.469
Organizational Climate	298	2.90	.764
Job Satisfaction	298	2.95	.869
Employee Commitment	298	3.35	.816
Employee Well-being	298	3.15	1.041

Source: Own Survey (2017)

Reward attitude is a valuable means of evaluating and monitoring reward practices of the bank by assessing the views of respondents with the mean value of 3.09 and standard deviation of 0.469. This implies the organization reward attitude have a positive significant over employee retention

The bank's working environment plays a significant role in changing the attitude of employees to exert their effort and grow a substantial feeling to stay in the organization this can be expressed with the mean value of 2.90 and standard deviation of 0.764 the effect of this is that employees consider organizational climate as a major factor to be retained in the bank.

As employees being satisfied with their working environment, work content, the organization reward management skill they ought to stay in their organization. From the above table 4-10 we can understand that (i.e. mean = 2.95 and standard deviation is 0.869). This statistics indicates that job satisfaction have a significant effect on employee retention.

Under this section mean and standard deviation are the major tools to describe the data. As shown below the table from the overall responses rate of 298 which is the mean for employee commitment 3.35 accompanied with 0.816 of standard deviations. These figures indicate that employees commitment obtained can be a good retention factor.

Respondents from OIB unveils a mean value of 3.15 and a standard deviation of 1.04, here also the responses gave an idea about how respondent are either enjoying or dissatisfied by bank's working setting. The Competency of employee positively affects employee retention.

4.8 Analysis of interview questions

To assess the overall reward practices that OIB offers to its employees and also to observe its resulting effect on employee's retention and to further scrutinize the management expectation, the researcher has prepared a set of semi-structured interview questions that was administered face to face with one human resource director and one human resource officer of OIB at head office. The interview is commenced at the interviewee convenient time.

4.8.1 Interview Question One: can you please describe the type of reward system that is implemented? Intrinsic, extrinsic or both

The interviewees was asked this question and told the researcher that both intrinsic and extrinsic rewards are implemented in their organization.

4.8.2 Interview Question Two: Is financial or non-financial rewards are more valuable to you? And why

The interviewees agreed on the fact that the effect of financial rewards is undeniable.

4.8.3 Interview Question Three: Is recognition/ appreciation more effective

According to the interviewees employees want their effort to be recognized by their managers this includes verbal appreciation addressed publicly as well as privately. In this regard both the interviewee agreed up on the fact that this type of recognition for a work done encourage employees to boost their performance.

4.8.4 Interview Question Three: How often do you communicate with your employees to know their preferences concerning which reward that motivates them?

This question administered to the managerial staffs of the bank and they are responding as "*approaching every single employee to understand their preference in* *relation to reward is very difficult besides there is a lot of work in our table. So, we communicated employees regarding the issue once in a while*". Thus, this creates incompatibility between what employees want and being received. However, in their seldom contact with their staffs they figured out the preferences of the employees are inclined to the non-financial rewards.

4.8.5 Interview Question Four: Does the bank takes its employees need in to account when introducing and implementing reward packages?

The respondents answered yes but due to lack of communication and awareness it's been difficult to induce their perception to that of employees.

4.8.6 Interview Question Five: What is the employees' turnover rate over the past years?

The annual attrition rate of the bank for the fiscal year 2014/15 was 151 and 181 for the next fiscal year which is 19.87% increase from the previous year

4.8.7 Interview Question Six: What could be the reason for the employees leaving the organization?

The respondents answered that salary and benefit issues are the reason for employees to leave OIB. Adding to the point that lack of investment on employees and the bank being uncompetitive enough with other market through salary can be put as a reason for employees' turnover.

4.8.8 Interview Question Seven: please describe what you consider are factors that urge employees to leave their organization?

Salary, benefit, Conducive environment, personal/family issues, problems, discipline measures can be considered as factors that urge employees to leave their organization as mentioned by the interviewees.

4.8.9 Interview Question Eight: what kind of employee retention practice does OIB currently implement?

Providing attractive salary is the bank's number one objective in order to attract and retained talented employees as implied by the interviewee; and the salary adjustment shall be implemented at the end of this financial year. And after the implementation has been done the bank will be competitive enough with other banks to attract and retain talented employees. In addition benefit packages: (i.e. Bonus, Allowances, Insurance, and Company Vehicles for managers etc.) Loans (that includes housing loan, emergency loan etc.) are among the retention practices that the bank instigated currently.

4.9 Limitation of the study

There are certain limitations while commencing this study. There was only certain variable considered while assessing reward and retention and other perceived employee attitude which is very subjective in nature. Due to time and budget limitation, data collection instrument used in the study was highly structured questionnaire and this did not allow employees to express their opinion clearly.

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECCOMENDATIONS

5.1 Summary of the Findings

The study required to establish the perceived effect of reward management on employee retention at OIB.

The research findings infer that the majority of respondents were males (75.5%) compared to the female (23.8%) colleagues. However, the gender issue does not have any effect on the result of the study. In addition the study identifies the majority of the respondents have a high education background that is 85.9% of respondents have a bachelor digree where 8.7% holds master degree and 5.4% holds diplome. This surmises that they have the ability to express what they observed in their working environment and the concept they were asked i.e. is the reward management and employee retention. Furthermore, the research is done aiming to assess the effects of rewards on employee retention. From this research findings the researcher come across a decision that reward management does not have a direct effect on retention however reward management contribute to have a good organizational climate, encourage employees to be satisfied in their job and help employees to add more values to their organization and be committed and not to forget to mention reward help employees to exert a positive perception towards their organization employee well-being. The overall contribution of the above factors can lead to employee retention.

The findings of this research also accommodating so as to bring to bear on the improvement in particular elements like the reward attitude of the organization as they have a greater sway over employee retention in the bank. Results from the research infer that employee retention has a significant positive relationship with the predictor variables i.e. reward attitude, organizational climate, job satisfaction, employee commitment (i.e. .146 .184 .330 .172) respectively. This can be concluded that employee retention and the independent variables are positively closed with each other. Nevertheless, employee retention has a negative relationship with employee well-being (β= -0.027) this implies when employees propensity to stay increases, employee well-being decreases. The outcome of the combined effects of the predictor variables that is reward attitude, organizational climate, and job satisfaction and employee commitment) on employee retention is statistically significant at 0.01 and 0.05 respectively. This is presented in the above table 4-7 and the analysis revealed that for organizational climate, employee propensity to stay increase by .663 when all other variables are held constant. And for job satisfaction, employee propensity to stay increase by .643 when all other variables constant. The outcome of the research findings also depicted that job satisfaction as the strongest driver with a β value of 0.330 while reward attitude is the least influential driver of employee retention among the other independent variables with a beta value of 0.146. Organizational climate with a beta value of .184 and employee commitment (β=.172) found to be significant at 0.05. The finding of this study corresponding with findings of Roy (2015), Spector (1985), Luthans and Sommers (2005) and Eisenberger and Cameron (1996) cited in Jehanzeb, Rasheed, Rasheed & Aamir (2012). These scholars in their various studies found that job satisfaction is an important motivator for employee’s performance and employees’ retention and Roy (2015) findings reveled that more than 80% from public and 60% from private sector bank employees are satisfied with the organization HRM practices and motivational factors and due to this they want to be longer period of time with the current organization.

In the multiple regression employees' well-being is not significant. The result is contrary to the research findings of Kotze and Roodt (2005) which suggests that employees' well-being have an indirect influence on retention. From (Ibid) study 49% of the variance in organizational commitments caused by employee well-being. Organizational climate are also found to be significant and this is supported by a study commenced by (Ibid) reported that retention's positive correlation with a clear sense of direction, control over the working environment, un-bureaucratic subcultures, commitment to team, innovative and supportive subcultures.

5.2 Conclusion

From the finding of the study the researcher concluded that banks should create a means of evaluation and monitoring its reward practices by preparing reward attitude survey in order retain and attract talented employees. Furthermore, the bank has to create a good organizational climate to encourage employees' productivity and recognizing employees for a better job done and reward them through other incentives reassure employees to be committed to their job and organization. Moreover, the work content, the profit share scheme, the promotion system, clothing and other materials and the housing loan and other factors comfort employees' to be content and retained as a result of job satisfaction. Additionally, employees' well-being should be maintained in order to create a positive perception towards employees' to prognosis their future with that of the organization. During this study were conducted the researcher found out that the bank is revising its salary scheme and when it will be ready for implementation it'll be competent enough with other banks. This generally speaking would have exert a greater effect on employees to look forward working with the bank.

5.3 Recommendation

From the findings of the study the researcher recommends that OIB should exert its utmost effort in providing rewards, maintaining a good organizational climate, job satisfaction, and employee commitment and employee well-being to meet its expectation which is retaining talented employees.

Likewise, the bank should work on the perception of employees to make sure that they have an opportunity for further development and it should also be communicated so as to ensure that employees are kept informed about their development and advancement opportunities. Additionally, the management should reinforce its employees' with a knowledge and skill that would enable them to accomplish their activities in the desired way. Furthermore, the management should take a proactive approach to employee well-being in order to prevent turnover problems. The management should also offers good working climate and actively discourages unnecessary workloads. This will encourage employees to be committed and add values to their organization.

In addition having a strong culture is the major thing for companies to make them flourish. So, the bank should focus on building a new company culture that helped to be initiative industry leadership. Furthermore, the management ought to emphasis on employee commitment and focused employee assessment programs in order to succeed in maintaining and increasing motivational levels.

5.4 Suggestions for Further Studies

The study has examined the effect of reward management on employees' retention at OIB. The study therefore recommends that further research should be conducted in employees' well-being issue in order to get employees maximum effort and also for different sectors to avoid peculiarity of a single industry and also to consider other sectors different strategic approaches so that to ensure the observed association consenting for comparison and generalization to a broader population on the effect of reward management and employee retention.

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APPENDIX A

Addis Ababa University

School of Commerce

Appendix A –Questionnaire

Dear Respondents, My name is Helina Tesfaye, I am a post graduate student in Addis Ababa University School of Commerce. I am conducting a research on the topic "***The Effect of Reward Management on the Retention of Employees; the case of Oromia International Bank (OIB)*** for partial fulfillment of Master of Arts Degree in Human Resource Management. This questionnaire is designed to collect information/data on the topic under study. The information acquired is intended for academic purpose only. Besides, the output of the study will help as input for the bank's decision makers. Therefore, i sincerely request you to take a few minutes of your precious time to fill out the questionnaire as genuinely and completely as possible.

Helina Tesfaye

N.B

1. Do not write your name

2. Put” √ **“**mark in the box to the point which highly reflect your idea

3. Priority is given to the confidentiality of all information

4. Your honest and unbiased response will have a great contribution for the research to achieve its objective.

Section I. Demographic Data

1. Sex Male ☐ Female ☐
2. Age 20-25 ☐ 26-30 ☐ 31-40 ☐ 41-45 ☐

   Over 45 ☐
3. Marital status

   Single ☐ Married ☐ Divorced ☐ Widowed ☐
4. What is your education background

   Diploma ☐ BSc/ BA ☐ MA ☐ PhD ☐
5. How long have you been working in OIB?

   < One year ☐ 1-3years ☐ 3-5 years ☐ >5 years ☐
6. In which range your salary falls?

   <3000 ☐ 3,000-5,000 ☐ 5,000-7,000 ☐ 7,000-15,000 ☐

   >15,000 ☐

Section II. Reward Attitude Survey

Please state the extent to which you agree or disagree with the following statements by rating the question on a scale of 1 to 5, where 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree

No	Questions	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	My contribution is adequately rewarded					
2	Pay increases are handled fairly					
3	I feel that my pay does not reflect my performance					
4	My pay compares favorably with what I could get elsewhere					
5	I am not paid fairly in comparison with other people doing similar work in the organization					
6	I think the organization’s pay policy is overdue for a review					
7	Grading decisions are made fairly					
8	I am not clear how decisions about my pay are made					

9	I understand how my job has been graded					
10	I get good feedback on my performance					
11	I am clear about what I am expected to achieve					
12	I like my job					
13	The performance pay scheme encourages better performance					
14	I am proud to work for the organization					
15	I understand how my pay can progress					
16	The job evaluation scheme works fairly					
17	The benefits package compares well with those in other organizations					
18	I would like more choice about the benefits I receive					
19	I feel motivated after my performance review meeting					
20	I do not understand the pay policies of the organization					

Section III. Major Retention Factors

No	Questions	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
ORGANIZATIONAL CLIMATE						
1	My organization creates a conducive working environment; that encourage employees to work hard and increase their ability to do more					
2	My organization motivates me in achieving my personal goals aligning with that of the organization					
3	My job responsibility challenges me to use my knowledge and skill					
4	There is a practice in my organization that empowers employee to take responsibility and make their own decision					
5	Employee empowerments have an impact on employee retention					
6	My organization treats me fairly and in an equitable manner					
7	There is a formal suggestion system available in the organization that can allow employees to contribute their ideas and suggestions					
8	My organization acknowledge my achievements through non-monetary forms of recognition such as using certificates, letters					

	complimentary tickets, etc.					
9	I receive regular appreciation; specific praise, even verbally or otherwise, from my supervisors for achievements of quality improvements goal.					
10	In my organization everyone has equal chance to be promoted					

JOB SATISFACTION

11	I am very satisfied with the work I do					
12	I am satisfied with the profit share scheme of my organization					
13	I am satisfied with the promotion system of my organization					
14	I am satisfied with the cloth and other material scheme offered by my organization					
15	I am satisfied with my organization housing loan policy					

EMPLOYEE COMMITMENT

16	In my organization I have full employment security					
17	Bonuses which are given at special occasions have a great role to boost employee motivation and commitment					

18	Performance appraisals and pay increase are based primarily on individual achievements					

EMPLOYEE WELL-BEING

20	I often think about leaving this organization and look for another with a better job, a better salary and a better opportunity.					
21	I believe I have a good future in this organization					

EMPLOYEE'S PROPENSITY TO STAY

21	With the development of the bank I see my growth					
22	My organization recognition system have a significant impact on employee retention					
23	My organization shares some portion of profits with its employees which also encourages employees to stay					
24	My company medical coverage and insurance policy help to retain talented employees					

THANK YOU!!!