



ASSESSMENT OF REWARD SYSTEM ON CLERICAL EMPLOYEES' PERFORMANCE: THE CASE OF COMMERCIAL BANK OF ETHIOPIA SELLECTED BRANCHES IN NORTH ADDIS ABABA DISTRICT CITY BRANCHES

A Research Thesis Submitted to Addis Ababa University College of Business and Economics Department of Public Administration and Development Management in Partial Fulfillment of the Requirement for Masters Degree in public Management and policy

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I declare that this Research Report on “Assessment of a reward system on clerical employee’s performance: the case of Commercial Bank of Ethiopia selected branches in North Addis Ababa district city branches” is my own original work with assistances and guidance from my Advisor and not submitted before for any institution and any purpose. I further declare that all the sources used in this research report have been properly recognized and acknowledged as in-text-citation and reference list.

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This is to certify that the thesis prepared by Dano Endalew entitled Assessment of a reward system on clerical employee's performance: the case of Commercial Bank of Ethiopia selected branches in North Addis Ababa district city branches, which is submitted in partial fulfillments of the requirements for the degree of Masters in Public Management and Policy (MPMP) complies with the regulation of the university and meet the accepted standard with respect to originality and quality.

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List of abbreviations and acronyms

ATM	Automatic Teller Machine
CATS	Customer Accounts and Transaction Service
CBE	Commercial Bank of Ethiopia
EPF	Employer Provident Fund
HR	Human Resource
HRM	Human Resource Management
NAAD	North Addis Ababa District
NBE	National Bank of Ethiopia
SPSS	Statistical Package for Social Science
SWIFT	Society for Worldwide Inter Bank Financial Telecommunication
ETB	Ethiopian Birr

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Abstract

The purpose of this study was to assess the reward system on clerical employees' performance: the case of CBE selected North Addis Ababa District city branches. To address the research question, the researcher has conducted interviews with the three branch managers of the selected branches. In addition to this, the analysis was done by the help of SPSS version 20 and presented using descriptive statistics. Tables are used to provide information on the variables. Interpretation is made on the frequency and percentage of the data. The results are investigated in terms of descriptive statistics followed by inferential statistics on the variables. A total of 272 questionnaires were distributed to the employees in the selected branches and a total of 250 employees completed the questionnaire properly. The study's result has implied that employees of the bank were not motivated by the bank's reward system. Even though the bank implemented both financial and nonfinancial rewards, currently the financial reward that implemented is not attractive when comparing with competitors and current market. Employees like to be consulted what they need most when they perform better. Therefore the bank should modify the existing reward system especially financial rewards, make available exceptional rewards to retain skilled and high performing employee and also the bank should devise a mechanism to attach rewards with individual performance. Finally, the researcher's lack of prior experience in conducting systematized research and absence of prior works on the subject matter in Ethiopian context would have some impact on the results of the study that will call up for other researchers to prove the reliability of this study

Key words: *Reward system, reward types, Employee Performance*

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The idea of paying or rewarding an individual for his/her labor is not new. It is as old as with the development of modern human being. As Kunango and Mendonca (1994, p.51) stated the notion of reward is deeply embedded in every culture and society. Any company, whether it is engaged in manufacturing or provision of service, needs human resource in order to achieve its objectives. Among other things, people usually consider the attractiveness of the reward package that an organization offers at the time of employment. Existing employees, also, works in expectation of some rewards.

In the current dynamic market condition, where competition is becoming stiffer than ever, having the right quality and quantity of employees and rewarding them based on their level of performance and need is very important. Despite the level of combination of a reward system, in general, reward is believed to be a source of motivation for employees to perform with their maximum potential Kanungo & Mendonca, (1994). Employees who perceive their reward system as fair and equitable will have better work motivation, job performance, job satisfaction and lower turnover. A reward system that is designed with appropriate combination of financial and non financial options and provided depending on the performance, needs and values of employees will have greater importance in winning the psychology of employees so as to utilize their maximum potential for the achievement of organizational objectives.

In most cases, reward systems are designed to attract and retain skilled employees, to promote specific job behaviors appropriate for high level of performance and motivate employees to work harden in return to help the company achieve its strategic goals (Gomez-Mejia, Balkin & Cardy, 2005; Kunango & Mendonca, 1994, p. 50; Hume, 2000, p. 5-6). Since the time of scientific management, most managers have tried to relate effort and reward. It was common to use incentive plans like “piece of work” schemes or sales “spiffs” were thought to motivate or incite workers to improve production or sell (Bowen, 2000; P. 2). During this time, manager’s setup standards of performance monitor the behavior of employees to observe the extent to which these standards are met, attained or adhered to and allocate rewards and penalties based on the observation of the performance (Singh, 2005). However this approach was criticized, because it

assumes that people work for only money. According to this approach, money is considered as the only motivator in fostering high performance work behavior. However, the value of a given reward provided to an employee greatly differs from individual to individual and society to society.

Kanungo & Mendonca (1994, p.42) argues that one reward for all employees will not be effective to induce greater work motivation among employees. They added that a reward system, in order to attract and retain skilled employees and motivate workers to high level of performance, has to comprise both monetary and non monetary rewards. Prokopenko (1987, p.208) supports this idea and states that the only way to ensure cooperation of workers is, to share with them the gains from productivity both in monetary and non monetary terms.

Most companies have developed their own reward system contextual to their environment and based on their organizational culture. A reward system comprises both monetary and non monetary rewards. However, in the past, most managers had been emphasized on the monetary aspect of reward. The differing value of rewards among employees will influence imbalanced reward practice between monetary and non monetary rewards. As a result, companies will fail to achieve the aims of reward system; specifically fostering high work performance behavior. Even though most scholars suggest on the inclusion of financial and non financial rewards in the total rewards system, many companies are still reluctant to either include or implement it. According to Hume (2000, p. 74) a poorly designed reward system is likely to manifest itself in the recruitment of poor quality staff, undesirable level of employee performance and motivation, and high level of employee turnover.

Commercial Bank of Ethiopia was legally established as a share company in 1963 to take over the commercial bank activities of the State Bank of Ethiopia, which was founded in 1942 with twin objective of performing the duties of both commercial bank and central banking (www.deepethiopian.com, 2014). During the 1974 revolution Commercial Bank of Ethiopia got its strength by merging with the owned Addis Ababa Bank. Since then, it has been playing a significant role in the development endeavors of the country. Commercial Bank of Ethiopia (CBE) is the leading bank in Ethiopia, established in 1942. CBE is pioneer to introduce modern banking to the country. It has 1,185 branches stretched across the country As at April 22, 2017 and has opened four branches in south Sudan and has been in the business since June 2009. It is the

leading African bank with assets of 384.6 billion Birr as on June 30th 2016. CBE plays a catalytic role in the economic progress & development of the country and it is the first bank in Ethiopia to introduce ATM service for local users. CBE combines a wide capital base with more than 29,000 talented and committed employees. It has reliable and long-standing relationships with many internationally acclaimed banks throughout the world.

1.2. Statement of the Problem

Reward is very important for an organization to compete with this challenging and changing world. It is basically directly related to employee but its ultimate effect goes to organization because the end user is the organization itself. Reward strategies should be aligned to the corporate strategy to ensure that they motivate employees to achieve the required objectives and adopt the preferred skills, competencies and behaviors. To improve, employees need a combination of the will to improve (motivation) and the encouragement to acquire job-related knowledge, skills and attitudes (Stredwick, 2005). Most studies have been conducted regarding factors that have implication on performance of employees, specially relating it with the motivational implications. Stredwick stated that money can motivate up to a certain level but this differs greatly between individuals. Encouraging the employee to adopt the behaviors required by the organization and following the behaviors exhibited by high performers are seen as a more coherent and useful approach to achieving improved employee performance (Ibid).

In relation to these, Armstrong stated that the formal reward systems in organizations must be aligned with the strategic goals for the organization. It is important that the human capital in organizations be rewarded competitively for their capabilities. Currently, many organizations are emphasizing reward based on individual, team, and organizational performance. He also noted that reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility (Armstrong, 2010).

The reward can be in the form of cash, recognition and praise or a combination of (Sajuyigbe, Bosede, & Adeyemi, 2013). By considering the points mentioned above, when observing the practical application of reward practices in the Commercial Bank of Ethiopia, the problem the researcher has observed was that even though the bank has implemented both types of the reward

system, employees of the bank are not motivated by the bank's reward system especially on financial reward and there is a time gap between good performance and the rewards provided. In addition, as mentioned above by different authors, it is important for CBE to consider other kinds of reward to effectively improve the performance of the workers. It has also been pointed out in many materials that effective reward systems should always focus on the positive reinforcement (Sajuyigbe, Bosede, & Adeyemi, 2013). Positive reinforcement or strengthening encourages the desired behavior in organizations. Employees may not always expect non-financial related rewards (they may not be motivated by only non-financial type of reward so as to enhance their performance level), but they may also be initiated by financial kinds of reward which will include direct and indirect type of reward. Even if it is difficult for the management to motivate and satisfy all employees and enhance their performance, it is important to look towards to implementing effective reward system that possibly will encourage the ones that could be rewarded. Because in today's competitive and challenging business environment the management must try to acquire or retain a well educated, motivated and experienced workers so as to be competitive in that market and to make the organization profitable. In this study the researcher has tried to identify the effect reward may have on the performance of employees. Therefore, the purpose of this study is to assess the reward system implemented in Commercial Bank Ethiopia on the performance of clerical employees.

1.3. Research Questions

Based on the above stated problems the study has tried to address the following basic research questions:

1. What types of reward system are being implemented in CBE?
2. To what level the reward system enough to retain skilled and experienced employees?
3. To what degree does the reward system differentiate high performing and low performing employees?
4. What is the effect of the reward system on the employee's performance?
5. To what extent the bank conduct need assessment to identify the type of reward that employees need?

6. How do employees perceive the existing performance appraisal system?

7. What should be done to improve the current reward system in the bank?

1.4. Objectives of the Study

This study has the following general and specific objectives.

1.4.1. General Objective

Generally, the study has tried to investigate the reward system being implemented in Commercial Bank of Ethiopia clerical employee's performance with taking the case study at North Addis Ababa district selected city branches.

1.4.2. Specific Objectives

Derived from the general objectives and research questions, the study was proposed:-

- To identify the type of reward system being implemented in CBE.
- To find out whether the existing reward is enough to retain skilled employees.
- To describe the extent to which the existing reward system differentiate high performers and low performers.
- To identify the effect of the reward systems on the employees performance.
- To find out whether the company conducts need assessment program to identify the needs of its employees.
- To reflect employees' perception on the existing performance appraisal system
- To forward possible recommendation for the existing problems related to reward system in the bank.

1.5. Significance of the Study

The study is expected to generate the following three benefits.

- The results of this study will have greater input to the human resource practitioners that will design and administer their reward system. In particular, this study will have greater importance to Commercial Bank of Ethiopia.
- Since this project is carried out to partially fulfill the requirements for the award of Masters of Public Management and Policy, the researcher will get a benefit from the challenges of research work.
- This study is also used as an input for researchers who want to make further improvement in this area of study.

1.6. Delimitation of the Study

Due to time limit, manageability and accessibility difficulty and other constraints, the scope of the study is limited to employees of the CBE North Addis Ababa District. The study is limited to employees working in the selected branches which were located in the city of Addis Ababa. This indicates the geographical scope of the study. In addition, this study is conceptually delimited to examining the effect of reward system on employee's performance by considering the existing types of reward systems and to see whether or not there is a link between the selected reward systems and performance of employees. Finally, the study is delimited only to clerical employees of the selected city branches.

1.7. Limitations of the study

The following points stated the limitations the researcher had faced while conducting the study:

- i. Lack of awareness and willingness of the employees regarding, filling out questionnaire or providing the required data with care and being unable to return questionnaire on time.
- ii. Researcher's lack of prior experience in conducting systemized research
- iii. Difficulty of covering all the area of the population

The problems, stated above, would have some impact on the results of the study that will call up for other researchers to prove the reliability of this study. Therefore, the results might be hard to make generalizations.

1.8. Definition of terms

- **Reward**- refers to both financial and non-financial rewards that are provided to employees in return of their contribution.
- **Recognition**- is special awards for employee achievement, is less common and is associated with performance but usually operated separately and where many of the rewards are non-cash. (Stredwick, 2005)
- **Pay**- refers to the amount of pay (the fixed salary or wage) that constitutes the rate for the job.
- **Benefit** - refers to employee's satisfaction with pension, medical scheme and leave. Employee benefits refer to compensation other than hourly wage or salary.
- **Promotion**- refers to opportunities that organizations offer for advancement. (Robbins & Judge, 2013) asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing.
- **Working condition**- includes working hours, relationship with coworkers, and quantity of work and availability of resources.
- **Employee performance** -is the productivity or result of the employee while doing the job. Employee performance means employee productivity and output as a result of employee development. (Oroh, Lapian, & Pandowo, 2014)

1.9. Organization of the Paper

The study thesis comprises five chapters. The first chapter is introductory part of the study. The Second chapter deals with review of related literature. Chapter three is concerned with research design and methods. In this chapter, the design of the study, the sample size, instrument used, sample, data source and methods were discussed. Chapter four covers data presentation, analysis, and interpretation. The last chapter of the paper deals with summary of findings, conclusions, and recommendations.

2. CHAPTER TWO: LITERATURE REVIEW

Human Resource (HRM) deals with the design of formal systems in an organization to ensure the effective and efficient use of human talent to accomplish organizational goals. In an organization, the management of human resources means that they must be recruited, compensated, trained, and developed (Mathis & Jackson, 2011). A reward can be anything that attracts an employee's attention and stimulates him to work. It is the benefit that workers receive by performing a task and discharging a responsibility. Rewards is also defined as one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further improvise company performance both financial and non-financially (Aktar, Sachu, & Ali, 2012).

Rewards are the positive reinforcements given by the organization. Reward acts as effective motivators and help people to increase productivity and efficiency. (Gang, 2008) According to Mirkander, (2010), cited in (Oroh, Lapian, & Pandowo, 2014) reward is given by the individual or organization to the worker or employee as the following job they do. Reward is the benefit that arises from performing a task, rendering a service or discharging a responsibility. Reward had been seen to be a vital instrument in employee performance. And a well rewarded employee feels that he/she is being valued by the company that he/she is working for (Sajuyigbe, Bosede, & Adeyemi, 2013).

Employees will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management. There are many factors that affect employee performance like working conditions, worker and employer relationship, promotion and development opportunities, job security, and company's overall policies and procedures for rewarding employees, etc (Aktar, Sachu, & Ali, 2012). Bartol & Srivastava (2002) as cited in (Khan, Shahid, & Nawab, 2013) suggests that rewards are utilized by managers to show employees that their behaviors are being observed by the organization that they work for, and if favorable, such behaviors shall be valued. Generally, a reward is given in return for good work or in recognition of merit or for performance of a service rendered (Mansor, Borhannuddin, & Yusuf, 2012).

2.1. Reward strategies

These set out what the organization intends to do in the longer term to develop and implement reward policies, practices, processes and procedures that will further the achievement of its business and HRM goals (Sarvadi, 2010) cited in (Njanja, Maina, Kibet, & Njagi, 2013).

i. Reward policies

These set guidelines for decision making and action.

ii. Reward processes

These consist of the ways in which policies are implemented and practices carried out; for example, how the outcomes of surveys are applied and how managers manage the pay adjustment and review process.

iii. Reward practices

These comprise the schemes, structures and techniques used to implement reward strategy and policy: for example, the policy on pay levels will lead to the practice of collecting and analyzing market rate data, and making pay adjustments that reflect market rates of increase.

iv. Reward procedures

These are operated in order to maintain the system and to ensure that it functions efficiently and flexibly and provides value for money; an example is a procedure for conducting an annual pay review. Reward systems are very crucial for an organization. Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance. The only way employees will fulfill the employers dream is to share in their dream. Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non monetary bonuses like vacations or a simple thank-you.

Every organization's reward system should focus on these major areas; compensation, benefits, recognition and appreciation (Sarvadi, 2010) cited in (Njanja, Maina, Kibet, & Njagi, 2013). Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding and employees do note the types of benefit that their organization offers.

Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Njanja, Maina, Kibet, & Njagi, 2013).

Flynn (1998) cited in (Gohari, Ahmadloo, Boroujeni, & Hosseinipour, 2013) argued that rewards and recognition programs keep high spirits among employees, boosts up their morale and create a linkage between performance and motivation of the employees. The basic purpose of recognition and reward program is to define a system to pay and communicate it to the employees so that they can link their reward to their performance which ultimately leads to employee's job satisfaction. The rewards include the financial rewards, pay and benefits, promotions and incentives that motivate employees to some extent but for committed employees, recognition must be given to keep them motivated, appreciated and committed.

2.2. Reward Systems

According to Armstrong (2010), reward system contains all elements of reward such as policies, practices, processes, procedures and structures. The formal reward systems in organizations must be aligned with the strategic goals for the organization. It is important that the human capital in organizations be rewarded competitively for their capabilities. Currently, many organizations are emphasizing reward based on individual, team, and organizational performance (Stephen B. 2005).

The key to an effective reward system is an understanding of what it is that employees need and expect from the work situation (Collings & Wood, 2009). According to Armstrong (2010), reward

systems are based on the reward strategy, which flows from the business strategy, for example to gain competitive advantage, and the HR strategy, which is influenced by the business strategy but also influences it. The HR strategy may, for example, focus on resourcing but it should also be concerned with satisfying people as well as business needs. All these aspects of strategy are affected by the environment. Reward strategies direct the development and operation of reward practices and processes and also form the basis of reward policies, which in turn affect reward practices, processes and procedures. These different aspects of a reward system are defined below (World at Work, 2010).

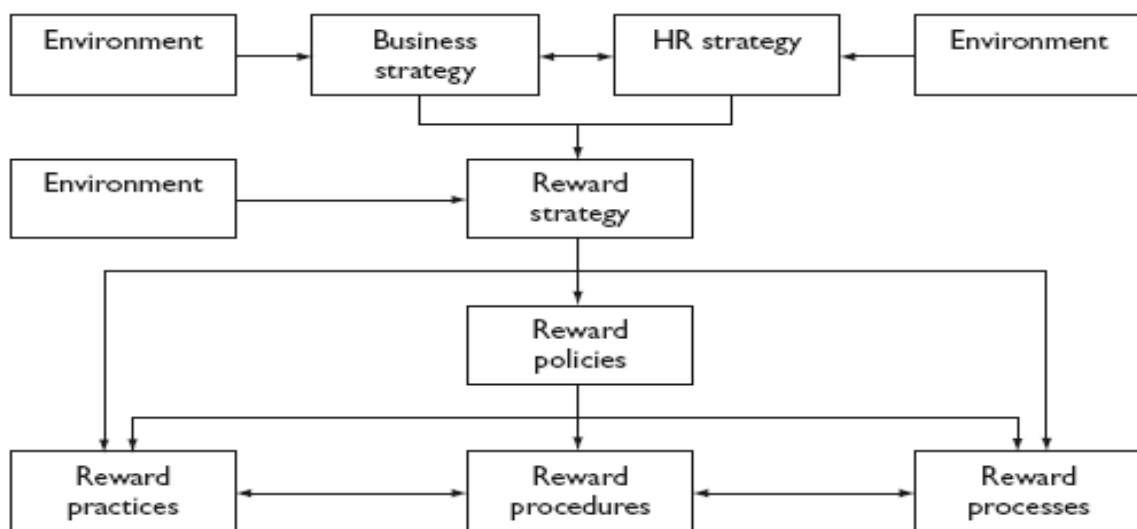


Figure 1 how a reward system operates source (Armstrong, 2010)

2.2.1. Reward System: A Conceptual Understanding

Reward systems emphasize the importance of considering all aspects of compensation as an integrated and coherent whole. All the elements of reward-base pay, pay contingent on performance, competence or constitution, employee benefits and non-financial rewards-are deliberately linked together so that they are mutually supportive. Reward systems also refer to all the employer’s available tools that may be used to attract, retain, motivate and satisfy employees (Armstrong, 2012). This encapsulates the totality of investment that an organization makes in its people and everything its employees value in the employment relationship. In a simplistic parlance, the notion of reward systems mean that there is more to rewarding people than throwing

money at them (World at Work, 2010). It essentially connotes that the monetary values in the reward package still matter, but they are not the only factors as Murlis and Watson (2011) rightly articulated. Reward systems are based on building a much deeper understanding of the employee agenda across all elements in employment relationships. According to Pfeffer (2008), reward systems have to do with empowering work environments in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation so as to enhance motivation and performance. Creating such an environment may be more difficult and take more time than merely turning the reward lever.

2.2.2. Features of a Reward System

Reward systems have five aspects which have to be taken care of. These are: values of rewards, amount of rewards, timing of rewards, likelihood of rewards, and their fairness. A reward system has both monetary and non-monetary elements. The importance of the mixed nature of reward systems is evident in its potency to provide the diversity needed to match the needs of individual employees. The timing, accuracy and frequency of incentives in reward systems are the very basis of successful incentive plans. The plan requires that it should be properly communicated to the employees to encourage individual performances, provide feedback and encourage redirection (Armstrong, 2012).

Reward systems include promotions and compensations. Promotion that has to do with change and calls for greater responsibilities usually involves higher pay and better terms and conditions of service, and therefore, a higher status or rank. It is an upward advancement of an employee in an organization to another job, which commands better pay, better status, and higher opportunities, challenges, responsibilities and authority, better working environment and a higher rank. Promotions usually put the worker in a position where he will be of a greater value to the company and at the same time derive increased personal satisfaction and/or income. It is a kind of recognition an individual's performance and a reward that is expected to build up morale, loyalty and a sense of belonging on the part of the employees (Armstrong, 2010).

Compensation, on the other hand, covers monetary and non – monetary types. Both types should be integrated in a fashion that will satisfy employee's basic needs and conform to the three

parameters of external equity, internal equity and individual equity. The external equity must ensure fairness vis-à-vis compensation standards in the industry. Crucially while these three factors are related to broad force such as the cost of living, the rate of inflation, pay scale in the industry and pay scales within the organization, the company can like the rewards directly to its strategic goals by pegging it to the employee's contribution towards achieving them. Thus companies will be able to ensure that their pay systems are integrated firmly into their business (IJBMER Vol. 6(6), 2015, 417-435).

2.2.3. Determinants of Reward System

Most organizations believe that the reward system is designed to pay off for merit. The problem is that the definitions of merit are often data table. Some define merit as 'deserving', while to others, merit is 'achieving excellence'. Deserving rewards may take into consideration such factors as intelligence, effort or seniority. A major contributor to the problem is the difficult of defining excellence is performance, we concede how problem is the difficulty of defining excellence. If excellence is performance, we concede how unsatisfactory our efforts have been at trying to measure performance. Creation of quantifiable and meaningful performance measures of almost all white-collar jobs, and many blue-collar jobs, has eluded us. While few will disagree with the viewpoint that the merit concept for distributing rewards is desirable, what constitute merit is highly debatable. (IJBMER Vol. 6(6), 2015, 417-435).

The popular criteria by which rewards can be distributed are:

- **Performance:** Performance is the output. To reward people in the organization, therefore, requires some agreed up on criteria for defining performance. A difficult issue with performance is differentiating between quantity and quality. For example, an individual may generate a high output his performance standards might be quite low. Hence, where controls are not instituted to protect against such abuses, we often find quantity replacing quality.
- **Effort:** The rewarding of effort represents the classical example of rewarding means rather than the ends. In organizations, where performance is generally of a low caliber, rewarding of effort may be the only criterion to differentiate rewards on the assumption

that those who try should be encouraged. In many cases, effort can count more than actual performance. The employee, who can show his effort, without really putting one, will stand to be rewarded more than his sincere counterparts.

- **Seniority:** Seniority dominates most government organizations in the world, and while they do not play an important role in business organizations, there are evidences that length of time on the job is a major factor in determining the allocation of rewards. The greatest virtue of seniority is that, relative to other criteria, it is easy to decide an employee's seniority. So seniority represents an easily quantifiable criterion which can be substituted for performance.
- **Skills Held:** Another practice that is not common in organizations is to allocate rewards on the basis skills of employees, regardless of whether the skills are used. Those individuals who possess the highest skills or talents will be rewarded commensurately. Where such practices are used, it is not unusual to see individuals become 'credential crazy'. The requirement that an individual needs a university degree in order to attain a certain level within the organization is utilizing skills as a determinant of rewards. When individual needs a university degree in order to attain a certain level within the organization is utilizing skills as a determinant of rewards. When individuals enter an organization, their skill level is usually a major determinant of the compensation that they will receive. In a competitive market, skills become a major element in the reward package (World at Work, 2010).
- **Job Difficulty:** The complexity of the job can be a criterion by which rewards can be distributed. For example, those jobs that are highly repetitive and can be learnt more quickly may be viewed as less deserving in reward than those that are more complex and sophisticated. Jobs that are difficult to perform, or are undesirable due to stress or due to unpleasant working conditions, may have to carry with them rewards are higher in order to attract workers to these activities.
- **Discretionary Time:** The greater is the discretion called for on a job, the greater is the impact of mistakes and a need for good judgment. In a job that has been completely

programmed, that is, where each step has been procedurized and there is no room for decision making by the incumbent, there is a litter discretionary time.

2.2.4. Evaluating the Reward System

The reward system should be audited regularly to assess its effectiveness, the extent to which it is adding value and its relevance to the present and future needs of the organization. This audit should include an assessment of opinions about the reward system by its key users and those who are affected by it. This leads to a diagnosis of strengths and weaknesses and an assessment of what needs to be done and why. The operation of the reward system should be monitored continually by the personnel department through such audits and by the use of comparative ratio and attribution analysis. In particular, it is necessary to analyze data on upgrading, the effectiveness with which performance management processes are functioning and the amount paid out on pay for- performance scheme and the impact they are making on results (IJBMER Vol. 6(6), 2015, 417-435).

Internal relatives should also be monitored by carrying out periodic studies of the differentials that exists vertically within departments or between categories of employees. The studies should examine the differentials built into the pay structure and also analyze the differences between the average rates of pay at different levels. If this it is revealed that because of changes in job values and/or are no longer 'felt fair', then further investigations to establish the reasons for this situation can be conducted and, if necessary, corrective action taken. External relatives should also be monitored by tracking movements in market rates by studying published data and conducting pay survey (IJBMER Vol. 6(6), 2015, 417-435). Moreover, no reward innovations should take place unless a cost-benefit analyze has forecast that they will add value. The audit and monitoring processes should establish the extent to which the predicted benefits have been obtained and check on the costs against the forecast.

2.2.5. Communicating Reward System to Employees

Employee reward systems communicate messages to employees about the beliefs of the organization on what is felt to be important when valuing people in their roles. They deliver two messages: this is how we value your contribution; this is what we are paying for. It is therefore

important to communicate to employees collectively about the reward policies and practices of the organization and individually about how those policies affect them – now and in the future. Transparency is essential, especially as employees generally should understand: the reward policies of the organization in setting pay level, providing benefits and progressing pay the pay structure – grade and pay range and how the structure is managed; the benefits structure – the range of benefits provided, with details of the pension scheme and other major benefits; methods of grading and regarding jobs. The employees should also know the evaluation scheme and how it operates; pay progression – how pay progresses within the pay structure and how pay decisions affecting employees collectively and individually are made; pay for- performance schemes – how individual, team and organization-wide schemes work and how employees can benefits from them; pay for skill or competence – how any skill-based or competence-based schemes work (IJBMER Vol. 6(6), 2015, 417-435).

2.2.6. Factors that Influence a Company's Reward Systems

A given reward system is affected by various internal and external factors. Only some of the factors that are directly relevant to the study will be mentioned; mainly the internal factors. Source of internal factors are within the company. These are the company's reward philosophy, organizational culture, organization's financial performance, employees' perception, and others. External factors are beyond the control of the organization (Armstrong, 2010). These are the labor market, level of competition, economic condition etc.

2.2.7. Criteria for an effective reward system

According to (Armstrong, 2010), the criteria for an effective reward system include the following:-

- a. It supports the achievement of business goals.
- b. It takes account of the needs of employees as well as those of the organization and its other stakeholders.
- c. It has clearly defined and achievable objectives.

- d. It can be turned into actionable programs that anticipate implementation requirements and problems.
- e. It is coherent and integrated, being composed of components that fit with and support each other.
- f. It provides a framework within which consistent reward decisions can be made.

2.3. Components of Reward System

Different authors agree on the classification of total reward in to two broad categories. However the naming differs from author to author with similar connotation. To mention some of the classifications: financial and non-financial, monetary and non-monetary, extrinsic and intrinsic, tangible and intangible, transactional and relational etc. Regardless of the minor difference, all categories discuss about the same thing. As a result, this study adopts the classification of financial and non-financial rewards. The table 2-1 is adopted with some adjustment from Armstrong (2009) to indicate the components of total reward.

Table 2.1 Components of Reward

Financial		Non-Financial
Direct	Indirect	
Salary	Provident fund/pension	Career development opportunity
Wage	Various types of loans	Training
Bonus	Medical provision	Recognition
Contingent pay	Various types of leaves	Achievement
Overtime payment and others	Educational support and others	Quality of work life
		Work autonomy and others

Source Armstrong (2009)

As indicated in the table, total reward is classified into two major categories i.e. financial and non-financial. Financial reward is further sub-divided into direct and indirect payments. Direct payment refers to payments which are made directly in cash to employees such as salary, wage, bonus, and other direct payments. Indirect payment, on the other hand, refers to employee benefits such as pensions/provident fund scheme, various types of leaves, insurance cover, medical cover, company cars, etc. The second category i.e. non-financial rewards refer rewards that do not involve any direct payments. They may arise from the work itself, for instance, work autonomy, recognition, training, career development opportunities, achievement, and quality of work life Armstrong (2009).

2.4. Types of Reward

According to Luthans (2000), cited in (Aktar, Sachu, & Ali, 2012) there are two basic types of rewards, financial and non-financial and both can be utilized positively to enhance performance behaviors of employees.

2.4.1. Financial rewards

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

2.4.2. Non-financial rewards

Non financial rewards are non monetary/non cash and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc. The non financial rewards is also called materials award (Neckermann & Kosfeld, 2008)

Non-financial rewards can be classified as follows:

- i.** Individual extrinsic rewards: non-financial recognition, praise, feedback.
- ii.** Individual intrinsic rewards: fulfilling work, opportunity to grow;

- iii. Collective extrinsic rewards: work–life balance policies, employee well-being services, concierge services, voluntary benefits, learning and development and talent management programs;
- iv. Collective intrinsic rewards: work environment enhancement and work system design.

Rewards can be extrinsic or intrinsic, extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/ pay, incentives, bonuses, promotions, job security, etc. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal (Aktar, Sachu, & Ali, 2012).

2.5. Reward System Management: A Conceptual Clarification

Reward system management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization (Armstrong, 2012). It deals with the design, implementation and maintenance of reward practices that are geared to the improvement of organizational, team and individual performance. Reward system management is an integral part of a human resource management (HRM) approach to managing people. It supports the achievement of the organizational strategy in the sense that it addresses longer term issues relating to how people should be valued for what they do and what they achieve and it is integrated with other HRM strategies, especially those concerning human resource development (World at Work, 2010).

As pointed out by Armstrong (2010), reward management is concerned with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded. It is about the design, implementation and maintenance of reward systems (interrelated reward processes, practices and procedures) that aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently. These systems will include arrangements for assessing the value of jobs through job evaluation and market pricing, the design and management of grade and pay structures, performance management processes, schemes for

rewarding and recognizing people according to their individual performance or contribution and/or team or organizational performance, and the provision of employee benefits.

Rewards management is now one of the strapping features that organizations use to attract and retain its most valuable and worthy assets, the employees. This includes both financial and non-financial rewards. Direct compensation (financial) comes in the form of wages, salaries, incentives, bonuses, commissions and so on. Indirect compensation or non-financial benefits include features such as paid vacation, annual leave entitlement, medical and hospitalization benefits, employer provident fund (EPF) contribution and etc. Productivity and efficiency are important performance indicators in any organization. In order to increase the productivity, members in the organization must perform well in their job. Job performances are relatively higher if the workers are fully motivated. Thus, rewards may affect job performance and workers' motivation level (Mansor, Borhannuddin, & Yusuf, 2012).

Armstrong (2010) added that reward management is fundamentally about people. It is stakeholder orientated, integrated, Strategic and evidence based. Reward management is concerned with people – especially the employees who are rewarded for their efforts, skills and contribution but also the directors, managers and reward specialists who plan, manage and administrate rewards. People are assessed according to the contribution they make to achieving organizational goals and rewarded accordingly. Having defined expectations, reward management can provide for people to be rewarded in line with the degree to which people meet them. Managers should be aware of the results expected from people and the behavior needed to achieve these results and to support the organization's values. The reward system should ensure that the results and behavior are valued and recognized (World at Work, 2010).

2.6. Strategic Aims of Reward System Management

The overall strategic aim of reward system management is to develop and implement the reward policies, processes and practices required to support the achievement of organizational goals by helping to ensure that it has the skilled, competent, well-motivated and committed people it needs (Mintzberg, 2011). The philosophy underpinning the strategy is that people should be rewarded for the value they create. The objective is therefore to create reward processes that are based on

beliefs about what the organization values and is prepared to pay for. The reward strategy will be driven by the need to reward the right things to convey the right message about what is important in terms of expected behaviors and outcomes (Federick, 1986). Reward system management strategy defines what the organization intends to do in the longer term to develop and implement reward policies, practices and processes that will enhance the achievement of its goals. It establishes priorities for developing reward plans that are aligned to human resource and organizational strategies. Brown (2011) asserts that reward strategy is ultimately a way of creating value and recognizing that effective reward system management encapsulates the process of clearly defining goals that are linked to organizational objectives, designing pay and reward system management program that are tailored to the needs of organizations and their people in a consistently integrated fashion.

The aims of reward management according to (Armstrong, 2010) are to:

- a. Reward people according to the value they create;
- b. Align reward practices with business goals *and* with employee values and needs;
- c. Reward the right things to convey the right message about what is important in terms of behaviors and outcomes;
- d. Help to attract and retain the high-quality people the organization needs;
- e. Motivate people and obtain their engagement and commitment;
- f. Develop a high-performance culture.
- g. Support the achievement of business goals through high performance;
- h. Develop and support the organization's culture;
- i. Define what is important in terms of behaviors and outcomes;
- j. Reward people according to what the organization values;
- k. Win the engagement of people.

The aims of reward management are achieved by developing and implementing strategies, policies, processes and practices that are founded on a philosophy, operate in accordance with the

principles of distributive and natural justice, function fairly, equitably, consistently and transparently, are aligned to the business strategy, fit the context and culture of the organization, are fit for purpose and help to develop a high performance culture (World at Work, 2010).

2.7. Pay Reward System

The debate as to whether money motivates is still on-going. There is however the contention that money can take on varying degrees of importance because it has the potential of serving sundry needs (Bright, 2012). More importantly, pay reward system is a product of an organization's philosophy and policy that provide guidelines for the implementation of reward strategies and the design of incentives and packages. This understanding explains why the policy direction and the level of rewards of an organization is an indicator of its pay reward system whether the company is a high payer, is content to pay average. Pay reward system that is an out-growth of policy refers to the 'pay stance' of an organization.

2.8. Reward philosophy

Reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. The philosophy recognizes that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate) (Armstrong, 2010)..

The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy (Armstrong, 2010).

2.9. Perception of Employees

According to Babakus et al. (2003) cited in (Khan, Shahid, & Nawab, 2013), the perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. And Gouldner (1960) cited in (Khan, Shahid, &

Nawab, 2013) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their efforts. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their 'socio emotional bonds' with their company and their colleagues. What companies need to realize is that by remixing their rewards in a more cost-effective way, they can strengthen their programs and improve employees' perception of value without necessarily increasing their overall investment (Ruddy, 2007).

2.10. The Multi-Dimensionality of Reward

Reward is a broad construct that can include 'anything an employee may value and desire that an employer is able or willing to offer in exchange for employee contribution. A conceptual distinction can be made between the three main constituents of reward - type, system, and criterion (Chiang & Birtch, 2006).

Reward type refers to the nature of the reward itself (e.g., financial and non-financial; extrinsic and intrinsic). Reward system represents the method or mechanism (e.g., seniority-based, performance-based) by which organizations determine employee reward outcomes (e.g., pay increases). Systems can be either performance or non-performance oriented. Reward criterion then, refers to the basis of allocation (i.e., individual or group) used to determine the reward (Chiang & Birtch, 2006).

2.11. Reward Practices

2.11.1. 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 the level of skill required (Armstrong, 2010).

2.11.2. Employee Benefits

Employee benefits refer to compensation other than hourly wage or salary. Three fundamental roles characterize benefits: protection programs (income and health, respectively), paid time-off, and accommodation and enhancement benefits (Armstrong, 2010)..

Protection programs provide family benefits, promote health, and guard against income loss caused by catastrophic factors like unemployment, disability, or serious illnesses. Paid time-off policies compensate employees when they are not performing their primary work duties, such as during vacation, holidays, and bereavement (Stone & Stone-Romero, 2008).

Accommodation and enhancement benefits promote opportunities for employees and their families. There is a wide variety of programs, including stress management classes, flexible work schedules, and tuition reimbursement (Stone & Stone-Romero, 2008). The employee benefits include:-

- a. Fringe Benefits - this can include a variety of options. Sick leave, paid vacation time, health club memberships, daycare services.
- b. Health Benefits - most organizations provide health and dental care benefits for employees. In addition, disability and life insurance benefits are offered.
- c. Flexible benefit - this benefit schemes allow employees to decide on the make-up of their benefits package within certain limits (Armstrong, 2010).

2.11.3. Recognition

Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Njanja, Maina, Kibet, & Njagi, 2013). Recognition is one of the most powerful methods of rewarding people. They need to know not only how well they have achieved their objectives or carried out their work but also that their achievements are appreciated (Stredwick, 2005).

The recognition should be meaningful, but also stay within established program boundaries: For example, recognition should be given only for performance considered over and above established standards. Recognition rewards usually are relatively small and are given at the time of achievement (Ruddy, 2007).

The most common strategies of recognition programs according to Ruddy (2007) are:

- i. Rewarding employees for making exceptional contributions above and beyond their daily job functions.
- ii. Strengthening employee morale.
- iii. Increasing retention.
- iv. Tying performance to the company's mission.

According to Shore & Shore (1995) cited in Khan, Shahid, & Nawab (2013), employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for.

2.11.4. Promotion

Promotion is an important feature of employee's life style and occupation, affecting other job experience levels and can have an obvious impact on other job aspects like job attachment and responsibilities. Additionally, promotion can influence the instrument of exerting better attempts, if employees put an important value on it. If not, the companies would focus on pay increase to reward high effort and productivity. Indeed, the employees may be worth the promotions since they make an increase in job services (Gohari, Ahmadloo, Boroujeni, & Hosseinipour, 2013).

2.11.5. Working Conditions

The physical environment in which the work is performed is described here. Adverse environmental conditions such as noise, heat, and fumes are detailed along with the frequency of exposure. Most professional and executive job descriptions do not include this section because work is assumed to be performed under normal office conditions. If it is not, the section should be included (Ruddy, 2007) Working conditions is defined by criteria such as:

- a. Physical effort
- b. Working environment

c. Sensory attention

d. Physical risks.

2.12. Reward and Employees' performance

Employee performance means a performance comprises an event in which normally one group of people the performer or performers act in a particular way for another group of people (Chaundry & Sharma, 2012). It refers to employees' efficiency at work, How well employees perform on the job and assignments assigned to them measured against the generally accepted measure of performance standards set by their companies (Torrington, 2008).

Desired performance can only be achieved efficiently and effectively, if employee gets a sense of mutual gain of organization as well as of himself, with the attainment of that defined target or goal. An organization must carefully set the rewards system to evaluate the employee's performance at all levels and rewarding them whether visible pay for performance of invisible satisfaction. The concept of performance management has given a rewards system which contains; needs and goals alignment between organization and employees, rewarding employee both extrinsically and intrinsically (Aktar, Sachu, & Ali, 2012). A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performance hence end up accomplishing the organizational goals and objectives. A reward system that is given for high performance is more effective in inducing high performance in the future than a reward that is not dependent on performance. Reward management defined as maximizing the value of organizations' reward budget by aligning performance and reward (Eigenhuis & Dijk, 2008).

Reward strategies, policies and practices focus on performance and contribute to the achievement of a high-performance culture. This is one in which people are aware of the need to perform well and behave accordingly in order to meet or exceed expectations (Armstrong, 2010). As markets become more competitive on a global scale it is increasingly crucial to maximize the performance of the workforce to maintain the market position (Winfield, Bishop, & Porter, 2004). Performance improvement can be obtained by identifying a shared vision of where the organizations want to be and clarifying the role of each employee in that process. However, even though there is goal

clarity if individuals are not rewarded based on their performance, their performance would not be consistent. Rewards those are associated with the job itself, such as the opportunity to perform meaningful work, complete cycles of work, see finished products, experience variety, receive professional development training, enjoy good relations with coworkers and supervisors and receive feedback on work results (Gilley, Gilley, Quatro, & Dixon, 2009).

Reward and performance are the two sides of a single coin. Gomez-Mejia, Balkin, & Cardy (2005) outlined that the main objectives of any compensation and performance system is to motivate employees to work harder and help managers to decide who should be paid more based on individual contribution respectively. Employees should be aware of the relationship between how they perform and the rewards they get. Organizations should apply performance management programs which assist in planning employee performance, monitor performance by effecting proper measuring tools. Rewards have been shown to motivate performance when certain conditions exist. Individuals are best motivated when they believe that the behavior will lead to certain outcomes that are attractive and that performance at a desired level is possible. Motivation therefore best explains element of reward and the effect it has on performance. Rewards can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more (Stone & Stone-Romero, 2008).

Organizations should reward employees more often. This greatly improves performance compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance (Njanja, Maina, Kibet, & Njagi, 2013). Another way through which organizations can use reward systems to increase output is by personalizing the reward. When rewards tend to be so general, employees do not value them. Organizations can use rewards to improve employee performance by incorporating appraisal or promotion for employees who have a good record of performance. Managers should be on the lookout for employees who perform well (Njanja, Maina, Kibet, & Njagi, 2013).

2.13. Theories

2.13.1. Vroom's Expectancy Theory

Vroom suggested that individuals will choose behaviors they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behavior, individuals are likely to consider three things; valence, instrumentality and expectancy (Njanja, Maina, Kibet, & Njagi, 2013).

All these factors are often referred to as 'VIE' and they are considered to influence motivation in a combined manner. Managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards (Njanja, Maina, Kibet, & Njagi, 2013). Vroom's (1964) expectancy theory is helpful in emphasizing the complexity of individual thought processes which may or may not lead to action. It is suggested that assessments, firstly of whether effort is likely to result in achievement of a specific task and whether success in the task will lead to the individual's desired personal reward precede any possible action. It is this calculative thought process and the fact that the individual's desired reward may not be money that emphasizes the complex nature of an effective reward system (Collings & Wood, 2009). Expectancy theory (Vroom, 1964 and Porter and Lawler, 1968), which states that motivation, will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile. (Armstrong, 2010)

2.13.2. Reinforcement Theory

Reinforcement theory considers the use of positive or negative reinforcers to motivate or to create an environment of motivation. According to this theory, based on Thorndike's law of effect, behavior that results in pleasing outcome will likely be repeated; however, behavior that results in unpleasant outcome is not likely to be repeated (Singh, 2005, p. 169). Reinforcement theory was further experimented by Pavlov and Skinner. Finally they draw a conclusion rewarding pleasant behaviors and punishing unpleasant one immediately will enable to repeat the pleasant and deter the unpleasant one respectively.

2.13.3. Adam's Equity Theory

Equity theory centers on the importance of feelings of fair treatment and the possible behavioral manifestations which may result from perceived inequity. This theory highlights the fact that individuals make comparisons and that feelings of unjust treatment in comparison with fellow employees may result in withholding effort, restricting output, reducing cooperation and even withdrawal (Collings & Wood, 2009). Equity theory (Adams, 1965), which states that people will be better motivated if they are treated equitably, and demotivated if they are treated inequitably. There are two forms of equity: distributive equity or distributive justice, which is concerned with the fairness with which people feel they are rewarded in accordance with their contribution and in comparison with others; and procedural equity or procedural justice, which is concerned with the perceptions employees have about the fairness with which company procedures in such areas as performance management, promotion and discipline are being operated (Armstrong, 2010).

2.14. Conceptual framework

A reward system of an organization reflects what an organization sees as important. The model is constructed based on a reward system comprising both financial and non financial rewards in order to reward high performers. The bank's reward practices will be assessed based on the following variables (sets of data): pay/salary, bonus, recognition, conducive work environment and carrier development opportunity (Armstrong, 2006 & Hume, 2000). Armstrong (2010) also noted that reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. The model has included the expectancy theory of rewarding employees based on their needs and value and equity theory that is perceived as fair and equitable reward system will bring increased employees' performance. According to expectancy theory by Vroom (1964), Porter and Lawler (1968), there must be a link between effort and reward (line of sight), and the reward should be achievable and worthwhile, and according to equity theory by Adams (1965), people are better motivated if treated equitably (Armstrong, 2010). For instance, whether formal or informal, recognition programs acknowledge employee contributions immediately after the fact, usually without predetermined goals or performance levels that the employee is expected to achieve (Ruddy, 2007). The study applied

independent and dependent variables in order to put the research into practice. These dependent and independent variables are shown in the conceptual framework. Therefore the independent variables are pay/salary, benefit, promotion, recognition and working environment and the employee performance will be taken as the dependent variable for the study

Independent variables

the dependent variable

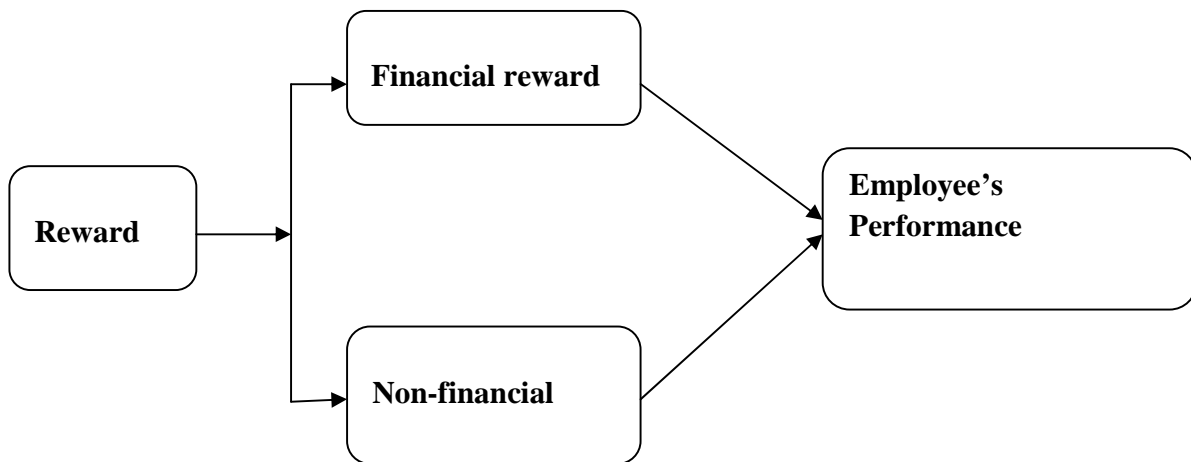


Figure 2: Conceptual framework (According to literature review)

CHAPTER THREE: RESEARCH DESIGN

3.1. Research Method and approach

This study is a survey study that adopted descriptive type of research methods. Descriptive method set out to describe and to interpret what is going on. Descriptive research, according to Best (1970, quoted in Cohen, Lawrence, & Keith, 2000, p. 169) is concerned with “conditions or relationships that exist; practices that prevail; beliefs, points of views, or attitudes that are held; processes that are going on; effects that are being felt; or trends that are developing.” Descriptive researches are more concerned with facts. Accordingly, this study has attempted to describe the general reward system of the company under study, employees’ perception on the existing reward system, the level of reward composition, immediacy of the reward and about the bank’s culture. In addition, the study has employed mixed approach (both qualitative and quantitative) in analyzing the data collected through questionnaire and in-depth interview.

3.1.1. Study population and sample

Clerical staff of the CBE selected city branches under north Addis Ababa district were subjects for the study. Out of the four districts in Addis Ababa City area, the researcher has proposed to select North Addis Ababa district due to the nearness of the district to the researchers living and working area. Based on the number of customers they serve and amount of transaction they handle, the branches in Commercial Bank of Ethiopia are classified in to four different grades, from grade one to grade four. But branches in Addis Ababa city are grouped from grade two to grade four as grade one branch are opened only out of Addis Ababa. For the purpose of the study, branches from all the three grade levels of the district have been selected. The research participants or the population of the study is limited to clerical employees of the CBE north Addis Ababa district, but only branches in Addis Ababa city is selected for the survey by considering difficulty that the researcher would face in distributing the questionnaire. Accordingly, Arada giorgis and Gulele, Mahatama Gandi and Tewodros square, Wingate and Shogole branches are selected purposively, representing grade 4, 3, and 2 respectively. The study was targeted only at clerical employees of the bank so that they are able to fill questionnaire and understand items in the questionnaire. The existing data indicates that the

number of clerical employees under the district as of November 2016 has reached 1,700. Out of these individuals, 100 of them had less than one year of experience (during the data collection period) in the bank and the researcher eliminated these individuals since they have no significant understanding of the banks reward system (compensation and benefit management process). An appropriate sample size for this number of population (i.e. 1,600 individuals) is 250. In calculating this sample size, the researcher used Slovin's formula (Slovin, 2006).

$$n = N/1+N\{e^2\}$$

Where, N is sample population, n is sample size and "e" representing error term. However, so as to increase the reliability of data and to make the sample more representatives, the researcher has increased the sample size to 272. Therefore, clerical employees with one year and above experience in the bank (district) are study population and 272 individual employees working in the selected branches constitute the sample of the study.

Hence, depending on the organizational structure and branch distribution, the combination of stratified, purposive and simple random sampling technique was used in the study. Stratified sampling technique was used to categories branches of the bank by their grade as grade 1, grade 2, grade 3, and grade 4. Purposive sampling method helped the researcher to select the branches which were suitable for collecting the required data. Finally, the simple random sampling technique was used when individuals selected from the selected branches were randomly from different department/units.

3.1.2. Data gathering technique

The study is based on the data that was collected from both primary and secondary sources. Primary data was collected through structured questionnaires (closed ended) and semi structured in-depth interviews. The researcher has proposed to conduct the interview from some individuals at the District office Human Resource officers and Branch Managers on the basis of their experience and closeness to reward and benefit management process. On the other hand, Secondary sources would constitute reports, manuals, websites, books, articles, magazines and any published and unpublished documents related to the topic understudy.

3.1.3. Data analysis technique and presentation modality

Both qualitative and quantitative data analysis method (mixed method) was applied based on the nature of data collected. As it is discussed in the beginning of this section, the study has employed descriptive statistics. Therefore, the quantitative data gathered through structured questionnaire has been analyzed by using computerized soft ware SPSS (Statistical Package for Social Science) version 20, and presented using frequency tables and percentages. Finally, qualitative data gathered through interview and document review is analyzed through organization based on their types and reduction through summarization and categorization.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents findings, interpretation and analysis of information for data collected from CBE North Addis Ababa selected city branches using interviews and questionnaires. In order to achieve the objective of the study and tackle the key research questions the researcher has tried to conduct a detailed and technical investigations related to the study. This section of the study deals with the statistical analysis of the collected data and interpretation of the result making use of SPSS version 20 software. As stated in the previous chapters of this paper, questionnaire were designed and distributed to a total of 272 employees of the concerned selecting branches. Accordingly, 250 questionnaires were appropriately filled and returned which gives a 92% return rate that is assumed to be suitable for further analysis.

4.1 Demographic Characteristics of the Respondents

The first part of the questionnaire consists of six items about demographic information of the respondents. It covers the personal data of respondents, such as sex, age, educational background, year of service in the bank, current job position and their salary. The following subsequent tables reveal the total demographic characteristics of the respondents.

Table 4.1 Demographic profile of respondents by Age and Sex

		Age						Total
		20- 24 years old	25- 29 Years old	30- 34 Years old	35- 39 Years old	40- 44 Years old	>=45 above Years old	
Sex	Male	24	40	36	24	8	14	146
	Female	22	30	27	16	4	5	104
Total		46	70	63	40	12	19	250
%age		18.4	28	25.2	16	4.8	7.6	100

Source: survey 2017

The demographic result of the study indicates that 146 (58.4%) were male and the remaining 104 (41.6%) were females. From this result, it could be possible to interpret that the bank is employing more women compared to other organization in the country. Regarding the respondents` age category, 70 (28%) fall under the age category of 25-29, the next higher groups were 63 (25.2%) and 46(18.4%) fall under the age categories of 30-34 Years and 20-24 years respectively. The remaining group 40 (16%), 19 (7.6%) and 12 (4.8%) were under the age categories of 35-39, 45 and above years and 40-44 years respectively. This clearly shows that majority of the employees are young individuals who are more productive to realize the bank’s vision statement. In other word, with regard to the bank’s branch expansion in recent times, the bank is absorbing majority of new graduate manpower from the Universities which shows that the bank is playing a great role in minimizing unemployment rate in the country.

Table 4.2 Summary of respondents Educational Background

	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	5	2.0	2.0	2.0
Diploma (12+2)	9	3.6	3.6	5.6
Valid BA/BSC Degree	198	79.2	79.2	84.8
MA Degree	34	13.6	13.6	98.4
Other	4	1.6	1.6	100.0
Total	250	100.0	100.0	

Source: survey 2017

The above table 4.2 also indicates the educational background of the respondents. Accordingly, 198 (79.2%) of the total respondents were holders of first degree followed by holders 34 (13.6%) and 9 (3.6%) of MA Degree and Diploma (12+2) holders respectively. The remaining were 5 (2%) and 4 (1.6%) of respondents were fall under Certificate holders and the other employees respectively. From this result, it is clear that the bank has more educated man power who can able to make the bank ‘a learning organization,’ that can meet the core value of world class commercial bank. As the document in HRM indicates, greater part of first degree holders (next to fresh graduates) are those sponsored by the bank to improve their academic status with half and or full scholarship. From this it could be inferred that the bureaucracy is more or less professional and the bank has been paying due attention to upgrade the educational status of its employees.

Table 4-3 Summary of respondents' salary ranges

Salary Range	Frequency	Percent	Valid Percent	Cumulative Percent
2,000 to 3,400 ETB	9	3.6	3.6	3.6
3,401 to 5,400 ETB	105	42	42	45.6
5,401 to 7800 ETB	84	33.6	33.6	79.2
7,801 to 10,400 ETB	35	14	14	93.2
Above 10,401 ETB	17	6.8	6.8	100
Total	250	100	100	

Source: survey 2017

The above mentioned table shows that 105 (42%) respondents fall under the salary range of 3,401ETB to 5,400ETB followed by 84 (33.6%) and 35 (14%) of respondents were fall under salary ranges of 5,401ETB to 7,800ETB and 7,801ETB to 10,400ETB respectively. The remaining were 17 (6.8%) and 9 (3.6%) of respondents were fall under the salary range of more than 10,401ETB and 2,000ETB to 3,400 ETB respectively. This indicates that, majority of the respondents gets less than 7,800 ETB. Similarly the result from the interview shows that, when compared to other banks (the competitors), especially in the recent years, majority of the employees of CBE are being paid low salary. Even those at managerial positions are not satisfied with the current salary scale of the bank as most of them are leaving for other private banks.

Table 4.4 Summary of respondents' year of service in the bank and their current position ranges

		Current Position		Total	%age
		Non-Managerial	Managerial		
Service Year	1 to 3 Years	43	0	43	17.2
	4 to 6 Years	81	0	81	32.4
	7 to 9 Years	61	4	65	26
	10 to 13 Years	30	7	37	14.8
	Above 13 Years	3	21	24	9.6
Total		218	32	250	100
%age		87.2	12.8	100	

Source: survey 2017

The other result observed from the study shows the tenure of the respondents and 81 (32.4%) of the participants have year of service from 4-6 years, followed by 65 (26%) respondents with having length of service from 7-9 years and the other 43 (17.2 %) fall under the category of having year of service from 1 to 3. The remaining 37 (14.8%) and 24 (9.6%) respondents belong to groups 10-13 years and above 13 years respectively. From this result, it could be concluded that greater part of the employees have low service years which can explicitly shows that there is either employees turn over or the bank has recently been expanding at higher rate. With regard to the position of respondents 32 (12.8%) of them were managers and the remaining 218 (87.2%) were from the non managerial position.

4.2 General Reward System of the Company

In this section of the questionnaire, the researcher has tried to assess the general knowledge and attitude of employees towards the company’s reward system. It was developed by six items using Likert Scale. All statements were measured on a five-point scale where 1 represents strongly disagree, 2 represents disagree, 3 represents I don’t know (Neutral), 4 represents agree and 5 represents strongly agree.

Table 4.5 The company clearly communicates its reward package to all employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	54	21.6	21.6	21.6
Disagree	116	46.4	46.4	68.0
I don’t know	38	15.2	15.2	83.2
Valid Agree	24	9.6	9.6	92.8
Strongly Agree	18	7.2	7.2	100.0
Total	250	100.0	100.0	

Source: survey 2017

About 170 (68%) of the total respondent disagree that the company clearly communicates its reward package to all employees. Contrary to this, 42 (16.8%) of respondents are agreed on that the company clearly communicates its reward package to all employees. However, 38 (15.2%) of employees do not know neutral) about the issue at all. The general implication of the response is more than half of the respondents 170 or (68%) have not the knowledge that the company clearly communicates its reward package to all employees. Finally table indicated that majority of the respondents do not have knowledge about the issue. On the similar way, the result of the interview suggests that there is no clear communication on the subject matter due to the absence of reward rule, policy and procedure in the bank.

Table 4.6 Summary of respondents on both financial and non-financial reward systems are incorporated in the company

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	33	13.2	13.2	13.2
Disagree	54	21.6	21.6	34.8
I don't know	36	14.4	14.4	49.2
Agree	83	33.2	33.2	82.4
Strongly Agree	44	17.6	17.6	100.0
Total	250	100.0	100.0	

Source: survey 2017

About 127 (50.8%) of the total respondent agree that the company's reward system incorporates both financial and non-financial rewards. Contrary to this, 87 (34.8%) of respondents do not agree on the incorporation of the financial and non-financial rewards in the company's reward system. However, 36 (14.4%) of employees do not know about the issue raised. The general implication of the response is more than 50% of the respondents have agreed of inclusion of financial and non-financial reward types in the company's total reward system. Finally, the mean value result (i.e.3.2) indicated that majority of the respondents have agreed on the issue.

Table 4.7 Summary of respondents' financial rewards are greater than nonfinancial rewards'

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	81	32.4	32.4	32.4
Disagree	71	28.4	28.4	60.8
I don't know	35	14.0	14.0	74.8
Agree	41	16.4	16.4	91.2
Strongly Agree	22	8.8	8.8	100.0
Total	250	100.0	100.0	

Source: survey 2017

It is known that companies design their reward system to comprise both financial and nonfinancial reward types. However, as indicated in the literature review part, their proportion may vary due to various reasons. Previously we have noted that the bank's total reward system comprises both financial and nonfinancial reward types. However, table 4.7 depicts that the non-financial reward type is greater than the financial reward types. This is supported by 152 (60.8%) of the total respondents. On the other hand, 61 (25.2%) of the respondent have agreed on the above idea. Mean while, 35 (14%) of the respondent do not have any idea on the issue. In general the above table indicates that the respondents have disagreed that financial reward is greater than the non financial one.

Respondents of interview had similarly responded that they are not satisfied with the existing financial rewards. As we will discuss later on, each employee has his/her own unique characteristics. What is valued more by one individual will not be valued similarly by others. Hence, being strong at one aspect could hurt the level of motivation of employees. As a result, the company should evaluate its reward system periodically and try to adjust its reward composition.

Table 4.8 Summary of the bank’s reward package when comparing with other banks

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	76	30.4	30.4	30.4
Disagree	98	39.2	39.2	69.6
I don’t know	29	11.6	11.6	81.2
Agree	29	11.6	11.6	92.8
Strongly Agree	18	7.2	7.2	100.0
Total	250	100.0	100.0	

Source: survey 2017

When we come back to the respondents’ view on the competitiveness of the Bank’s reward system compared with other banks, we find that 174 (69.6%) of the respondent claim that the company’s total reward package is not competitive with other banks. Contrary to this, 47 (18.8%) of the respondent agree on the competitiveness of the reward package. Whereas, 29 (11.6%) of the employees do not have any idea on the point. The result on this table also shows that majority of the respondents disagree on the company’s reward package competitiveness.

It is vital for a company to know what its competitors are rewarding their employees. Apart from internal relativities employees also look for external relativities. The above response calls the bank once again to look what its reward package is and to compare it with other similar companies within the industry. The existing lucrative profit in the banking industry is attracting new entrants. Currently, there are about 17 banks in Ethiopia. All these banks snatch experienced employees with higher salary from the commercial bank of Ethiopia. Hence, the Bank should take timely correction or revision of the total reward system.

Lack of motivating reward package and inadequate incentives in the bank have recently increasing employees turn over as experienced staffs are shifting to private banks. As one interview respondent suggests, *“the bank is paying due attention towards customer satisfaction and country’s economic development priorities rather than employees satisfaction perspective. However, this has indirectly been affecting the bank’s productivity as well experienced employees are leaving for other private banks in search of better benefits and reward package.”*

In order to be competitive enough in the industry, the researcher recommends that the bank has to improve its current reward system.

Table 4.9 the company's reward system is capable to retain best performers

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	49	19.6	19.6	19.6
Disagree	100	40.0	40.0	59.6
I don't know	41	16.4	16.4	76.0
Agree	34	13.6	13.6	89.6
Strongly Agree	26	10.4	10.4	100.0
Total	250	100.0	100.0	

Source: survey 2017

One importance of a given reward system is to retain skilled employees. The above table 4.9 indicated that majority of respondents do not agree on the strength of the existing reward package to retain best performers. In other words, 149 (59.6%) of the respondent disagree on the capability of the company's reward system to retain its best performers. Contrary to this, 60 (24%) respondents agree on the capability of the reward system to retain best performers. Finally, about 41 (16.4%) do not know (neutral) about the issue. Therefore, it is recommended that the bank has given big attention towards maximizing the current reward packages so that it could retain its skilled manpower.

Table 4.10 Summary of respondents the bank's reward system clearly differentiates between high performers and low performers

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	59	23.6	23.6	23.6
Disagree	77	30.8	30.8	54.4
I don't know	49	19.6	19.6	74.0
Agree	36	14.4	14.4	88.4
Strongly Agree	29	11.6	11.6	100.0
Total	250	100.0	100.0	

Source: survey 2017

In performance-oriented organization, the bank's reward system clearly differentiates between high performers and low performers. High performers will be rewarded according to their performance better than their counter part. Majority of respondents disagree on the ability of the reward system to differentiate between high performers and low performers. 136 (54.4%) of the respondents disagree on the above question. About 65 (26%) of the respondents agree. 49 (19.6%) of the respondents do not know (neutral) about the issue. The above table 4.10 indicates that majority of the respondents' disagreement. This implies that the company's total reward system is not related to performance.

Similarly to this, interview respondents added that CBE's reward system is not based on the individual performance level, rather it is based on branch's / department's performance. This again depends on many factors such as target cascaded to the branches, resource availability and other similar variables. High performers in the branches are equally evaluated and rewarded with low or medium performers in that branch. This implies that top performers could be de-motivated and or will no more committed to their daily targets as long as they are equally seen with low or under performers which will affect the bank's overall productivity in the long run.

Table 4.11 Summary on 'Reward motivates me to increase my performance'

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	13	5.2	5.2	5.2
Disagree	24	9.6	9.6	14.8
I don't know	35	14.0	14.0	28.8
Agree	71	28.4	28.4	57.2
Strongly Agree	107	42.8	42.8	100.0
Total	250	100.0	100.0	

Source: survey 2017

About 178 (71%) of the total respondent agree that the reward motivates to increase the performance of the employees. Contrary to this, 37 (14.8%) of respondents do not agree on the issue of reward motivates to increase the performance of the employees. However, 35 (14%) of employees do not know (neutral) about the issue. The general implication of the response is more than 70% of the respondents responds reward is directly related with performance. Therefore, the result of the table 4.11 indicated that majority of the respondents needs more rewards to increase their performance.

In general, results in the bank's total reward system call the attention of the bank to review the system. As we have seen it even though majority of respondents agree on the existence of both financial and non-financial reward types in the total reward system, the non-financial reward outweigh the financial reward type. Besides, the reward system is not competitive, not well communicated, incapable to retain best performers and unable to differentiate high performers and low performers. All in all, employees who do not see any value in the reward system will not be motivated through it. Implication of the above result of the study is that employees of the bank are not motivated by the reward system especially with financial reward of the company.

4.3 Perception on the Employees' Performance Evaluation System of the bank

As Patricia & Jay (2000) said “you cannot manage what you cannot measure.” The main message of this quotation is that without proper employees’ performance measurement and management, effective total reward system is impossible. One importance of employees’ performance evaluation is to know who is performing better and who should be rewarded according to his/her performance. Employees’ perception on the company’s performance evaluation system was presented in six items using five-point scale. Summary of means, frequency and percentage of the responses are presented in the following table.

Table 4.12 Summary of Responses on banks performance evaluation system

Items	1. There is periodic employees performance evaluation program in the company		2. Job related contents are fairly included in the employees performance evaluation form		3. I believe the performance evaluation report reflects my true performance		4. The bank’s employee’s performance evaluation system is dependable.		5. There are clear standards to be called high performer		6. Even if someone gets the highest performance evaluation score, s/he may not be entitled for additional pay	
	Freq. q.	%age	Freq	%age	Freq	%age	Freq. q.	%age	Freq. q.	%age	Freq.	%age
Strongly Disagree	10	4	19	7.6	43	17.2	35	14	52	20.8	22	8.8
Disagree	27	10.8	27	10.8	68	27.2	58	23.2	78	31.2	27	10.8
I don’t know	66	26.4	31	12.4	55	22	42	16.8	56	22.4	54	21.6
Agree	81	32.4	101	40.4	47	18.8	68	27.2	44	17.6	98	39.2
Strongly Agree	66	26.4	72	28.8	37	14.8	47	18.8	20	8	49	19.6
	250	100	250	100	250	100	250	100	250	100	250	100

Source: survey 2017

As depicted in the Table 4.12, Item 1, about 147 (58.8%) have agreed that there is periodic employees performance evaluation program in the bank. About 66 (26.4%) of employees do not know about the issue at all and 37 (14.8%) were disagreed on this issue. The Mean score 3.7 indicated positively agreed on this issues. In item 2, 173 (69.2 %) agreed that Job related contents

are fairly included in the employees performance evaluation form. About 31 (12.4%) of respondents do not know (neutral) about the raised issue and 46 (18.4%) were disagreed about this issue.

In item 3, 84 (33.6%) respondents agreed about performance evaluation report reflects their true performance. About 55 (22%) of respondents do not know about the questions and 111 (44.4%) do not agreed about this issue. The mean score 2.9 indicated moderately agreed on this issues.

In item 4, about 113 (46%) of respondents agreed that the bank's employee's performance evaluation system is dependable. About 42 (16.8%) of respondents do not know (neutral) about the raised issue and 93 (47.2%) do not agreed about this issue.

In item 5, about 64 (25.6%) of respondents agreed that there are clear standards to be called high performer. The other 56 (22.4%) of respondents do not know about the questions and 130 (52%) do not agreed about this issue.

In item 6, which 147 (58.8%) of respondents agreed that even if someone gets the highest performance evaluation score, s/he may not be entitled for additional pay. About 54 (21.6%) of respondents do not know any answer about the subject and 49 (19.6%) do not agreed about this issue.

The bank, with the view of accelerating its transformation, had initiated the institutionalization of a performance management tool, the Balanced Score Card in 2010 and implemented it at the beginning of 2014. The objective was to enable the bank to formulate and implement its strategy and track its performance by evaluating the performance of individual employees. Since then, the bank is conducting performance appraisal quarterly at each level (section) and department. One element of Performance Management System is performance based reward system. However, the result of this study (including interview response) indicates that although the performance of employee is being conducted on quarter basis, the result of the measurement is not attached with any reward and or sanction.

4.4. Reward Composition

In a given total reward system, there are two major categories. These are financial and nonfinancial rewards. In order to assess the existence of both types of rewards and their level of

composition, the researcher has included in the questionnaire two sub-sections under composition. These are financial rewards and non-financial rewards with a total of 19 items.

4.4.1. Financial Reward

Under this category there are two sub categories i.e. direct and indirect financial rewards. Under direct financial reward; salary and bonus are included in the study due to their familiarity in the bank. Whereas, under indirect financial reward; the housing loan and medical coverage are covered.

Table 4.13 Summary of Responses on financial Reward system

Items	Strongly Disagree		Disagree		I don't know		Agree		Strongly Agree	
	Fre q.	%age	Fre q.	%age	Fre q.	%age	Fre q.	%age	Fre q.	%age
1. There are sufficient financial rewards in the company	69	27.6	89	35.6	51	20.4	33	13.2	8	3.2
2. High performers got additional pay for their performance	54	21.6	103	41.2	48	19.2	31	12.4	14	5.6
3. Salary increment made for high performers were motivate others to perform more	40	16.0	62	24.8	46	18.4	70	28.0	32	12.8
4. Bonus is given only to high performers	69	27.6	89	35.6	50	20.0	25	10.0	17	6.8
5. Bonus is given to all employees regardless of their performance	15	6.0	26	10.4	54	21.6	84	33.6	71	28.4
6. Bonus given to high performers would have initiate for better performance	8	3.2	30	12.0	42	16.8	83	33.2	87	34.8
7. The company's mortgage loan policy is attractive	69	27.6	76	30.4	47	18.8	35	14.0	23	9.2
8. Provision of attractive mortgage loan policy would help to retain high Performers	35	14.0	52	20.8	45	18.0	70	28.0	48	19.2
9. Provision of extensive medical coverage will help to retain high performers	63	25.2	70	28.0	24	9.6	53	21.2	40	16.0

Source: survey 2017

However, it should be noted that lists under both categories are not limited to these items only. Summary of mean, Frequency and Percentage is presented in the above table 4.13. Despite majority of employees agree that the financial reward type is less than the nonfinancial reward type as it was discussed earlier, the above table depicts that there is no sufficient financial reward in the total reward system. As shown in the table the item 1 implies that majority of them disagree on the existence of sufficient financial reward. In terms of frequency and percentage about 158 and (63.2%) of the total respondents disagree respectively. other 51 (20.4%) of the total respondents do not know (neutral) about the raised issue. Finally only 41 (16.4%) of respondents are agreed on the issues. This implies the existing financial reward is not sufficient or up to the expectations of the employees.

In a performance-oriented culture, employees are rewarded based on their performance. As discussed earlier, high scorers are not entitled for additional pay. The result of item 2 and 3, indicates that majority of the employees are not satisfied on the existing financial reward system. However, the frequency percentage result of the both indicated that about 157 (62.8%) and 102 (40.8%) of the total respondent disagree on the idea respectively. Other 48 (19.2%) and 46 (18.4%) of item 2 and 3 respondents do not know about the issues respectively; Contrary to this, 45 (14.79%) and 102 (40.8%) of them agree that high performers will get additional pay and salary increment for their performance.

This could be mainly due to the fact that every year the company provides additional one to two step salary increments for all employees based on the bank's profit in a fiscal year. But the bonus is given to the every permanent employees in the branch based on the branches performance; without evaluating individual employee's performance. Generally, the result will attract the company's attention since majority of respondents do not agree.

At the end of every fiscal year of the bank, it is usual that the bank provides two-month salary bonus (on average) and one to two step salary increments for its employees depending on its profit as the company level. But during the implementation provides one to three month salary bonus based on the branches annual performance. As indicated in the table, the bank follows entitlement reward philosophy. This means the company provides both salary increment and bonus to all employees regardless of their performance. This philosophy argues that individual should be rewarded based on their tenure not on performance. Hence, high performers do not

have special privilege individually in this regard. This is clearly indicated in item no. 4 and 5 of the above table, The result indicates that bonus is not given only to high performers and implies that majority of respondents agree that the company provides bonus for all employees regardless of their performance respectively.

The company provides various types of indirect financial rewards. Among this, provision of housing loan at the lowest interest rate is the one that is common to most employees. However, majority of respondents agree that the housing policy of the company is not attractive as indicated. In terms of number of respondents about 145 or percentage 58% disagree on the attractiveness of the housing loan policy. Other 47 (18.8%) of respondents do not know about the issues. Only 58 (23.23%) of total respondents are agreed. This means the perception of employees is negative towards the housing loan policy of the company.

On the other hand 118 (47.2%) of respondents agrees on Provision of attractive mortgage loan policy will help to retain high Performers. Other 45 (18%) of respondents do not know (neutral) about the issues. The next 87 (34.8%) of respondents disagrees on Provision of attractive mortgage loan policy will help to retain high Performers. Hence, the company should revise it to make as much as possible attractive for its employees. Since this loan is a long-term loan i.e. for 25 years, the company should use it as a method of retaining its employees. In addition, the result of interview respondent said that the bank has recently improved the mortgage loan (during the data collection period) which will help the bank to retain the experienced employees.

The last item of the financial reward component in this study is concerned with the extensive medical coverage to retain high performers. The majority of respondents disagrees on extensive medical coverage were retain only high performers. That 133 (53.20%) of respondents disagree on the issues. Other 24 (9.8%) of respondents do not know about the issues. The other 93 (37.2%) of total respondents are agreed on extensive medical coverage to retain only high performers. Similarly, the results from interviewee were the same with the above quantitative analysis. One of the interviewee responded that medical coverage by no means is attached with performance result of employees in the bank. All permanent and clerical employees of the bank have equal chance of getting medical coverage.

4.4.2 Non-financial Reward

Table 4.14 Respondents' attitude on the non-financial reward type of the bank

Items		Strongly Disagree		Disagree		I don't know		Agree		Strongly Agree	
		Fr eq.	%a ge	Fre q.	%a ge	Fre q.	%a ge	Fre q.	%a ge	Fre q.	%a ge
1	The recognition I get due to my performance is visible to others	57	22.8	52	20.8	51	20.4	47	18.8	43	17.2
2	My supervisor appreciates a job well done	17	6.8	34	13.6	48	19.2	79	31.6	72	28.8
3	Proper recognition of high performers will motivate low performers to work hard	13	5.2	24	9.6	53	21.2	81	32.4	79	31.6
4	There is conducive work environment in the company for high performers	37	14.8	27	10.8	53	21.2	76	30.4	57	22.8
5	Creation of conducive work environment will encourage high performers to increase their performance	10	4.0	28	11.2	46	18.4	91	36.4	75	30.0
6	There is clear career development opportunity in the company	33	13.2	42	16.8	68	27.2	54	21.6	53	21.2
7	The company's promotion policy is clearly communicated to all Employees	23	9.2	38	15.2	53	21.2	69	27.6	67	26.8
8	Usually the company fills vacant position in the form of internal vacancy	7	2.8	14	5.6	40	16.0	78	31.2	111	44.4
9	The company provides adequate training to develop employees future career	22	8.8	29	11.6	53	21.2	73	29.2	73	29.2
10	Proper implementation of career development opportunities will increase employees' performance so as to step-up to the next position.	18	7.2	33	13.2	38	15.2	82	32.8	79	31.6

Source: survey 2017

Non- financial rewards are invisible rewards. According to Herzberg's Hygiene and Factor theory, the invisible rewards have more power than the visible one in terms of motivating employees for higher performance. However, it is not the researcher's intention to emphasize on the theory of Herzberg. Rather this study basis on appropriate mix of the two. The questionnaire was also incorporated some non-financial rewards in order to assess its existence and employees perception towards to it. Mainly recognition, conducive work environment, and clear career development opportunities have been covered through the questionnaire. The above table presents summary of the means, frequencies, and percentage of the responses.

In the above table (i.e table 4.14) the item No.1, 109 Of total respondents disagreed that the recognition they got for their performance is visible to others. On the next item 151 of total respondents agreed that, they have been appreciated by their immediate supervisor. This is a good culture of the bank that should be developed more. However, respondents do not know whether the recognition or appreciation they have got is visible to others as revealed by 160 (64%) Of total respondents. here the company should develop a mechanism to communicate high performers or good job behaviors of employees to all other employees so as to increase their recognition visibility. This in turn will build the morale of high performers and encourage others to perform more.

Employees work in different situation. Conducive work environment can be expressed in the form of office setup, good colleagues, good leadership etc. In general, majority of respondents in CBE, as reflected on item No. 4, 143 (53.2%) of total respondents have said that there is favorable work environment in the bank for high performers. In the above table 4.14 on item No.5, 166 (66.4%) of total respondents also reflects that creation of conducive work environment would encourage high performers to increase their performance.

An employee working in the bank has a target that he/she want to reach in the future. Whenever they perform better, whenever the company recognizes their effort, and their promotion confirms their progress towards their future career to achieve what they aimed at. Employees should be clearly communicated about their future career development and companies should design mechanisms to develop employees' future career. Promotion and training/career development programs are the two items covered in this study.

Employees were asked about the existence of clear career development opportunity. Accordingly, on the item No.6, 107 (42.8%) of total respondents revealed their agreement on the existence of clear career development opportunity. Besides, majority of respondents have agreed that, as indicated by 136 (54.4%) of the total respondents, the company's promotion policy is communicated to all employees. If employees are not clearly communicated about the promotion policy it will raise transparency question. Moreover, the bank is guided with Human resource procedure and 11th collective agreement of the labor union. However, they have agreed that the company usually fills vacant position in the form of internal vacancy as revealed by 189 (75.6%) Of total respondents, which is more recommendable to continue among the all non financial reward systems issues in this study.

When we come back to the developmental trainings, as revealed by 146 (58.4%) of respondents agree about provision of training to develop employees' future career. Likewise on the last item 161 (64.4%) of total respondents agrees that there is proper implementation of career development opportunities which will increase employees' performance; so as to step-up to the next position. This has a great importance because employees will have a hope that they will have a place in the company in the future. However, the bank should work hard to apply existing promotion policy. The interviewee respondents also replied that the bank has been exerting maximum effort on various short-term training aiming to develop the skill of jobholders. Among others, some of the training being provided by the bank for managerial positions are succession pool (planning) which was intended to improve employee's managerial skill at all work positions; CATS training, Accounts training, legal service, anti money laundry, cash operation and others for customer service officers so as to equip them with bank's procedure and daily operational activities.

4.5 Reward immediacy

The time gap between exhibiting good behavior and rewarding for it influences the future occurrence of that behavior. Employees were requested two questions whether there is immediate reward or remarkable time gap between good performance and reward. Hence, summary of results are presented subsequently in the following pie chart and table.

Table 4.15 The summary of respondents on the reward Immediacy

Items		Strongly Disagree		Disagree		I don't know		Agree		Strongly Agree	
		Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age
1	Employees are rewarded in the bank immediately when they perform best	58	23.2	94	37.6	33	13.2	42	16.8	23	9.2
2	There is remarkable time gap between the reward and good performance.	42	16.8	44	17.6	50	20.0	56	22.4	58	23.2
3	Immediate rewarding of employees for registering best performance will help to repeat that performance in the future	8	3.2	23	9.2	54	21.6	89	35.6	76	30.4

Source: survey 2017

The above table 4.15 shows the summary of employees respondents on reward immediacy. On the item No. 1, 162 (60.8%) of the respondents reflects their disagreement on the issue that the bank's reward employees immediately when they perform best. It is to be recalled that I have discussed earlier on how the company rewards. It is only once in a year those employees of the bank get salary increment regardless of their performance.

Besides, as indicated in the above table 4.15, the 114 (45.6%) of total respondents agree that there is remarkable time gap between high performance and reward. Should the company encourage good performance, it needs to change its reward timing. Employees who deserve immediate reward should get immediately

The above table 4.15 shows that majority of the respondents have agreed on immediately rewarding of employees for best performers will help to repeat that performance in the future. In

addition to this, the result of interview supports this idea. One of the respondents replied as follows:

... “There are no immediate financial rewards provided for high performers. Even those employees who perform exceptional result (above expectation) will not be given a reward immediately. However, there is a practice of recognizing and writing formal appreciation letter for top performers just immediately at the end of the month/quarter in some branches in recent times. And this will help him/her to get promotion and career development in the future work processes.”

Therefore, the bank should provide a reward for employees when they perform best immediately so that they will continually keep their performance in the next appraisal period which will again motivate them and improve the bank’s overall performance.

4.6 Customized Rewards

Employees needs and wants vary from person to person depending on age, sex, level of education, economic background and many other variables. What is important (valuable) for one may not be the same to others. That is why this study proposes appropriate mix between financial and non-financial reward is important. If there are variety of rewards in the total package the chance of addressing employees’ needs will increase. Customization fosters reward tailor according employees need and value.

Companies usually design their reward system by giving too much emphasis on the direct financial reward type. This reward type may work, to some society up to some level. Direct financial rewards may satisfy their material need. However, sometimes there is a time when he/she wants recognition for his/her work, good working relationship with colleagues and supervisors for future development. This requires appropriate mix between the financial and non-financial rewards and presenting a wide variety of rewards for employees to choose among them when they perform better.

In the questionnaire seven items were included to assess whether the company conducts need assessment program, if employees have the chance to chose the way they like to be rewarded etc.

First, the researcher will present summary of the means on each of the items. Next the researcher will try to look at who needs (age and sex) more what type of reward (financial Vs non-financial).

Table 4.16 Summaries of customize reward

Items		Strongly Disagree		Disagree		I don't know		Agree		Strongly Agree	
		Fre q.	%ag e	Fr eq .	%ag e	Fre q.	%ag e	Fr eq .	%ag e	Fr eq .	%ag e
1	There is need assessment program in the bank on how to reward employees	18	7.2	27	10.8	49	19.6	73	29.2	83	33.2
2	Employees have the chance to choose the way they like to be rewarded	2	.8	5	2.0	54	21.6	108	43.2	81	32.4
3	I will be happier, if the company consults me what I need most when I perform better.	14	5.6	31	12.4	40	16.0	88	35.2	77	30.8
4	I like to be rewarded only direct financial rewards like salary increment and bonus when I perform better	36	14.4	45	18.0	36	14.4	68	27.2	65	26.0
5	I like to be rewarded only indirect financial rewards like; educational support, better medical coverage, better housing loan package etc when I perform better.	36	14.4	47	18.8	33	13.2	65	26.0	69	27.6
6	I like to be rewarded only non financial rewards such as recognition, special training, career development opportunity etc when I perform better	55	22.0	57	22.8	55	22.0	46	18.4	37	14.8
7	I like to be rewarded appropriate mix of both financial and non financial rewards when I perform better	7	2.8	21	8.4	44	17.6	82	32.8	96	38.4

Source: survey 2017

Need and wants of human being are not static. They change with time and situations. Companies that design best reward policy should not keep quiet for long period of time. They should conduct need assessment program periodically through attitude survey or any other means in order to know what is valued by the current work force. With regard to the above point respondents from the CBE agree for the existence of any need assessment program as indicated by 156 (63.1%) Of the total respondents.

The output of the need assessment is what is valued more by employees. Employees were happier when they are rewarded what they value most. In the bank under study, majority of respondents agree if they get a chance to choose the way they like to be rewarded. The 189 (75.6%) of respondents reveal their agreement. On the other hand, majority of them have expressed their happiness if the bank consults them what they need most when they perform better. The 165 (66%) of the respondent have expressed their level of agreement positively. This ascertains that individual needs are varied and it is because of their difference as they want to be consulted when they perform better. Hence, the company should devise a mechanism to address employees' needs and want.

Most people believe that employees, in developing countries, are motivated by financial rewards only. With this attitude, most companies in these countries craft their reward policy with too much emphasis on the financial reward type only. Many companies have cost a lot by losing their skilled and experienced employees and by recruiting and training of new employees due to this naïve behavior.

Respondents were asked what they like to be rewarded when they perform better. Four items were prepared to identify what they like most. These are; only direct financial, only indirect financial, only non-financial and both with appropriate mix. Accordingly, 53.2%, 53.6%, 33.2% and 71.2% were registered respectively. The result clearly shows that employees like to be rewarded both in financial and non-financial rewards with appropriate mix. However, majority of them are interested in financial rewards like bonus, mortgage and others. Hence, the bank should look into its reward policy and practice and adjust them according to the needs of its employees.

4.7 Employee's perception

Table 4.17 Summaries of respondent's perception on the reward system of the organizations

Items	Strongly Disagree		Disagree		I don't know		Agree		Strongly Agree		
	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	
1	The bank's reward systems strongly consider the level of my performance.	60	24.0	80	32.0	45	18.0	39	15.6	26	10.4
2	The bank's reward systems strongly consider my educational status.	35	14.0	92	36.8	42	16.8	47	18.8	34	13.6
3	The pay I receive is equal with my colleague who is having the same experience and educational qualification on the same position.	34	13.6	45	18.0	28	11.2	84	33.6	59	23.6
4	I have a chance to be promoted equally with my colleagues who are with the same educational status and experience	30	12.0	46	18.4	37	14.8	73	29.2	64	25.6
5	I believe that the company's reward systems are equivalent with level of my contribution.	66	26.4	79	31.6	45	18.0	37	14.8	23	9.2
6	The company's reward compensate excellent performer more than average performer	64	25.6	55	22.0	33	13.2	52	20.8	46	18.4

Source: survey 2017

In the above table 4.17 when the respondents were asked whether the organizations reward practices strongly consider their level of performance the response shows that most of them i.e. 140 (56%) did not agreed on the issues. The other 65 (26%) has agreed on the idea. This indicates that only some employee's thinks that the reward systems that their organization follows consider

their level of performance. In the same way most of the respondents i.e. 127 (50.8%) do not agree for the second item. The result of interview supports this as all of interviewee responded that those who have second degree are not being considered for any additional position and other direct financial/non financial reward. For item no. 3 the majority of the respondents 143 (57.2%) agrees that they receive equal pay with their colleagues with the same experience and educational qualification on the similar work position and only 31.6% of the respondents disagrees i.e. 79 respondents out of the 250. This implies that the pay provided by the organization to employees with the same experience and educational status is fair and consistent among employees working on similar position. Regarding the item which states about the existence of equal chance of being promoted in the organization, the majority of the respondents 137 (54.8%) showed their agreement. This implies that, employees in the CBE's have an equal chance of being promoted equally with their colleagues who have the same educational status and experience. But the bank gives more attention on the individual exam results of the employees and the immediate supervisors' recommendation during the promotion. This response was provided by interview respondents.

For the fifth item, the majority of the respondents 145 (58%) have disagreed regarding the idea of the reward system being implemented in CBE that it is equivalent with the level of their contribution. This shows that those committed and hard working employees who contribute more to the bank are equally rewarded with those careless and sloppy staffs. This, however, is with the exception to non-financial reward such as recognition for top performers or for those who exert maximum effort to meet their target in some branches. For the last item, 119 respondents i.e. 47.6% out of the total 250 showed their disagreement that the reward system provided to compensate excellent performer more than an average performer and only 98 (39.2%) of the respondents agreed on the issue. This implies that the reward practices being implemented in CBE do not considers performance level of employees and it does not give priority for the higher performance level and the average performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

In this chapter, summary of the major findings, conclusions and recommendations originated from the analysis, discussion and interpretation of the data that collected through questionnaire and interview based on opinion of clerical employees performance in CBE selected North Addis Ababa district city branches are presented.

5.1 Summary of Major Findings

The demographic characteristics implied that:

- Age of respondents' comprises about 46 (18.4%) fall under age category of 20-24, 70 (28%) fall under age category of 25-29, 63 (25.2%) fall under age category of 30-34, 40 (16%) fall under age category of 35-39, 12 (4.8%) fall under the age category of 40-44 and the remaining 19 (7.6%) fall above 45 years of age category. We can clearly understand that majority of respondents in the bank are youngsters. Besides, it warns the company the reward package it designs should accommodate its workforce age composition. Since, youngsters are more volatile for turnover for cash and other differentials the company has to craft its reward according to the industry's pace.
- About 198 (79.2%) of them are holders of first degree, 34 (13.6%) of the respondents are holders of MA Degree, 9 (3.6%) of the respondents are holders of diploma and the remaining 9 (3.6%) are composed holder of Certificate and the others. The table 4.2 implies that the work forces of the company are fairly educated. This implies that they are able to understand and respond to questions distributed to them through the questionnaire.
- 17.2% of them have worked in the company between 1-3 years, 32.4% of them between 4-6 years, 26% between 7-9 years, 14.8% of them were 10-13 years and the remaining 9.6% of them above 13 years. From this, we can infer that more than half of the respondents have served the bank less than 9 years. In addition, it reflects that given the bank's 75 working years, it couldn't retain its experienced manpower.

General questions on the bank's reward system

- ❖ 50.8 % of respondents indicated that the bank has incorporated both financial and non-financial rewards in its reward system. Besides, 60.8% of them disagree that the financial reward type is greater than the non-financial reward types. However, 69.6% disagree on the competitiveness of the company's reward with other banks. Moreover, the company did not communicate its reward system to all employees as revealed by 68% response rate. In addition 59.6 % of the respondents have agreed that the company's reward system is not capable to retain best performers. Further it does not even differentiate between high and low performers as indicated by 54.4 % of response rate.

Respondent's perception towards the company's employees' performance evaluation system.

- ❖ 58.8% of respondents have agreed that the company conducts periodic employees' performance evaluation program. However, 69.2% of them agreed on the inclusion of job related items in the performance evaluation form. On the other hand, they do not agree on the performance evaluation report reflects their true performance and its dependability. About 52% of them do not agree that there are clear standards to be called high performer. But, 58% of them agree that even if someone gets the highest evaluation score he/she may not be entitled for additional pay. This clearly sheds negative perception on the performance evaluation program of the bank.

Reward Composition

- ❖ As discussed above, from the reward system of the bank the non-financial rewards are greater than the financial reward types. However, 60.8% of the respondents do not agree that the existing financial rewards are sufficient. On the other hand, about 59.6% disagree that best performers get additional pay. The bank mainly promotes the entitlement orientation in rewarding its employees. As per the information obtained from the respondents i.e. 69.2%, the bank do not provide bonus to high performers only rather to all employees regardless of their performance 62%. This may discourage high performers. In addition, 58% of the respondents disagree on the attractiveness of the existing housing loan policy of the bank.

- ❖ The bank has been recognized positively in one of the major non-financial rewards. As per the 60.4% of respondents' their supervisor appreciates a job well done. This is a very good culture that the company should develop. On the other hand, 53.2% of respondents agree on the existence of conducive work environment for high performers. Besides, 70.2% respondents also claim that there is no clear career development opportunity in the company. In addition 54.4% of them have agreed that bank's were communicated clearly about the promotion policy. But 75.6% agreed the bank fills vacant position internally. However, as revealed by mean result by 146 (58.4%) of respondents agree about provision of training to develop employees' future career. Likewise 161 (64.4%) of total of respondents agrees that there is proper implementation of career development opportunities which will increase employees' performance; so as to step-up to the next position.

Reward Immediacy

- ❖ The 60.8% of respondents have disagreed that the bank rewards employees immediately when they perform best. Moreover, the 114 (45.6%) shows that most of them claim that there is remarkable time gap between reward and performance appraisal result. However, there is a practice of recognizing and writing formal appreciation letter for top performers just immediately at the end of the month/quarter in some branches in recent times.

Customized Rewards

- ❖ As per the information obtained from the respondents 62.4%, agree on the existence of need assessment program in the bank. About 75.6% of them said that employees do not have the chance to choose the way they like to be rewarded. On the other hand, 66% of them have agreed that they will be happier if the company consults them what they need most when they perform better. Similarly the findings from the study shows 71.2% of the respondents agree that they like to be rewarded both financial and non-financial reward types with appropriate mix than single type of reward.

Employee's perception

- ❖ The 56% , 50.6% and 57% of the respondents responded that the employees are disagree regarding the company's reward system considers their level of performance, educational status and the reward they get are equivalent with the level of their contribution respectively. However greater part of respondents agreed that employees in the CBE's have an equal chance of being promoted equally and the pay they receive were equal with their colleague with the same educational status and experience on the same job level.

5.2 Conclusion

Based on the data presented in the previous chapter, the following main conclusions are drawn. Majority of the descriptive analysis were formulated to investigate the bank's reward system on the clerical employees' performance of Commercial bank of Ethiopia selected north Addis Ababa district city branches. The findings obtained confirmed that there is significant relationship between reward and employees performance. The findings were depends on six items to assess about the reward system and performance of the employees in the company. The findings show that there are two types of rewards in bank namely financial and non financial rewards, even though the employees of the company are not happy and motivated with the reward system. This is mainly because of the fact that one type of reward system (i.e. financial reward) is not satisfactory in the total reward system of the company. Besides, employees have felt that the reward system is not competitive with other banks, not well communicated and it cannot differentiate between high and low performers.

Moreover, the finding shows that there is poor linkage between reward system and individual performance. Even though the company conducts periodic employees' performance evaluation, this performance evaluation system is targeted on the branch (department) level rather than individual base that means high performers may not be rewarded based on their performance. This will develop negative perception among employees. They may ask why they are evaluated if they are not rewarded. Since the bank follows entitlement orientation there are no special rewards in the form of bonus or salary increment for high performers. Rather all employees will get the bonus and salary increment regardless of their performance. This may develop thinking in the

employees' mind that performing better does not have associated reward. Hence, they will do their job at their lowest potential just to meet the standards. That means there is directly relationship between employee's performance and reward system. The finding also shows that there is a need assessment program in the company; however the employees do not have the chance to choose the way they like to be rewarded. On the other hand the respondents were happier if the company consults them what they need most when they perform better and they like to be rewarded both financial and non-financial reward types with appropriate mix than single type of reward. However, as inferred from the result of this study, employees are more satisfied and motivated with direct financial rewards.

With regard to employee's perception on the existing performance appraisal system, the bank's reward system does not consider their educational status and the reward system they provided were not equivalent with the level of their contribution. On the other hand some of the respondents agreed that the pay they receive is equal with their colleague with the same educational status and experience but this pay were not equivalent with this industry.

Generally speaking, it can be concluded that there is poor implementation of employees performance evaluation, employees are not satisfied with the current reward composition, broad time gap between performance appraisal period and reward, lack of customized rewards and low attention towards the level of educational qualification in the bank understudy.

5.3. Recommendations

Based on the findings of the study, the researcher has proposed the following recommendations:-

- ✓ As indicated in the study, the bank has implemented both types of the reward system, but currently the financial reward being implemented is not attractive when compared to competitors (other banks). So the researcher recommends that the bank should modify the existing reward system especially financial rewards.
- ✓ As much as possible the bank should make available exceptional rewards systems to retain skilled and high performing employees. No company works in a vacuum. Today's market is becoming more competitive than ever. Companies are fighting to get skilled and experienced personnel. Service giving organizations, like banks, mainly depend on the skills and abilities of their human resources. One way of keeping and attracting skilled employees is by designing a reward system that is competitive to the external market mainly to the industry. Otherwise, employees will leave the organization in search of better pay and the remaining employees' motivation will be lower.
- ✓ The bank should set reward criteria to differentiate high performers from low performers. The main principle of performance management system is to reward top performers and penalize under performers. When top performers are rewarded, they become motivated and contribute more towards achieving the organizational goal. But if they are seen equally with under performers they become unprovoked and will not be aligned with organizational overall target. And this will have negative impact on the bank's profitability.
 - The employee's performance evaluation result should have some implication to employees in terms of reward and promotion. Hence, the bank should devise a mechanism to attach rewards with performance.
- ✓ As indicated in the data presentation, the bank should work hard to conduct need assessment program and identify the employee's satisfaction in order to reverse the existing adverse feelings of employees.

- The bank should adopt clear reward procedure that could be applied consistently. In relation to this, it should have to arrange an office or committee that can hear the voice of employees when policies and procedures are violated and also should pave the way to communicate with employees.

- ✓ The existing performance appraisal system is more depends on the branch performance results. As the performance management guideline indicates, each employee should be rewarded based on his/her performance result which is measured at each quarter. Therefore, the bank should implement the individual based performance appraisal system which is attached to individual reward system.

- ✓ In addition to these the researcher recommends that the bank should improve (modify) the existing poor rewarding system through both external market analysis and internal needs of reward. This will help to design a competitive reward system in the market.

Finally, the researcher recommends the bank to keep its good qualities and improve its weak side.

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Annex 1: Questionnaire for CBE clerical employee

Addis Ababa University

College of Business and Economics

Department of Public Administration and Development Management

This questionnaire is intended to collect primary data used for thesis entitled “Assessment of a reward system on clerical employees’ performance in Commercial Bank of Ethiopia: The case of Selected north Addis Ababa district City Branches” in partial fulfillment of requirement for Masters of Public Management and policy. Therefore, your participation in giving reliable information is important for the success of this study. So, I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

Thank you in advance

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If you have any question with regard to the questionnaire please contact me using the above mentioned address.

Note

- Please do not write your name
- Put “✓” or “✗” mark in the box to the point which highly reflect your idea
- All information will be treated confidentially
- Your honest and unbiased response will greatly contribute for the research to achieve its objective.

A. General Questions on the bank's Reward System

No	Items	5	4	3	2	1
1	The bank clearly communicates its reward package to all employees					
2	Both financial and non-financial reward types are incorporated in the reward system of the company					
3	In bank's reward system, financial rewards are greater than nonfinancial rewards					
4	The CBE's reward package is competitive with other banks					
5	The CBE's total reward package is capable to retain best performers					
6	The bank's reward system clearly differentiates between high performers and low performers					
7	Reward motivates me to increase my performance					

B. Perception on the Employees' Performance Evaluation System of the Company

No	Items	5	4	3	2	1
1	There is periodic employees performance evaluation program in the company					
2	Job related contents are fairly included in the employees performance evaluation form					
3	I believe the performance evaluation report reflects my true performance					
4	The company's employee's performance evaluation system is dependable.					
5	There are clear standards to be called high performer					
6	Even if someone gets the highest performance evaluation score, s/he may not be entitled for additional pay					

C. Reward Composition

i. Financial Reward

No	Items	5	4	3	2	1
1	There are sufficient financial rewards in the bank					
2	High performers will get additional pay for their performance					
3	Salary increment made for high performers will motivate others to perform more					
4	Bonus is given only to high performers					
5	Bonus is given to all employees regardless of their performance					
6	Bonus given to high performers will initiate for better performance					
7	The company's mortgage loan policy is attractive					
8	Provision of attractive mortgage loan policy will help to retain high Performers					
9	Provision of extensive medical coverage will help to retain high performers					

ii. Non-financial Reward

No	Items	5	4	3	2	1
1	The recognition I get due to my performance is visible to others.					
2	My supervisor appreciates a job well done					
3	Proper recognition of high performers will motivate low performers to work hard.					
4	There is conducive work environment in the company for high performers					
5	Creation of conducive work environment will encourage high performers to increase their performance					
6	There is clear career development opportunity in the company					
7	The company's promotion policy is clearly communicated to all Employees					
8	Usually the company fills vacant position in the form of internal vacancy					
9	The company provides adequate training to develop employees future career					
10	Proper implementation of career development opportunities will increase employees' performance so as to step-up to the next position.					

D. Reward Immediacy

No	Items	5	4	3	2	1
1	Employees are rewarded in the company immediately when they perform best					
2	There is remarkable time gap between the reward and good performance.					
3	Immediate rewarding of employees for registering best performance will help to repeat that performance in the future					

E. Customized Rewards

No	Items	5	4	3	2	1
1	There is need assessment program in the bank on how to reward employees					
2	Employees have the chance to choose the way they like to be rewarded					
3	I will be happier, if the company consults me what I need most when I perform better.					
4	I like to be rewarded only direct financial rewards like salary increment and bonus when I perform better					
5	I like to be rewarded only indirect financial rewards like; educational support, better medical coverage, better housing loan package etc when I perform better.					
6	I like to be rewarded only non financial rewards such as recognition, special training, career development opportunity etc when I perform better					
7	I like to be rewarded appropriate mix of both financial and non financial rewards when I perform better					

G. Employees' perception

No	Items	5	4	3	2	1
1	The bank's reward systems strongly consider the level of my performance.					
2	The bank's reward systems strongly consider my educational status.					
3	The pay I receive is internally equal with my colleague who is having the same experience and educational qualification.					
4	I have a chance to be promoted equally with my colleagues who are with the same educational status and experience.					
5	I believe that the bank's reward systems are equivalent with level of my contribution.					
6	The bank's reward compensate excellent performer more than average performer					

I Thank You!

Annex 2: Interview questions to clerical employees on reward system

1. How does the CBE evaluate the performance of its employees?
2. Is there any reward policy and procedures in the bank? If your response is Yes, Does the bank apply this employee's rewarding policy? If your response is NO, why?
3. What is the time base for the bank to reward its employees?
4. What are the criteria that the bank use when rewarding its employees?
5. Do you think that the current reward system is motivating/ encouraging? If No, does the bank have a plan to improve it?
6. Does the bank consider individual performance while rewarding its employees?
7. What kinds of reward system does the bank use to motivate top performers?
8. Do you think CBE's Reward system is competitive with that of private banks? How?
9. Do you believe that employees are satisfied with the current reward system in CBE?
10. Please suggest any comment regarding the current reward system of CBE