



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!



THE EFFECT OF REWARD MANAGEMENT PRACTICE ON EMPLOYEE PERFORMANCE: THE CASE OF COMMERCIAL BANK OF ETHIOPIA (CBE)

**Addis Ababa University
School of Commerce**

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF
COMMERCE FOR PARTIAL FULFILLMENT OF MASTERS OF ARTS
DEGREE IN HUMAN RESOURCE MANAGEMENT

BY: Habtamu Nigussie

Advisor: Woubshet Bekalu

Addis Ababa, Ethiopia

NOV, 2021

Addis Ababa University

School of Commerce

Department of Human Resource Management

**The Effect of Reward Management practice on Employee
Performance: the case of Commercial Bank of Ethiopia**

Thesis Approval Sheet

Board of Examiners

Advisor

Signature

Date

External Examiner

Signature

Date

Internal Examiner

Signature

Date

Declaration

I declare that this study is my original work towards the Executive Masters of Human Resource Management and has not been submitted for any Degree or Masters in any University. I have produced it independently except the guidance and suggestion of my research advisor.

Signature: _____

Habtamu Nigussie

Name of Advisor: Dr. Woubshet Bekalu

Signature: _____

Acknowledgement

First of all I would like to thank my almighty God for his support and guidance to complete this research work successfully.

I would like to thank my research advisor Dr. Woubshet Bekalu for his consistent support in providing me with critical comments, and advice right from title selection to completion of this research.

My gratitude also extends to all the employees of commercial bank of Ethiopia South Addis Ababa District their welcoming approach and support during the data collection.

My last, but not the least, special thanks' goes to my family for their invaluable help in every stage in my life career and success.

Table of Contents

Acknowledgement	i
List of Acronyms	v
List of tables.....	vi
<i>Abstract</i>	viii
Chapter one	1
Introduction.....	1
1.1. Background of the Study	1
1.2 Background of the Organization	3
1.3. Statement of the Problem.....	4
1.4. Research Question	6
1.5. Objectives of the study.....	6
1.5.1 General objective	6
1.5.2 Specific Objective	7
1.6. Significance of the Study	7
1.8. Limitation of the Study	8
1.9. Organization of the study.....	8
1.10 Definition of key terms	8
CHAPTER TWO	10
RELATED LITERATURE REVIEW	10
2.1. Theoretical Literature of Compensation, Reward and Performance.....	10
2.2. Reward.....	10
2.3. Types of Rewards	10
2.4. Reward management.....	11
2.5. Aims of Reward Management	12

2.6. Reward philosophy	12
2.7. Employee performance	13
2.8. Theory of employee performance	13
2.8.1. The Goal Setting Theory.....	13
2.8.2. The expectancy theory	14
2.9. Pay System and Employee Performance.....	14
2.9.1. Recognition and Employee Performance.....	15
2.9.2. Working Condition and Employee Performance	17
2.9.3. Career Development and Employee Performance	18
2.9.4. Gender and Employee Performance	19
2.10. Employee performance in commercial bank of Ethiopia.....	20
2.11. Empirical Review.....	22
Chapter Three.....	25
Research Design and methodology.....	25
3.1. Research Approach	25
3.2. Research Design.....	25
3.3. Population and Sampling Techniques.....	25
3.4. Sampling Technique	26
3.5 Method of data analysis	28
3.6. Reliability and validity Measurement	29
Reliability Test Result.....	29
3.7 Ethical consideration.....	30
CHAPTER FOUR.....	31
DATA ANALYSIS AND PRESENTATION	31
4.1 Introduction.....	31
4.2 Response Rate.....	31
4.3. Demographic Information.....	32

4.3.1 Gender of the Respondents	33
4.3.2 Age Distribution of the Respondents	33
4.3.3 Educational Qualification of Respondents.....	34
4.3.4 Job Title of respondents	34
4.3.5 Monthly Income of respondents	34
4.3.6 Years of Service Respondents.....	34
4.4 Correlation Analysis	43
4.4.1 Correlation Analysis between motivation and employee performance.....	44
4.4.2 Correlation Analysis between Payment/ Compensation and employee performance.....	45
4.4.3 Correlation Analysis between Benefit and employee performance	45
4.4.4 Correlation Analysis between Career Development and employee performance.....	45
4.4.5 Correlation Analysis between Job Characteristics and employee performance.....	45
4.4.6 Correlation Analysis between Recognition and employee performance	45
4.4.7 Correlation Analysis between Work life balance and employee performance	45
4.5 Regression Analysis.....	46
4.5.1 Assumptions of linear regression analysis	46
4.5.1.1 Multi co linearity test	46
Table 7 Multi co linearity test	47
5.1. Summary	50
5.2. Conclusions of the Study	51
5.3. Recommendation	52
Bibliography	54

List of Acronyms

CBE= Commercial Bank of Ethiopia

HRM = Human resource management

HR = Human resource

SPSS = Statistics package for social science

Sig. = Significance

SAAD=south Addis Ababa district

PMS=performance management system

List of tables

Table 1	Total population of selected Branches	26
Table 2	Sample Size Determination of the Study	27
Table 3	Number of Questionnaires distributed and returned	32
Table 4	Demographic Background of Respondents	32
Table 5	Reliability test result for the questionnaire	29
Table 6	Correlation Matrix	44
Table 7	Multi co linearity test	47
Table 8	Regression analysis result for Reward Management and Employee Performance	47
Table 9	Regression Result	48

List of Figures

Figure 1 Type of Reward (source M. Armstrong, 2007)	Error! Bookmark not defined.
Figure 2 Conceptual Frame Works Self Developed	24

Abstract

Organizations are looking to develop, motivate and increase the performance of their employees in different ways of human resources systems. Due to this currently the issues of the human resource management system becomes important. Hence, the main objective of conducting this research study is to determine the relationship between reward and employee performance. The result that would be obtained from the study may have significant contribution to the knowledge with regard to reward management and employee performance hence it is a contemporary issue of the organization. Quantitative research method through Explanatory research type, correlation and regression analysis were used and in this study 308 data collected from employees of Commercial Bank of Ethiopia found at South Addis Ababa district using questionnaires. The data collected was analyzed by using SPSS version 25 software. The result of this study support that reward management practices have significant positive relationship with employee performance. It's very important to recommend the organization to implement a total reward approach instead of exercising one. In addition to this it's also advisable for the organization to focus more on the benefit packages.

Keywords: *Reward Management, Employee Performance, Total Reward*

Chapter One

Introduction

This section addresses the background of the study, background of the organization, statements of the problem, Objectives of the study, Significance of the study, Scope of the study, limitation of the study and organization of the paper in the separate section.

1.1. Background of the Study

Due to competitive pressure organization are continually looking to increase the 'added value' of their employees by encouraging them to increase their effort and performance ((Beardwell & L, 1994). It is also the most important factor is human in organizations. The main management strategies of the organizations are to invest on employees. Many Organizations are seeking to motivate, develop and increase the performance of their employees in a variety of human resources applications. Therefore, the issues of reward management system have been considered to be the most considerable practices of the human resource management system. The purposes of reward systems are to provide a systematic way to deliver positive consequences. Basically, its purpose is to provide positive consequences for contributions to desired performance. (Wilson;B;T, 2003).as stated in Armstrong book Reward management deals with the strategies, policies and processes required to ensure 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) which aim to satisfy the needs of both the organization and its stakeholders and to operate fairly, equitably and consistently ((Armstrong M. , Armstrong's Handbook of Human Resource Management Practice, 2012)). In recent years the term "employee engagement" has taken a fundamental role on organizational effectiveness ((S;A;M, 2006)). According to Kahn ((Katz, D and Kahn, R., 1990) employee engagement is "the harnessing of organizational members' to their work roles; in engagement people employ and express themselves physically, cognitively, and emotionally during role performances."

The research evidence linking employee engagement with performance and other important organizational outcome generated a widespread belief amongst senior executives and HR

practitioners that improving and sustaining high levels of employee engagement is good for business ((Attridge, 2009) (James K. Harter, Frank L. Schmidt, And Corey L. M. Keyes., 2002) argued that within the broad category of employee well-being, engagement is associated with more frequent experiences of positive effect, which then lead to “the efficient application of work, employee retention, creativity and ultimately business outcomes”. Having an engaged workforce in the organization is important because research shows that engaged workers help organizations gain benefits such as increased efficiency, higher levels of customer satisfaction, higher productivity, and lower turnover rates ((Buhler, 2006)). Increasing motivation and raising levels of commitment and engagement are key organizational requirements. The development of reward management policies, structures and practices is supported by the assumptions about how people can best be motivated to deliver high levels of performances, discretionary effort and contribution ((Michael Armstrong and Helen Murlis, 2004)).The approach to employee engagement, discussed by ((Robinson, D, Perryman, S and Hayday, S., 2004), stresses the importance of 'feeling valued and involved' as a key driver of engagement. Within this umbrella of feeling valued and involved there are a number of elements that have a varying influence on the extent to which the employee will feel valued and involved and hence engaged. The diagnostic model of Robinson ((Robinson, 2004) illustrates the drivers of engagement in which the 'hygiene' factors, such as pay and benefits and health and safety, training, learning, career and development, performance appraisal and communication, work life balance are included. According to Dewhurst ((Dewhurst, 2010), employees want to get both types of rewards means financial and non-financial rewards. Some employees prefer the financial rewards and other are non-financial rewards that opportunity to take an important tasks and projects, attention and encouragement of leadership. In this way employees feel that they are being valued by the employers and also feel that the company is seriously involved in employee’s career and development. The provisions of competitive compensations (financial, non-financial as well as good employee benefit package) are important in maintaining the employees engagement, reducing turnover, minimizing absenteeism and overall to ensuring the well-being of the organization for long period of time in current volatile environment. ((Armstrong M. , A Handbook of Human Resource Management Practice10th edn, 2006)4 As we all know CBE is the leading bank in Ethiopia, established in 1942 and this bank is also Pioneer to introduce modern banking to the country. It has more than 1600 branches stretched across the country.

(CBE, 2019/2020) The aim of this study is to investigate and analyze how well the current reward system of CBE helps to generate employee performance. More specifically it aims to find out which aspects of the reward system functions well, and which aspects would be further developed and will be improved in order to increase employee engagement. Therefore, in the view of above concepts the study will be conducted to identify the relationship between reward and employee performance in Commercial Bank of Ethiopia. The result of this study will help the Commercial Bank of Ethiopia managers to give more attention to the variable that enhances employee engagement and to formulate effective reward management practice in the competing environment.

1.2 Background of the Organization

Commercial bank of Ethiopia (CBE) is the leading bank in Ethiopia. It was established in 1942 the bank was legally established as a share company in 1963. The Bank provides a wide range of financial products and services including deposits, credit facilities, local transfers, trade services, forex services, money transfer, internet and mobile banking. CBE has strong correspondent relationship with more than 50 renowned foreign banks and a SWIFT bilateral arrangement with 500 others. Among other human resource practices reward systems plays an important role in employees' development and organization well-being. Keeping in view the existing competition for talent among the players competing in banking sector, effective human resource practices can help organizations to retain their employees. CBE claim that the most valuable assets they have are the human resources, therefore rewarding based on their performance is considered to be a prerequisite for achieving organizational goals. Commercial bank of Ethiopia (CBE) have a vision of becoming world class commercial bank by the year 2025 and a mission of deploying highly motivated, skilled, and disciplined employees capable of providing banking products and services that can meet international best practices and standards (commercial bank of Ethiopia, 2019/2020)(Annual Report. Therefore, CBE should improve its employee performance by decreasing employee turnover and by deploying effective performance based reward system for successful attainment of its massive vision and mission.

the organization is striving to win the domestic competition which is derived by the establishment of new private banks with emerging technologies in the banking service, it is also on its way to play a cross boundary roles and competitive in the international business

arena(CBE's next five years strategy document, June 2015). The Commercial Bank of Ethiopia (CBE) is the largest commercial bank in Ethiopia. This naturally means it has a large number of employees. CBE has experienced staff leaving the organization for various reasons, the Commercial Bank of Ethiopia, as the leading Bank in Ethiopia, Bank currently operates by aligning HR development strategy with its business strategies. On the other hand performance appraisal can demotivate employees forcing them to leave the organizations. This would affect the organizations since employees would seek other opportunities thus no retention. Therefore, in the view of above concepts the study was conducted to identify the relationship between reward and employee performance in Commercial Bank of Ethiopia. This result helps the Commercial Bank of Ethiopia managers to give more attention to the variable that enhanced employee performance and to formulate effective reward management practice in the competing environment.in addition to this The aim of this study is to investigate and analyze how well the current reward system of CBE helps to generate employee performance. More specifically it aims to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee performance.

1.3. Statement of the Problem

Many organizations are experiencing increasing poor performance from their employees thereby leading to low productivity and output. The situation has been blamed on low motivational factors by some while others feel that management of some organizations have not paid adequate attention to the needs of the employees (labour).While some researchers see the poor employee motivation as a deliberate act, some came out with the finding that many organizations do not know how to motivate their employees to arouse their inner abilities for effective performance (Casey.R.J.Hilton and Robbinson, 2012)There have also been arguments as to which of the rewards, extrinsic or intrinsic is more effective in driving employees to optimal performance in the organization (Munir,Lodhi,Sabir and Khan, 2016). There is therefore the need to explore how both extrinsic and intrinsic rewards can be utilized to raise the motivational level of employees in the organization to achieve enhanced performance from them.

The research by Reilly and Brown ((Reilly, P ; Brown, D, 2008) contend that appropriate reward practices and processes, both financial and non-financial and managed in combination, can help to build and improve employee performance , and that badly designed or executed rewards can

hinder it. Their model based on research into how reward policies influence performance through engagement; providing regular open feedback, building team work, career development ,and work life balance through applying variable pay strategy, team rewards, recognition to end up with the employee engagement through satisfaction, feeling involved, developed and committed performance. (Derara, 2014) Shown that when employees receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement. And also the study discovered that when employees believe that their organization is concerned about them and cares about their well-being, they are likely to respond by attempting to full fill their obligations to the organization by becoming more engaged. (Maslach, C, Schaufeli, W B and Leiter, M P.,, 2001) have also suggested that while a lack of rewards and recognition can lead to burnout, appropriate recognition and reward is important for engagement.

A research by Begashaw Tsegaye more focus on payment/compensation (financial reward) rather than the total reward. (Begashaw, 2017).

There are problems in reward management like Attention not given for nonfinancial rewards, Inconsistency in implementing financial Rewards and the performance measurement tools are subject to biasedness and subjectivity. Hence, jobs are rated as per the level of expertise required, intensity and other factors. (Stredwick, 2005) Stated that money can motivate up to a certain level but this differs greatly between individuals. To this end, encouraging the employee to adopt the behaviors exhibited by high performers is a more coherent and useful approach to achieving improved employee performance. In connection with these, Armstrong stated that the formal reward systems in organizations must be aligned with the strategic goals of the organization. Again, most organizations view reward as only the monetary compensation given to employees to compensate them for their performance, whereas rewards should include non-financial rewards such as recognition, learning and development opportunities and increased job responsibility that goes into motivating the individual employee to give out his best

(Armstrong, A Hand book of reward management practice, 2010)

Few researches were conducted on the impact of Reward management practice on employee performance (Scott, 2006); (Aktar, 2012) ; (Adeyemi, 2013). Most findings show that, the design and implementation of reward management practice influences employee performance

significantly. Thus, in order to achieve high level of employee performance, organizations should participate individual employees on designing reward management practice and the system should be transparent, clear, and easy to understand. From researcher's preliminary study, even though there are different financial and non-financial rewards including fuel allowance, medical coverage, representation allowance, hardship allowance, annual bonus, insurance benefit, emergency loan, subsidized cafeteria) in CBE, there is no any empirical evidence how this reward practices affect employee performance in particular and bank performance in general. From informal interviews with employees, all reward practice is said to be not enough with the increase in cost of living. In addition, they reveal that design of different financial and nonfinancial reward systems are not fitting with their personal goal or interest. This may affect their performance adversely. Because Philip (2014) found out that employees performance is dependent on the way they are treated in the organization and the extent to which organizational strategy fits with employee's interest. In explaining the situation, at an informal interview, some employees of the bank, who are HR officers of the bank and planning officers, said that "From the exit interview, majority of employees leave in search of better pay and they join other banks in similar position". Contrary to this, the inflow of employees from other banks is very rare, except for managerial levels, the institution because of its rewards from other banks. Existing employees also complain that the current reward system is not comparable with other similar banks and is not enough to resist the current inflationary situation. So this research is aimed at investigating the effects of reward practice on employee performance in CBE.

1.4. Research Question

1. What is the perception of the practice of reward management and employee performance in CBE?
2. What are the main types of reward management in the organization?
3. What is the level of performance in organization?
4. How do employees perceive the existing reward practice?

1.5. Objectives of the study

1.5.1 General objective

The general objective of the study is to investigate the effect of reward management practices on employee performance in the case of commercial bank of Ethiopia south Addis Ababa district.

1.5.2 Specific Objective

1. To investigate the perception of the practice of reward management and employee performance in Commercial Bank of Ethiopia.
2. To investigate whether there is relationship between reward management practices and employee. Performance.
3. To assess the level of performance in the organization.
4. To assess employees perception on the existing reward practice.

1.6. Significance of the Study

This study has a good deal of lesson because it was conduct in a large institution with many years of experience in banking service provision. Beneficiaries of the research output will include the organization itself; to identify its gaps in reward management and employee engagement practice and filling those gaps. Other organizations also benefited and they might take it as an input to deal with similar problems in their respective cases. The other potential beneficiaries of this study will be other researchers who can use it as an additional reference for further research. Finally, it was a great privilege for me to gain a great deal of knowledge and understanding of basic theories and concepts of reward management and employee engagement which play crucial role in the overall achievement of the organization success. Moreover, the research on CBE's compensation and reward system widen the knowledge of the researcher. Finally upon completion of this research, he will be awarded an academic qualification & certified for his accomplishment.

1.7. Scope of the Study

Conducting research on the effectiveness of all reward system practiced throughout Ethiopia is very complex, especially for beginners, and time consuming. As a result, the researchers would focus only Commercial Bank of Ethiopia reward practice.

Geographically, CBE has more than 1600 branches with different grades throughout the country, out of these 4 districts are located at Addis Ababa, with in each district there are different branches. Since it is difficult and impractical, the study would be carried out in Grade four branches found in south Addis Ababa District only.

1.8. Limitation of the Study

Employees who are worked under South Addis Ababa district are the sample for this study. This may be affecting the generalization of the research findings to the whole Commercial Bank of Ethiopia. Employee of the bank is large as conducting and taking sample from the whole population is not possible because of money and time constraints. Additionally due to corona virus (COVID19) the researcher was unable to meet all employees of the bank. In addition to this employee were not willing to fill the questionnaires distributed. The researcher has not employed a qualitative research method because the top managers are not willing to give interviews. This is happened due to the work overload they have and they also fear they have compromised confidentiality of the bank. This might affect the results of the study.

1.9. Organization of the study

This study has five chapters. Chapter one consist introduction/background of the study, background of the Organization, statement of the problem, research question, objective of the study, significance of the study and scope of the study included in a separate section. Chapter two present the related literature to the subject under study. The research methodology and design were discussed in the third chapter. Chapter four dealt with data analysis, results and discussion and finally summaries of major findings, conclusions, and recommendation were discussed under chapter five. Survey questionnaire that was used for data collection is attached to this document as an appendix.

1.10 Definition of key terms

Compensation refers to all forms of financial returns and tangible service and benefits employee receives as part of an employment relationship. The term compensation is used to mean employee' gross earnings in the form of financial rewards and benefits as part of employment relationship ((Singh, Compensation and Reward Managent, 2007).

Reward management- deals with the strategies, policies, process required to ensure that the contribution people to the organization are recognized by financial and non- financial means. When certain conditions exist, reward system has been demonstrated to motivate performance. Organizations typically rely on reward systems to do four things: motivate employees to perform effectively, motivate employees to join the organization, motivate employees to continue work

and motivate individuals by indicating their position in the organization structure ((Singh, Compensation and reward management, 2007)

Total reward- typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development. As stated in Armstrong's book the intrinsic motivation provided by the work itself and the quality of working life provided by the organization ((Armstrong, A Hand book of reward management practice;Improving performance through reward., 2010)

Performance -is indeed often regarded as simply the outcomes achieved: a record of a person's accomplishments. Performance management is an important HRM process that provides the basis for improving and developing performance and is part of the reward system in its most general sense (Armstrong, Armstrong's Handbook of Human Resource Management Practice, 2009)

CHAPTER TWO

RELATED LITERATURE REVIEW

In this chapter, a detailed discussion of related literature works about compensation, reward and performance will be presented. Both theoretical and empirical framework of the study will be discussed in detail to support this study.

2.1. Theoretical Literature of Compensation, Reward and Performance

2.2. Reward

Reward refers to all of the monetary, non-monetary & psychological payments that an organization provides for its employees in exchange for the work they perform (Armstrong, Reward Management, 2004). All the financial returns and tangible services and benefits employees receive (Milkovich and Newman, 2014). It includes extrinsic and intrinsic rewards. (Bratton, 2007). Intrinsic rewards are derived from ‘the content of the task itself and include factors like as interesting and challenging of work, self-direction and responsibility, variety and opportunities to use one’s skills and abilities. And sufficient feedback regarding the effectiveness of one’s efforts. On the other hand extrinsic rewards comprise promotions, private office space and the social climate. Other examples include competitive salaries, pay raises, merit bonuses and time-off’ (Hatice, 2012)

2.3. Types of Rewards

Performance management can play an important part in a total reward system in which each reward element is linked together and treated as an integrated and coherent whole. These elements comprise base pay, contingent pay, employee benefits, and non-financial rewards, which include intrinsic rewards from the work itself (Armstrong, 2006). According to Armstrong (2010), rewards can be seen broadly from two perspectives:

1. Financial Rewards

Financial rewards comprise all rewards that have a monetary value and add up to total remuneration base pay, pay contingent on performance, contribution, competency or skill, pay related to service, financial recognition schemes, and benefits such as pensions, sick pay and health insurance.

2. Non-Financial Rewards

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

Increasing motivation and raising levels of commitment and engagement are key organizational imperatives. The development of reward management policies, structures and practices will be underpinned by assumptions about how people can best be motivated to deliver high levels of performances, discretionary effort and contribution. These assumptions may not be articulated but the reward philosophies and policies of an organization can be no better than the motivational theories and beliefs upon which they are based (Armstrong and Murlis, 2004).

2.4. Reward management

Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals. (Michael Armstrong and Helen Murlis, 2004) According to Armstrong & Murlis(2004) Reward Management deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance. The strategic aim of reward management is to develop and implement the reward policies, processes and practices required to support the achievement of the organization's business goals.

Reward management is about organizations motivating and compensating an employee for his or her service (Jiang, 2009) According to Armstrong (Armstrong, A Hand book of reward management practice;Improving performance through reward, 2010), reward management is more involved with the strategies, polices and processes taken into consideration when an organization is recognizing or rewarding people who contribute positively towards achieving the

organizational goals. According to Armstrong (Armstrong, A Handbook of Human Resource Management Practice, 2006) Reward systems consist of policies that are guidelines on approaches to management, practices that provide financial and nonfinancial rewards (, processes concerned with evaluating the relative size of job (job evaluation) and assessing individual performance (performance management), procedures operated in order to maintain the systems and to ensure that it operates efficiently and flexibly and provides value for money.

2.5. Aims of Reward Management

According to Ghoshal and Barlet (Ghoshal, S and Bartlett, C A, 1995) the aims of reward management are to: Rewarding people according to the value they create and contribute. Support reward practices with business goals and with employee values and needs; Reward the right things to convey the right message about what is important in terms of behaviors and outcomes; Support to attract and retain the high-quality people the organization needs; motivate people and obtain their engagement and commitment; Develop a high-performance culture. Support the achievement of business goals through high performance; develop the organization's culture; clarify what is important in terms of behaviors and outcomes; reward people according to what the organization values;

2.6. Reward philosophy

A reward philosophy consists of belief in the need to operate in accordance with the principles Of distributive and procedural justice. Reward It is a guide to leaders, developers, employees and anyone involved in the organization's compensation and benefits programs and processes. Reward strategies in the past have sometimes focused exclusively on business needs and alignment. Yet unless employees see and experience fairness and equity in their rewards, the strategy is unlikely to be delivered in practice. The philosophy identifies that reward management is a key factor in establishing a positive employment relationship, one in which there is mutuality – the state that exists when management and employees are interdependent and both benefit from this interdependency. Such a relationship provides a foundation for the development of a climate of trust. The reward philosophy can be communicated to employees so that they understand the background to the reward policies and practices that affect them. The Guiding principles were often agreed by top management with advice from company reward specialists or external consultants. But they will be more acceptable if members of the

organization are involved in their definition. Guiding principles can then be communicated to everyone to increase understanding of what underpins reward policies and practices.

2.7. Employee performance

Employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness to perform is to take a complex series of actions that integrate skills and knowledge to produce a valuable result. A performer can be an individual or a group of people engaging in a collaborative effort Sinha (2001) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance. Stup (2003) also explained that to have a standard performance, employers have to get the employees task to be done on track as to achieve the organization goal or target. By having the work or job done on track, employers could be able to monitor their employees and help them to improve their performance.

Furthermore, a reward system should be implemented based on the performance of the employees. This is to motivate the employees in order to perform more on their task. There are several factors that being described by Stup (2003) towards the success of the employees' performance. The factors are such as physical work environment, equipment, meaningful work, performance expectation, and feedback on performance, reward for good or bad system, standard operating procedures, knowledge, skills and attitudes. Franco et al (2002) defined performance that relies on internal motivation but presence of internal factors such as necessary skills, intellectual capacity and resources to do the job clearly have an impact. As a consequence employers are supposed to provide appropriate working conditions in order to make sure the performance of employees meet the required standards.

2.8. Theory of employee performance

2.8.1. The Goal Setting Theory

This theory suggests that the individual goals established by an employee play an important role in motivating employee performance. It helps employees to keep following their goals. If goals are not achieved, they either improve their performance or modify the goals and make them more

realistic. Whether or not the performance improves it will result in achievement of the performance management system aims (Salaman,John,and Billsberyy, 2005)

2.8.2. The expectancy theory

It is based on the hypothesis that employees adjust their behavior in the organization on the basis of anticipated satisfaction of valued goals set by them. The employees modify their behavior in such a way which is most likely to lead them to attain these goals. The theory underlies the concept of performance management as it is believed that performance is influenced by the expectations concerning future events (Guest 2002).

2.9. Pay System and Employee Performance

According to (Abdul H., 2014 Pay System) are basic rate systems, where the worker receives a fixed rate per hour/week/month with no additional payment There are systems related in whole or part to individual or group performance or profit. There are systems based in part on the worker gaining and using additional skills or competencies Pay systems provide the bases on which an organization rewards workers for their individual contribution, skill and performance. Pay structures are different - they are used to determine specific pay rates for particular jobs, usually based on the nature of the job, its content and requirements. A pay structure provides the framework within which the organization places the pay rates for its various jobs or groups of jobs. Pay systems fall into two main categories: those where pay does not vary in relation to achievements or performance, (basic rate systems), and those where pay, or part pay, does vary in relation to results/profits/performance (Beer & Cannon, 2004). There are also systems where pay, and any enhancement, is related to the gaining of extra skills or competencies. These systems can provide opportunities for greater job satisfaction - allowing workers to carry out a wider range of work, or work at a higher level. Basic rate systems are the easiest to operate, and apply to many workers in the organization. The worker receives a fixed rate per hour, week or month. Substantial numbers of workers however, have part (though generally not all) of their pay based on incentive, or variable, systems. Their earnings can therefore vary according to their own performance, that of their team or group, or perhaps that of the enterprise as a whole. Relativities and pay differentials between individuals or groups of workers are, of course, also of fundamental importance. These are generally determined by the wage or salary structure of the organization, rather than by the pay system, but they may be affected by changes in the pay

system. Determined by negotiations between management and worker representatives. In theory these negotiations can be kept quite separate from negotiations over payment structures and levels or amounts of pay; but in practice negotiations often embrace all pay-related issues

2.9.1. Recognition and Employee Performance

According to Fred L. (2011), although money receives the most attention as a reinforce and incentive motivator, and is even equated with reward systems by practicing managers, there is increasing evidence that contingently administered recognition can be a powerful reinforce to increase employee performance. Recognition is the identification or acknowledgement given for something or it can be defined as communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for high level of service is meant to encourage repeat actions, through reinforcing the behavior to see repeated. Recognition considered as one of the most powerful motivators. The recognition processes in an organization can be integrated with financial rewards through performance management and pay-for performance schemes. The importance of recognition can be defined as a key part of the value set of the organization and this would be reinforced by education, training and performance management.

According to (Beer & Cannon, 2004.), examples of contingent rewards are appreciation, recognition and rewards for good work. Employee dissatisfaction may result if an employee perceives that their efforts are not recognized or that their rewards are not equitable tied to their performance or tailored to their needs (Robbins 1993). Contingent rewards support the reinforcement theory of motivation, in terms of which performance-relevant behaviors will increase in frequency if rewarded (Beer & Cannon, 2004). Danis and Usman (2010) found that there are different dimensions of work motivation and satisfaction that are significantly correlated and reward and recognition greater impact on performance of the employees.

In addition, Employees participation in the decision making process will made them more courageous and enthusiastic towards working in the organization on the other side the periodically salary increments, allowances, bonuses, fringe benefits and other compensations on regular and specific periods keeps their morale high and makes them more motivated to accomplish the given task.

As a reward for employee performance, recognition is defined as acknowledgement, approval and genuine appreciation (not phony praise). This recognition can be set up on a formal basis (e.g., employee of the month or million dollars in sales round table) or informally used by a supervisor/team leader in managing individual employee or team behavior. It can be administered on a public (staff meeting, newsletter, or banquet) or on a one-on-one private level, verbally or written. There is a fine line between recognition as defined here and other positive reinforces or rewards such as money and feedback. For example, providing a merit increase in pay or a bonus and feedback about performance can be considered forms of recognition. However, this paper focuses on nonfinancial recognition and does not necessarily contain information about performance, although some formal recognition programs may involve prizes, dinners or plaques that cost money and both formal and informal recognition may sometimes include information about performance. The broad appeal of recognition is that most practicing managers believe it applies to everyone (top to bottom in the organization), no one gets too much of it (no satiation principle here), it is available to everyone to use, and it doesn't cost anything. To demonstrate these claims, simply ask yourself, are you or anyone you know suffering from too much recognition? Besides this common-sense appeal of recognition as a powerful, but still not wisely used, positive reinforce for employee performance, there is also considerable theory and research supporting its effectiveness.

Principles of recognition

The principles that need to be borne in mind when developing recognition schemes are that recognition: Should be given for specially valued behaviors and exceptional effort as well as for special achievements; It Should be personalized so that people might appreciate that it applies to them; It Should be applied fairly and consistently throughout the organization; Should not be given formally as part of a scheme if the achievement has been rewarded under another arrangement, for example a bonus scheme; Needs to be given as soon as possible after the achievement; Should be available to all – there should be no limits on the numbers who can be recognized

Day-to-day recognition- The most effective form of recognition is that provided by managers to their staff on a day-to-day basis.

This is an aspect of good management practice such as getting to know people, monitoring performance (without being oppressive) and providing positive feedback. It is provided orally on the spot or in a short note (preferably hand-written) of appreciation and should take place soon after the event (not delayed until an annual performance review)

Formal recognition- these schemes provide individuals (and importantly, through them, their partners) with tangible means of recognition in the form of gifts, vouchers, holidays or trips within country or abroad, days or weekends away at hotels or health spas, or meals out.

2.9.2. Working Condition and Employee Performance

Lekha P., & Dr. R. Magesh, (2016) defines working environment as an entirety which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Working environment is the sum of the interrelationship that exists within the employees and the environment in which the employees work Lekha P., & Dr. R. Magesh, (2016) defines working environment is a composite of three major sub-environments: the technical environment, the human environment and the organizational environment. Technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements. The technical environment creates elements that enable employees perform their respective responsibilities and activities. The human environment refers to peers, others with whom employees relates, team and work groups, interactional issues, the leadership and management. This environment is designed in such a way that encourages informal interaction in the work place so that the opportunity to share knowledge and exchange ideas could be enhanced. This is a basis to attain maximum productivity. Organizational environment include systems, procedures, practices, values and philosophies. Management has control over organizational environment. Measurement system where people are rewarded on quantity, hence workers will have little interest in helping those workers who are trying to improve quality. Thus, issues of organizational environment influence employee's productivity. Working Condition covers a broad range of topics and issues, from working time (hours of work, rest periods, and work schedules) to remuneration, as well as the physical conditions and mental demands that exist in the workplace. The conditions under which a job is performed can be different - from those completely comfortable to those very difficult and dangerous to employees' life and health. Difficult working conditions can be influenced by: (1) external factors that include climate - meteorological conditions, temperature, humidity, drafts,

lighting in the workplace, noise and interference, gases, radiation, dust, smoke and other harmful factors; (2) subjective factors that include gender and age of the worker, fatigue, monotony, unfavorable posture during work, etc.; (3) factors related to the organization of production such as duration of the work shift, work schedule, working time, work pace, excessive strain etc.(Lekha P., & Dr. R. Magesh, 2016).Working conditions are relevant to the environment impact, such as the space for operating and resting, criticality of the job, the degree of required technology and skill; equipment's situation and so on. Working conditions are hygiene factors to prevent dissatisfaction (Herzberg 1993).Locke (1976) finds that working conditions, which are compatible with the individual's physical needs and work goals, are positively associated with job satisfaction.

2.9.3. Career Development and Employee Performance

The term career in the context of the workplace can be seen most simply as the sequence of work experiences an employee may have over time. Work experiences may involve moving from one job to another, but also the changing nature of work within a single job and the experience of working on different projects. Career mobility in organizations are very often sideways rather than upwards, and may cross-departmental, geographical or functional boundaries (Price, 2009) Career development is the lifelong process of managing progression in learning and work. The quality of this process significantly determines the nature and quality of individuals, lives: the kind of people they become, the sense of purpose they have, the income at their disposal. It also determines the social and economic contribution they make to the communities and societies of which they are part. Career development holds out the possibility of growing critical skills within the organization, which are often not available on the external labor market; of improved deployment of people in jobs where their talents are well used; of an improved ability to attract good people and possibly retain them; and of improved flexibility in the workforce and therefore the ability to respond to business change. By attending employees as people, the nature of the employment relationship shifts to one of higher engagement and higher performance. "Talent management" is high on the agenda of large organizations and tends to focus on very senior people and those with the potential for such roles. Career development is embraced more enthusiastically here, and individuals often receive considerable personal career attention (Robbins, et al., 2009: 457). Career advancement normally entails a clearly marked path of

progression through the ranks of an organization. It is based on merit without regard for race, gender, age or ethnicity. Deserving cases become eligible for advancement. When employees get to know that each one of them has an equal chance of succeeding, it becomes easy for them to put in their best. Smit et al, (2007: 399) agree and note that the prospect of career advancement might in itself motivate employees to work hard. Mullins, (2007) also confirm that employees aspire to progress steadily in organizations for which they work. Under common belief, career advancement would involve the existence of alternative career paths based on the individual employee's and organizational needs. As (Redman T. (2004) point out lack of advancement, for any reason may damage a manager's chance to ascending the ranks within an organization. Career advancement is significant to this study and employees involved as it presents them with the opportunity for long term success, higher pay, job security and job satisfaction. A commitment to career advancement will enable steps toward achieving a better motivated workforce and a high performing organization. It also presents employees with opportunities to further their education and undergo training, thus strengthening employees' skill sets to receive consideration for a promotion and advance their career.

According to Armstrong (2001) career development is of great importance to both the individual employee and the organization. This is so because there is interaction between the organization for which he/she works and the development of the organization through the employees' career. An employee develops his/her career through a continuous acquisition of managerial or professional skills and experience which may bring about rewards and promotion. Graham and Bennett (1995) agree with this and contend that career development involves higher status and responsibilities which can take place in one organization or through movement between organizations or a combination of both. Employees could move from one institution to another not necessarily in the same career, but probably from one field to another or from one level to another.

2.9.4. Gender and Employee Performance

One difficulty encountered by investigators of sex differences and performance among workers in organizational settings is the difficulty of comparing the performance of men and women carrying out exactly the same job owing to gender segregation in the allocation of work tasks (Rydstedt & Evans, 1998). Men and women differ significantly in their characteristics. Although sex refers to the biological differences between male and females, the list of actual differences is

potentially long. Obviously, males and females differ automatically. As a rule, males are more physically active than females. Females tend to be more verbal than males. Men value independence and achievement, women value intimacy and attachment. While men are action oriented “they take care of the business”, while women are people oriented they take care of others. In many countries of the world, these differences cause government labor regulating agencies to regulate the employment of women. For example the employment of women on night work or underground is severely limited in the US. Hence, some of these restrictions among others mean that other things being equal, an employer who is faced with the choice of hiring either a male or a female for a job would choose the male. It is therefore not so much a matter of “gender discrimination” as some writers have argued but one of economic logic.

To a high degree, the job market is still segregated by gender. The world of “men’s work” and “women’s work” are as different as east and west; they are vastly unequal in power, pay and prestige. This has made comparison of performance between the two genders to come late. Schuler, R.S. (1975) believes that women were as able as men if given similar exposure. Although according to Smith, P. C. (1955) men were seen as more powerful than women and viewed good performance as a male characteristic.

2.10. Employee performance in commercial bank of Ethiopia

Employee performance in the organization is measured by the so called PMS (performance management system (CBE-IS, 2019/2020). Each employees has a given target that has to be done.it includes the financial and none financial targets. E.g. customer service: deposit mobilization, daily transaction, payment channels. The performance result of each employee sent quartly.during if there is any compliance or ambiguity regarding the result there is a pool for grievance and accordingly any one can fill the grievance application form and forward to concerned body. Regarding the EPMS of the CBE, it has limited awareness and trainings concerning the purpose, requirements and implications of PM (performance management) among employees more lack of trust and continuity of the system; lack of regular feedback and coaching to improve performance, subjective supervisor assessment. This study has also tried to assess the performance management practices in the Bank, according to participants’ response, majority of the employees at CBE are clear with the banks’ mission and vision, and also goals

and activities, tasks, products, services, and processes of their job. But still there are a number of employees who are not familiar with goals and activities, tasks, products, services, and processes of their job.

In performance planning, respondents have agreed that the overall strategic objective is properly aligned to units and individuals objectives. Respondents are also clear about what is expected from them, their job responsibilities and also there is an agreement on what the role holder / individual has to achieve with management.

In the execution stage, employees responded, most of them fail to get frequent feedback on performance and Coaching to improve performance from their supervisor or manager.

According to respondents in the assessment stage of PMS, employee performance is assessed based on the agreed plan but biased supervisor assessment to performance exists. In addition, respondents review conducted with supervisor is not focused on the contribution, capability and on continuous development.

After performance assessment, any identified shortfall or gap is addressed by providing the required training for the assessed employee. In addition to the trainings, good performances are often reinforced by rewarding employees for their good performance. As employees responded there is personnel development plans somehow that provide an action plan to improve areas of weaknesses and there are development activities. Regarding to reward most of respondents disagree that the system links reward to performance and above half of the respondents agree reward is not administered close to performance.

Based on the responses given by employees, there are different challenges encountered during employee performance management system implementation. This includes; giving different goals for similar positions (Employees are not treated equally by the system with same job grade), there is no fair job rotation in the bank, poor resource allocation (Resources are not provided to enable employees to perform) and PMS doesn't treat employees equally/it favors some areas of work which contribute to unequal promotion opportunity. Most of the respondents also feel that poor measures are developed. Other challenges include no link between performance and reward, results of PMS not used for other purposes other than record keeping/identifying best performer and Lack of knowledge about PMS.

2.11. Empirical Review

Various studies have been done to see the effect of the reward system. While some of the studies indicate that the use of rewards as enhances employee performance, others note that rewards do not motivate or doesn't have any effect on employee performance at all. The study by Veling and Arts, the authors aimed at examining „whether monetary rewards can reduce failures to act on cued task goal“ (2010:188). With a research sample comprising of thirty-six (36) undergraduates, the authors experimented to see how quick their respondents reacted to specific tasks when given a range of monetary rewards ranging from low to high rewards. The studies found out that giving relatively high monetary rewards, led to „overall faster responses“ to the specific tasks given to respondents. The authors noted that respondents overall fast response to task was positively correlated to the high rewards given them. Conversely, the authors also noted that when rewards were on the low side, respondents either slacked or showed little in the task at hand. Their finding is consistent with other studies which noted that relatively high monetary rewards may function as a catalyst for enhanced effort or determination by employees to perform well (Bijleveld et al. 2009, Locke and Braver 2008, Waugh and Gotlib 2008).

Having the right type of rewards program will help workers to grow, mature and ultimately add value to their organization. Pay, both „variable and base“, is key to ensuring to get the most value from the employees, especially high performers according to a report on salary surveys (Zingheim, 2010, p. 9). Organizations that spread pay more evenly drive away high performers and encourage the same type of average performance throughout the organization. In the study of the effect of cash bonuses on employee performance in the Kenya Power and Lighting Company Ltd, Njanja et al. (2013) found that although the majority of staff surveyed had a perception that cash bonuses motivate performance, the study concluded that these cash bonuses had no effect on employee performance. Those who had received a bonus and those who had not, perceived it to affect their performance the same; hence it did not have a significant effect on performance. However, conversely in their study of reward structures within the British construction industry (Drunker and White, 1996, p. 142) showed that due to the project nature of that industry and the clear distinction in its work force between the manual and white collar workforce, PRP systems may yield results among professional and senior managers in that industry. It suggests that this PRP model could be developed in the context of improving performance in a project team, and around a competency or skill based pay system. In 2010

research, Ahmed Kelil, looked employee's perception towards compensation and benefit policy. The study concludes that the compensation and benefit packages are not periodically updated and evaluated for effectiveness. Furthermore, the existing benefits are not well communicated to employees. Both salary and benefits available in the institutions were rated unfavorably or most unfavorably. (Ahmed Kelil, 2010). From the above description reward system is affect employee perception directly and indirectly, unfavorable benefit package may affect the performance of the employees. So the researcher is interested to study on the title "EFFECT OF REWARD MANAGEMENT PRACTICE ON EMPLOYEES PERFORMANCE of commercial bank of Ethiopia

2.12. Conceptual framework

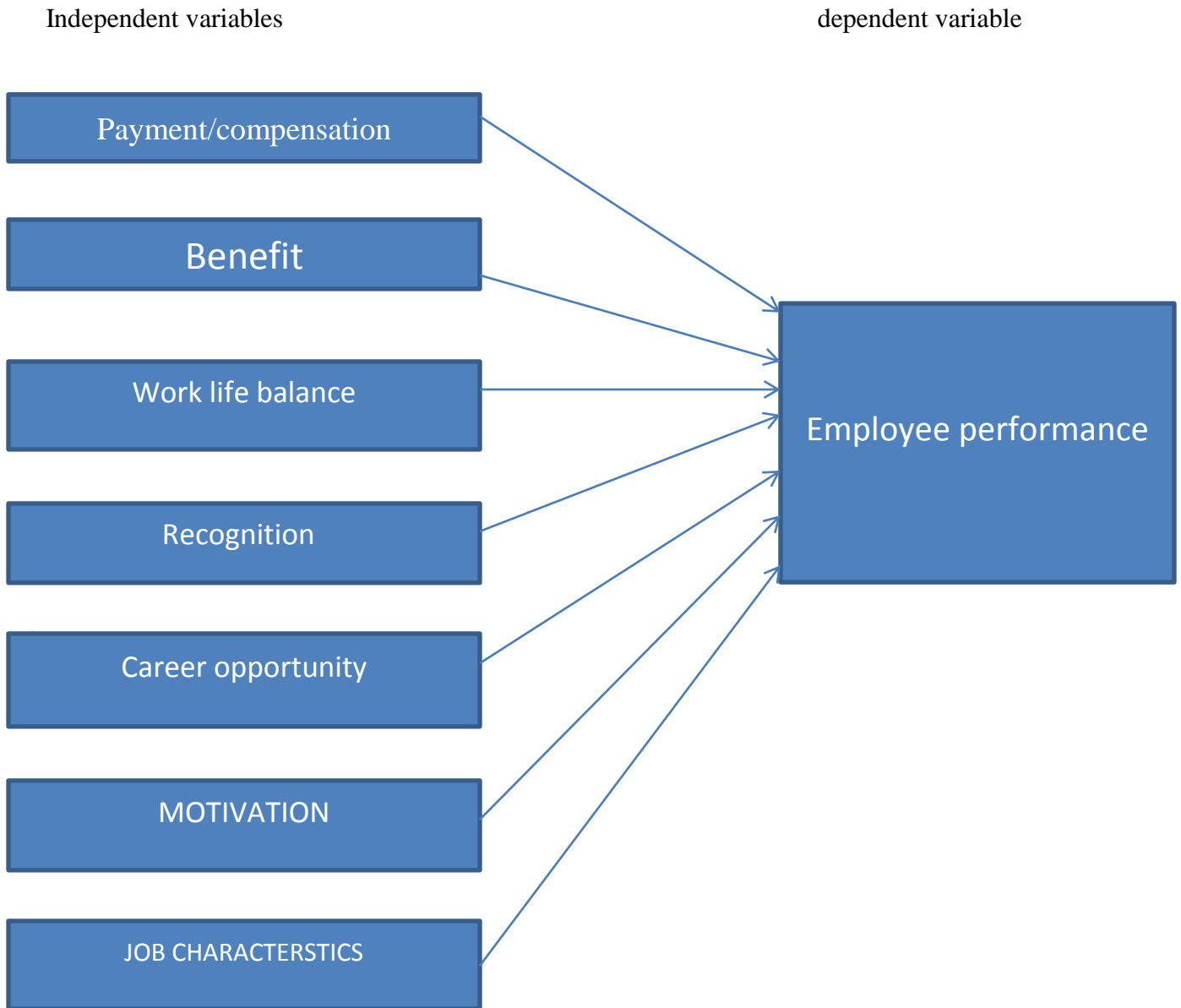


Figure 1 Conceptual Frame Works Self Developed

This model shows that if an organization implement proper reward management system employees would increase their performance for the success of the company by exerting their efforts and the company as well as individuals can attain their specific goal.

Chapter Three

Research Design and methodology

The purpose of this chapter is to describe the research design that would be employed to achieve the objectives of the study. It also discuss the research design, source of data and sampling technique, the data collection instrument and methods of data analysis used in the entire study.

3.1. Research Approach

To complete the study, the researcher applied explanatory research approach. Greater priority given to quantitative data. It involved the generation of data in quantitative form which subjected to rigorous quantitative analysis in a formal way.

3.2. Research Design

Regarding research design, correlation research design is used in order to investigate the relationship between reward system and employee performance. The aim of the correlation is to determine the existence of significant relation between/among variables (Kothari C. R., 2004). The data was obtained both from primary and secondary data sources. The primary data was collected through questionnaires from the employee of CBE. And also in this study secondary information was used from books, Annual reports, journals, published/unpublished materials, from the banks website and newsletters of the organization. To answer the research questions such as what is the effect of reward management on employee performance in CBE? What are the main types of reward management in the organization? What is the level of performance in organization? How do employees of the bank perceive the existing reward practice? Moreover Quantitative data was collected using questionnaire.

3.3. Population and Sampling Techniques

The target population for the study consists of employees of South Addis Ababa District, who are working in branches, were considered as eligible to the study. So the research uses purposive sampling techniques to select one district from four districts. Under South Addis Ababa District there are 112 branches. From these 112 branches the researcher was select the sample branches based on higher number of customers, high deposit, higher and experienced employees. The sampling frame or the total population from which the required number of sample drawn is the

total number of employees of South Addis Ababa District. Those branches have to select purposefully. The study used appropriate sample size determination formula.

The sample areas of the study were limited to employees of ten grade four branches of South Addis Ababa District. Then, the sample for this study focused on the ten branches only since making selection is convenient for the researcher to get available employees during data collection period.

Table 1 Total population of selected Branches

No.	Name of Branches	Number of Employees		
		Male	Female	Total
1	Finfine	51	29	80
2	Mexico	28	16	44
3	Mekanisa	15	18	33
4	Jemu	26	25	51
5	Nifas Silk	38	24	62
6	Bishoftu	39	30	69
7	Ertulebu	18	13	31
8	Lideta	0	48	48
9	Sengatera	29	27	56
10	Gofasefer	23	13	36
Total		267	243	510

Source: Own survey, 2021

3.4. Sampling Technique

As the December 31/ 2019 report of the Bank the total employee of CBE is 37, 894. From this SAAD has total Employee of 3117. As of Commercial Bank of Ethiopia data in December 31/ 2019 South Addis Ababa District has 112 Branches and employees within those branches are 3117. Based on December 31/ 2019 compiled data of South Addis Ababa District Grade IV branches which has higher number of employees were taken as sample population. From those

Ten selected branches have taken as respondents from professional (Graduate trainees, Junior Officers, officers, supervisory levels) and managerial employees. Out of this 355 permanent employees were taken as respondents to employ the distribution of questionnaires.

Based on Yemane (Yemane, 1967) cited in Aynalem S and Mulugeta D. (2017) statistical formula used to determining the sample size:

$$n = \frac{N}{1+N(e^2)} \text{ Where,}$$

n is sample size, N is total population, and e is margin error at 95% of confidence interval (CI) and 5% level of precision.

Thus,

$n = \frac{3117}{1+3117(0.05^2)} = 355$. According to this sample size determination ten selected branch staffs of the bank were employed the distribution of questionnaires. Then, respondents would have been include the managerial, supervisory (Experienced professionals) and professional staffs of selected branches within South Addis Ababa. Because all of those bodies has their own contribution and level of engagement on the success or organizational effectiveness of the Bank.

Table 2 Sample Size Determination of the Study

No.	Name of Branches	No. of Employees in each Branches	Sample Proportion	Sample from each Branches	%ge
1	Finfine	80	$80*355/510$	56	15.77
2	Mexico	44	$44*355/510$	31	8.73
3	Mekanisa	33	$33*355/510$	23	6.47
4	Jemu	51	$51*355/510$	35	9.90
5	Nifas Silk	62	$62*355/510$	43	12.11
6	Bishoftu	69	$69*355/510$	48	13.52
7	Ertulebu	31	$31*355/510$	22	6.19
8	Lideta	48	$48*355/510$	33	9.29
9	Sengatera	56	$56*355/510$	39	10.98
10	Gofasefer	36	$36*355/510$	25	7.04
Total		510	355	355	100

Source: Own survey, 2021

3.5 Method of data analysis

The necessary data for this study was collected from both primary and secondary sources. The primary data was collected through questionnaires from the employee of CBE. And also in this study secondary information was used from books, journals, published/unpublished materials, from the corporation website and newsletters of the organization. Likert Scale is a psychometric scale commonly involved in research that employs questionnaires. It is the most widely used approach to scaling responses in survey research. A Likert scale is the sum of responses on several Likert items. All items would be responding to 2 and 5 point Likert agreement scale. 1. Strongly disagree, 2. Disagree, 3. Neutral, 4 Agree, 5. Strongly disagree. In the survey questionnaire would consists previously tested questions and it would have three sections. The first section will be designed to collect demographic profile of the employees. The second section is about reward management practice and Michael Armstrong`s reward measurement tool will be used in developing the questionnaire.

To analysis the data Statically Package for Social science (SPSS) and STATA which is statistical software package will be applicable accordingly. SPSS is a widely used program for statistical analysis in social science Statistics included in the base software.

Descriptive statistics: cross tabulation, frequencies, descriptive, explore, descriptive ratio statistics

Bivariate statistics: means, t-test, ANOVAs, correlation (bivariate, partial, distances), nonparametric tests

Prediction for numerical outcomes: linear regression stata's capabilities include data management, statistical analysis, graphics, simulations, regression, and custom programming (Perry R. H., 2004). In addition, the data which collect from sample subjected to statistical analysis such as descriptive and inferential statistics. Descriptive statistics concerned with summarizing and describing a body of data. Inferential statistics is the process of reaching generalizations about the population of examining the sample. In inertial statics liner regression, Partial regression and multiple regressions takes place (Salvatore & Reaggle 2002). Accordingly, the researcher used descriptive statistical analysis tools such as mean and frequency tables to summarize the data.

3.6. Reliability and validity Measurement

Reliability Test Result

Reliability measurement is established by testing for both consistency and stability. Cronbach's Alpha is a reliability coefficient that indicates how the items in a set correlated positively to one other. And it indicates that the closer Alpha value to one (1) shows the higher the internal consistency and reliability. In general reliability less than 0.60 are considered poor; those in the range of 0.60-0.80 are considered as good and acceptable. In this model all the independent variables met above the requirement which is above 0.70

Alpha reliability is regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another (www.wikipedia.com). It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. This coefficient can hold a value of 0 to 1. The result of 0.7 and above implies an acceptable level of internal reliability. The result of reliability test for the questionnaire is shown in the following table. As it is indicated in the table, the test result is more 0.70. Therefore, based on the test, the results for the items are reliable and acceptable. Reliability Analysis measured with Cronbach's Alpha which shows that, all variables are higher than 0.70 in the results. It indicates that respondents have answered the questions with consistent, stable and without bias.

Table 3 Reliability test result for the questionnaire

Item /Variables	Number of Item	Cronbach's Alpha
Payment/Compensation	4	0.776
Motivation	3	0.779
Recognition	4	0.773
Job Characteristics	7	0.776
Career Development	5	0.774
Benefit	2	0.774
Work Life Balance	6	0.768
Employee performance	7	0.772
Overall	38	0.778

Source: Computed & compiled from the SPSS 25 output

3.7 Ethical consideration

The study was used proper citation of the copy right holders. Any confidential information of the bank or the employees has not been disclosed since the main intention was to gather data for the research purpose. This research is conducted on the consent of the bank and with the arrangement of Addis Ababa University, School of Commerce with authorized legal letter to the researcher.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter mainly covers the analysis and interpretation of the various data collected through the use of questionnaires as per objectives of the study. The crucial emphasis of the research was to study the effects of payment/compensation, benefit, recognition, career development and working life balance, motivation and job characteristics on employee performance. Primary data was collected from the employees of the bank using questionnaire and secondary data was collected through reviewing, journals, articles, books and the banks HR policy, procedure and annual reports.

4.2 Response Rate

In order to fulfill the objectives of this study, as clearly stated in the methodology part, the researcher approached ten selected Grade IV branches of South Addis Ababa District and distributed a total of 355 questionnaires.

This study targeted 355 respondents, questionnaire were distributed to all targeted respondents from the selected ten branches of Grade IV in South Addis Ababa District. Those branches are Finfine, Mexico, Mekanisa, Jemu, Nifassilk, Bishoftu, Ertu Lebu, Lideta, Senga Tera and Gofa Sefer. However, out of 355 questionnaires distributed 308 respondents were fully filed and returned to the researcher. This contributed to 87 % response rate. The findings which are contained in this chapter are based on 87 % response rate. Mugenda and Mugenda (Mugenda and Mugenda, 2003) stated that a response rate of 50 percent(50%) is adequate for data analysis and a response rate of 60percent(60%) said to be good and reporting rate of 70 percent(70%) and above is excellent. Table 4.1 below shows the ten selected branches, No. of distributed questionnaires and the corresponding respondents.

Table 4 Number of Questionnaires distributed and returned

No.	Sample Selected Branches	No. of Distributed Questionnaires	No. of returned questionnaires	% age of response by each Branches
1	Finfine	56	47	83.9
2	Mexico	31	27	87.0
3	Mekanisa	23	22	95.6
4	Jemu	35	34	97.1
5	Nifas Silk	43	36	83.7
6	Bishoftu	48	38	79.1
7	Ertulebu	22	20	90.9
8	Lideta	33	28	84.4
9	Sengatera	39	33	84.6
10	Gofasefer	25	22	88.0
Total		355	308	87

Source: (Own survey, 2021)

4.3. Demographic Information

The respondents were asked to respond to a series of questions about themselves and length of time the respondents uses the banks service.

Table 5 Demographic Background of Respondents

No.	Background	Distribution	Frequency	Percentage
1	Gender	Male	164	53.2
		Female	144	46.8
		Total	308	100
2	Age	22-26 Years	67	21.8
		27-30 Years	134	43.5
		31-35 Years	84	27.3
		36 and Above Years	23	7.5
		Total	308	100
3	Educational Qualification	Diploma	6	1.9
		Degree	258	83.8
		Post graduate	44	14.3
		Total	308	100
		Bank Trainee	11	3.6

4	Job Title	BBO/BOO	130	42.2
		BC/DBO	56	18.2
		SBBO/SBC/CRO	60	19.5
		CSM Service/Sales	29	9.4
		MBB/MBO/MBC/MB	22	7.1
		Total	308	100
5	Monthly Income	6302-10404	18	5.8
		10403-13316	105	34.1
		13317-18467	72	23.4
		18464-22799	62	20.1
		22800-27000	29	9.4
		27001 and above	22	7.1
		Total	308	100
		Below 1 year	13	4.2
6	Years of Service	1-3 Years	53	17.2
		3-5 Years	107	34.7
		5-7 Years	62	20.1
		Above 7 Years	73	23.7
		Total	308	100

Source: Computed & compiled from the SPSS 25 out put

4.3.1 Gender of the Respondents

Table 4.2 presents the demographic information of the respondents. As could be seen from the above table item number one the demographic data for gender shows that, out of the 308 respondents there were 164 male and 144 female. The male respondents formed majority of the target population with a Percentage of 53.2 % while female respondents were representing 46.8 % it can be says CBE is good in proportionate gender based employee engagement.

4.3.2 Age Distribution of the Respondents

In the above table 4.2 item number two shows that the age of the majority of the respondents the sample population age distribution was clearly depicted largely dominated by respondents who are at the age of 27 – 30 years old covering 134 (43.5%). The next higher group was 67 (21.8 %) fall under age categories of between 22-26. The remaining groups 84 (27.3%) and 23(7.5 %) were under the age categories of 31-35 and age 36 and above years respectively. This indicates that most of the employees are young and highly implies CBE’s employment trend focuses on new and young employees.

4.3.3 Educational Qualification of Respondents

According to item number three of the above table 4.2 the respondents hold a range of educational qualification from Diploma to Master's degree. The majority of the sample group holds a first degree which accounted 258 (83.8%). Followed by respondents those had postgraduate with a percentage of 44 (14.3 %) and 6 (1.9 %) of the respondents were diploma holders. This shows that majority of the employees are degree holders because the company adopted a recruitment policy of young fresh graduate and a minimum of bachelor degree is required to join the work force of CBE.

4.3.4 Job Title of respondents

In addition, item number four in the above table 4.2 illustrate that majority of respondents are BBO's 130(42.2 %) followed by SBBO, SBC and CRO's with a percentage of 60 (19.5 %) and the job position of employees 29 (9.4%) shows that Customer Service Managers (CSM) services or sales; and the remaining 56 (18.2 %), 22 (7.1 %) and 11 (3.6 %) falls under the job category of BC or DBO's, MBB/MBO/ MBC/MB and BT respectively. This indicates that most of operations of the bank is covered by BBO\ more productive employees..

4.3.5 Monthly Income of respondents

The results in item number five from the above table 4.2 indicates that majority 105 (34.1 %) of the respondents monthly income are between Birr 10,403 -13,316. Those who earned Birr 13,317-18,467 monthly income came in next at 72 (23.4 %). On the other hand, 18 (5.8 %) had earned monthly income of birr between 6302-10404 and the remaining respondents 62 (20.1 %), 29 (9.4 %) and 22 (7.1 %) are earned income between 18468-22799, 22800- 27000 and 27001 and above respectively. Therefore, the majority of the employees of CBE earned monthly income between Birr 10403-13316. This lower level of income leads to higher turnover in CBE.

4.3.6 Years of Service Respondents

Besides the respondents have served in CBE Grade III, IV and Special IV 10 selected Branches from below one year up to above 7 years. From the respondents, only 13 (4.2 %) of them have worked below 1 year in the Bank. The majority of the respondents have served the Bank between 3-5 years which consists 107 (34.7 %) of the study group. The other 62 (20.1 %) respondents worked between 5 - 7 years. While respondents who have served above 7 years followed with a frequency of 73 representing 23,7 % and also the respondents between 1-3 years of service worked in the bank 53 (17.2 %). According to this figure, employees' of the bank are largely

dominated by workers who have been working in the bank from 3-5 years of service. Since most of the respondents are youngsters they have few years of work experience.

General Reward System of CBE

In this section of analysis, the researcher has tried to assess the general knowledge and attitude of employees towards the bank's reward practice. It was developed by using Likert Scale. All statements were measured on a five-point scale where „1“ represents strongly disagree, „2“ represents disagree, „3“ represents neutral, „4“ represents agree and „5“ represents strongly agree.

A. base pay/salary

Item	Frequency in%						Mean	Std
	SD	D	N	A	SA	TOTAL		
CBE has involved both financial and non-financial rewards	5.6	28.8	7.6	30.3	27.8	198	3.46	1.31
In bank's total reward system, financial rewards are greater than nonfinancial rewards	5.1	23.7	9.1	39.3	22.2	198	3.4	1.1
The CBE total reward package is competitive with other banks	30.3	43.8	23.8	30.6	11.5	198	2.13	1.12
The reward system is visibly differentiates between high performer and low performers.	20.7	44.4	6.7	22.6	3.5	198	2.44	1.15
The total reward package is capable to retain best performers	18.7	36,4	14.1	19.7	11.1	195	2.68	1.29

(Source: Researcher's Survey, 2021)

About 58.1% of the total respondent agrees that the institution's total reward system incorporates both financial and non-financial rewards. Contrary to this, 34.4% of respondents do not agree on the incorporation of the financial and non-financial rewards in the total reward system of the bank. In addition to this, 7.6% of employees do not know about the issue at all. The general implication of the response is more than 50% of the respondents have knowledge of inclusion of financial and non-financial reward types in the bank's total reward system.

It is known that companies design their reward system to comprise both financial and nonfinancial reward types. However, their proportion may vary due to various reasons. Previously we have noted that the CBE's total reward system comprises both financial and nonfinancial reward types. However, table 4.2 depicts that the financial reward type is greater than the non-financial reward types. This is supported by 62.1% of the total respondents. On the other hand, 28.8% of the respondent doesn't agree on the above idea. The other respondents are neutral to give any suggestion. 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, the performance of the employee is decreased time to time.

When we back to the respondents' view on the competitiveness of the bank's reward system compared with other banks, we find that 77.3% of the respondent claim that the CBE's total reward package is not competitive with other banks. Contrary to this, 17.1% of the respondents agree on the competitiveness of the reward package. The remaining 5.6% of the employees are neutral. From this point of view majority of the respondents disagree on the bank'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. In performance-oriented organization, the company'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 are disagreeing on the ability of the reward system to differentiate

between high performers and low performers. About 65.1% of the respondents disagree on the above question. This implies that the CBE's total reward system is not related to employee's performance appraisal result. The major importance of reward system is to retain skilled and experienced employees. From table 4.2, 55.1% of the respondent disagrees on the capability of the bank's reward system to retain its best performers. Contrary to this, 30.8% respondents agree on the capability of the reward system to retain best performers. 14.1% no comment about the question raised.

From the respondents 64.7% are respond the reward system is not motivate them to increase their performance, contrary to this 29.3% of respondents are agrees on the reward system practiced in CBE motivates them to increase the performance. From the total respondent 5.6% have no ideas about it and 1 respondent skipped this question.

B. Performance Based Bonus

item	Frequency in%						Mean	STD
	SD	D	N	A	SA	TOTAL		
My salary is sufficient in relation to what I perform	25.3	36.9	14.1	14.6	7.6	195	2.42	1.23
Salary increments are made based on employee performance	35.4	36.4	6.1	11.1	9.6	195	2.22	1.31
Salary increment made for high performer would encourage others to perform better.	30.3	43.8	23.8	30.6	11.5	198	2.13	
Employees work more as a team in order to gain the reward	42.9	40.9	5.6	8.6	2.0	198	1.36	0.99
The reward motivates me to perform well in my job	43.4	30.8	10.6	13.6	1.5	198	1.98	1.11

(Source: Researcher's Survey, 2021)

It is recalled that part majority of employees are disagreed on salary of the bank. The above table depicts that there is no sufficient financial reward in the total reward system. In terms of percentage about 62.2% of the total respondents disagree on this. This implies that even if the financial rewards are greater than the non-financial reward types, the existing financial reward is not sufficient or up to the expectations of the employees. Performance related reward system implies that individuals are paid according to their performance.

On the other hand high scorers are not entitled for additional pay. The percentage result indicated that about 68.1 % of the total respondents disagree on the idea. Contrary to this, 19.2% of them agree that high performers will get additional pay for their performance. This could be mainly due to the fact that every year the bank provides additional one-step salary increment for employees regardless of the performance. Generally, the result will attract the bank's attention since majority of respondents do not agree.

At the end of every fiscal year of the bank, it is customary that the institution provides one month or two-month salary bonus depending on the branch achievement. And the salary increment for its employees is depending on its profit of the bank got at the ended fiscal year. 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 in this regard. This may cause to demotivate the high performers.

CBE has transportation and housing allowances. In this regard 69.1% of the respondents are disagree, and 24.8% are agree on the item this allowances are not enough to cover the costs stated. This is true those allowances are tax free so the employees are very happy on it but for the current costs on related with renting houses and the transport problem of the city these allowances are not enough.

CBE has provides various types of indirect financial rewards. Among this, provision of housing loan and automotive 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 by mean result of 2.652. In terms of number of respondents percentage 58.5% disagree on the attractiveness of the housing and automotive loan policy. This means the perception of employees is negative towards the housing and automotive loan policy of the bank.

Respondents Opinion on the Performance Evaluation System of CBE

Item	Frequency in%						Mean	
	SD	D	N	A	SA	TOTAL		
CBE has periodic employee's performance evaluation program	1.5	16.7	11.1	50	20.7	198	3.72	1.02
The content included in performance evaluation form is clear and understandable.	16.2	39.4	14.6	24.2	5.6	198	2.64	1.17
The performance evaluation report reflects my true performance	19.2	39.4	10.1	25.3	6.1	198	2.59	1.23
There is clear standard to call the employee high performer	14.8	45.4	16.8	16.3	6.6	196	2.54	1.13
There is additional benefit for high performers, who have highest performance evaluation score	43.4	30.8	10.6	13.6	1.5	198	1.98	

(Source: Researcher's Survey, 2021)

As indicated in the above table, the huge percentage of respondents 70.5% indicated that CBE conducts periodic performance evaluation program. In this regard the organization conducts employees' performance appraisal in each quarters which four times a year. At the end of each quarter if the rotation program is applied or not so the periodic appraisal is needed to fill each quarter and signed by the branch manager and send to the district human resource office.

Every company has incorporates its own variables that are suitable for the job to evaluate its employees. However, the question is how many of them are directly related to job and objective

to measure? The more the variables are subjective, the more the problem in handling the performance evaluation. Employees were asked to express content included in performance evaluation form is clear and understandable. Accordingly, of the study revealed that more than half 55.55% of respondents disagree on content included in performance evaluation form is clear and understandable. This implies most of the respondents are sign the PEF without understanding. This is dangerous for the bank and to the individual; because the individual are do the task without considering the target or plan. The bank also doesn't get a benefit from the employee to perform the annual profit.

At the end of every performance evaluation program, employees will be communicated the result of the evaluation. If they accept the result they will sign their agreement and if not they will contact their manager. But sometimes, if the system or the result do not have any impact on employees' future reward or career development they will sign without any discussion. In this regard employees were asked the degree of their agreement on the reflection of the performance score their true performance. Amazingly, the study shows that majority of the respondent disagree with a percentage of 58.58%.

Performance evaluation programs become meaningful, if both parties discuss on the outcomes of their work on a clearly measurable ways. Besides, both parties should have clear standards to say better and poor performance. More than half of respondents 60.2% are disagree on clear standard to call the employee high performer.

Descriptive Statistics Motivation

	n	Minimum	maximum	mean	Std.deviation	variance
motivation	308	1	4	2.94	.621	.385
Valid N (listwise)	308					

Descriptive Statistics salary and benefit						
	N	Minimum	Maximum	Mean	Std. Deviation	Variance
salben	308	2	5	3.14	.538	.290
Valid N (listwise)	308					

Descriptive Statistics of recognition

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
rewrec	308	1	4	3.04	.542	.294
Valid N (listwise)	308					

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
orgsup	308	1.40	4.20	3.0721	.50367	.254
Valid N (listwise)	308					

Descriptive Statistics job characteristics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
jobchr	308	1.71	4.43	3.0529	.48193	.232
Valid N (listwise)	308					

Descriptive Statistics career opportunity

Minimum	Maximum	Mean	Std. Deviation	Variance
m	m			
1.00	5.00	3.2841	.79982	.640

Descriptive Statistics employee performance

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Emp performance	308	1.57	4.43	3.1410	.55801	.311
Valid N (listwise)	308					

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
motiv	308	1	4	2.94	.621	.385
salben	308	2	5	3.14	.538	.290
rewrec	308	1	4	3.04	.542	.294
orgsup	308	1.40	4.20	3.0721	.50367	.254
jobchr	308	1.71	4.43	3.0529	.48193	.232
carerop	308	1.00	5.00	3.2841	.79982	.640
worlb	308	1.50	4.67	3.1061	.64692	.419
empeng	308	1.57	4.43	3.1410	.55801	.311
Valid N (listwise)	308					

4.4 Correlation Analysis

The correlation matrix allows assessing the strength of the association between the variables of interest. The Spearman's rho correlation coefficient is used as a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient range from +1 to -1, which indicates the direction of the relationship between the variables. A positive correlation indicates a direct positive association between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Rud et. al. 2012). Table 4.4 below reveals the result of the correlation data. The correlation results provide preliminary information about the association between the variables of the study that covers the way for further investigation using regression analysis.

Table 6 Correlation Matrix

Item /Variables	Motivation	Payment /Compensation	Benefit	Career Development	Job Characteristics	Recognition	Work Life Balance	Employee performance
Motivation	1							
	308							
Payment/Compensation	.047	1						
	.408							
	308	308						
Benefit	.463**	.556**	1					
	.000	.000						
	308	308	308					
Career Development	.449**	.686**	.860**	1				
	.000	.000	.000					
	308	308	308	308				
Job Characteristics	.211**	.351**	.580**	.438**	1			
	.000	.000	.000	.000				
	308	308	308	308	308			
Recognition	.404**	.104	.390**	.338**	.103	1		
	.000	.069	.000	.000	.070			
	308	308	308	308	308	308		
Work Life Balance	.196**	.544**	.558**	.412**	.618**	.117*	1	
	.000	.000	.000	.000	.000	.041		
	308	308	308	308	308	308	308	
Employee performance	.218**	.407**	.628**	.584**	.203**	.268**	.086*	1
	.000	.000	.000	.000	.000	.000	.132	
	308	308	308	308	308	308	308	308

** . Correlation is significant at the 0.05 level (2-tailed).

Source: Computed & compiled from the SPSS 25 output

4.4.1 Correlation Analysis between motivation and employee performance

As indicated in 4.4, the correlation coefficient result of motivational practice and reward management in CBE is ($r = 0.218, p < 0.05$). This implies the presence of low relationship between motivational practice and employee performance.

4.4.2 Correlation Analysis between Payment/ Compensation and employee performance

The result on the above table 4.4 shows that the existing payment/compensation practice of CBE branches ($r = 0.407$, $p < 0.05$) is moderate positive relation and statistical significantly. This means an increase in payment/compensation activities will bring an increment in Employee performance. It leads an organization to achieve its goals.

4.4.3 Correlation Analysis between Benefit and employee performance

The result on the above table 4.4 shows that the existing Rewards & Benefit practice of CBE branches ($r = 0.628$, $p < 0.05$) is strong relation and statistical significantly. This means an increase in benefiting activities will bring an increment in employee performance as well as effectiveness of CBE.

4.4.4 Correlation Analysis between Career Development and employee performance

From the above table 4.4 it can be seen that Career development practice ($r = 0.584$, $p < 0.05$) is moderately correlated with employee performance. This implies that increase or decrease in the adjustment of career development path is associated with similar change in employees' performance.

4.4.5 Correlation Analysis between Job Characteristics and employee performance

The above table 4.4 it can be shows that Job characteristics ($r = 0.203$, $p < 0.05$) there is lowly correlated with employee performance. This implies the presence of substantial relationship between Job characteristics and reward management in CBE branches which is statistically insignificant.

4.4.6 Correlation Analysis between Recognition and employee performance

The result on the above table 4.4 shows that the existing recognition Scheme of CBE ($r = 0.268$, $p < 0.05$) is lowly correlated. This means an increase and expansion in recognition activities will bring an increment in reward management as well as employee performance of CBE.

4.4.7 Correlation Analysis between Work life balance and employee performance

From the above table 4.4 it can be deduce that work life balance ($r = 0.086$, $p < 0.05$) is positively correlated with reward management. This implies the presence of low relationship between work life balance and reward management in CBE is statistically significant. Also a change in work life balance given to employees has a corresponding effect on reward management and it leads to good employee performance of CBE.

Moreover, we can conclude from the correlation results any corresponding change in the independent variables such as increase on motivational practice, Increase payment/compensation , improved Recognition practice, improvement in benefits of employees , improvement in job characteristics , career development and improve the work life balance of employees' will have a positive, moderate and substantial relative impact on the dependent variable of reward management and it leads to the good employee performance of CBE. However, if the changes in the individual independent constructs are not in a positive manner, its effect on the dependent variable will be negative.

4.5 Regression Analysis

According to Julie P. (2011), multiple regressions is not just one technique but a family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of independent variables or predictors (usually continuous). It allows a more sophisticated exploration of the interrelationship among a set of variables. Further, the end result of conducting multiple regressions to develop the regression equation or the line of best fit between dependent variable and several independent variables.

In this part, employee performance was regressed against the seven variables (Motivation, payment/compensation, Benefits, Recognition, Career development, Job characteristics, and Work life balance). The results are presented in Table 4.5 below.

After the study met the regression assumption next the researcher examined the influence of employee dimensions on reward management and its employee performance. The researcher believes that the bank can use the result of the regression analysis for future decision making via identifying which employee dimension got the highest influence on reward management to achieve good employee performance.

4.5.1 Assumptions of linear regression analysis

4.5.1.1 Multi co linearity test

As linear regression, for this study the researcher was checked this assumption with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious co linearity problem. Liu (2010) also the researcher uses Variance Inflation factor (VIF) to check the multi co linearity among the independent variables. Multi co linearity

exists if VIF is greater than 10. The value of VIF for each independent variable is smaller than 10, so the problem of Multi co linearity does not exist. It seems from these values that there is not an issue of co linearity between the predictor variables. This means that the derived model is likely to be unchanged by small changes in the measured variables. In another word, these values give us some idea as to how accurate our regression model is. Thus, no concern with biasing effect of multi co linearity.

Table 7 Multi co linearity test

Independent Variables	Co linearity Statistics VIF
Motivation	1.990
Payment/compensation	3.564
Benefit	7.608
Career development	9.236
Job Characteristics	2.064
Recognition	1.338
Work Life Balance	2.667

Source: Computed & complied from the SPSS 25 output

Table 8 Regression analysis result for Reward Management and Employee Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 ^a	.590	.580	.32140

a. Predictors: (Constant), worlb, , motiv,payc, carrd , jobchr, rec, ben

Source: Computed & complied from the SPSS 25output

In the above table 4.6 shows that the value of R square implies 59 % of the variance in the dependent variable (employee performance) can be predicted from the independent variables. Thus, the hypothesis which states that employee dimensions as a cumulative has a positive and significant effect on employee performance.

Table 9 Regression Result

Model	Un standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.615	.164		9.832	.000
Motivation	-.062	.042	-.077	-1.485	.138
Payment/compensation	.244	.064	.264	3.787	.000
Benefit	1.011	.093	1.105	10.828	.000
Career development	-.230	.111	-.233	-2.077	.039
Job Characteristics	-.053	.055	-.052	-.970	.333
Recognition	-.014	.027	-.022	-.518	.605
Work Life Balance	-.386	.046	-.503	-8.336	.000

a. Dependent Variable: employee performance

Source: Computed & compiled from the SPSS 25 output

Table 4.7 demonstrates the regression result of the study. The table summarizes and helps to understand which variables among the seven independent variables is the most important in explaining the variance in employee performance. As it is indicated in the table above, the standardized beta coefficient of Benefit (Beta=1.105) is the highest among the rest of the variables revealing the largest contribution in explaining the variance of the dependent variable followed by work life balance (Beta = -0.503), Payment/compensation (Beta = 0.264) and career development (Beta = -0.233). While Motivation, Job characteristics and recognition takes the lowest (Beta = - 0.077), (Beta= -0.052) and (Beta= - 0.022) respectively.

As shown from the above table 4.7;

Motivation has negative and weak relationship with employee performance at significance value of 0.138 which is greater than 5% confidence interval. This indicates that, the predictor is statistically insignificant at less than five percent level of significance. Therefore, motivation is negatively and insignificantly affects employee performance and has insignificant role to the employees of CBE,

Payment/Compensation has P-value of ($p < 0.05$), positive and strong relationship with employee performance. This is less than 5% confidence interval. This indicates that, the predictor is statistically significant at less than five percent level of significance.

Recognition, p-value significant at ($p > 0.05$), and the beta value is negative. Therefore, the result of the study shows that recognition has negative and insignificant effect on employee performance.

Career development has, p-value significant at ($p < 0.05$), and the beta value is negative. This indicates that Career development has negative and significant effect on employee performance in CBE.

Job Characteristics has, p-value significant at ($p > 0.05$), and the beta value is negative. Therefore, Job Characteristics has negative and insignificant effect on employee performance in CBE.

Benefit of p-value significant at ($p < 0.05$), and the beta value is positive. Therefore, the study has positive and significant effect on employee performance in CBE.

Besides Work life balance has, p-value significant at ($p < 0.05$), and the beta value is negative. Therefore, Work life balance has negative and significant effect on employee Performance in CBE.

Chapter Five

Summary, Conclusions and Recommendations

5.1. Summary

This is the last chapter which summarizes the major findings of the study. Commercial Bank of Ethiopia offers various compensation and rewards to its employee. The major findings of the research was summarized and concluded here below.

Interns of sex proportion,CBE'S employee sex is good(proportionate)

As per the result of this study the majority of the research participant was found between the age ranges of 27-30 years.

The result of the study shows that majority of the respondents have served the Bank between 3-5 years.

This study implies that the majority of employees under this study are first degree graduates.

The majority of the respondents are professional employees.

According to the research finding reward have significant and positive correlation with employee performance.

The result implies that increase or decrease in pay or compensation will bring a significant change in employee performance.

The study shows that benefit and employee performance has significant and strong positive relationship i.e. the decrease or increase of benefit package for employee has direct relationship with employee performance.

The study shows that there is no significance relationship between recognition and employee performance.

The finding of the study indicates that, there is a significant and strong correlation between work life balance and employee performance. It implies that the presence or absence of work life balance in the given organization has negative (invers) relationship with the employee performance.

According to the finding of the research job characteristics does not have significance effect on employee performance

5.2. Conclusions of the Study

The main purpose of this research study was to assess the effect of reward management practice on employee performance, and on this study it was found that reward and its components (payment/compensation, benefit, work life balance and development and career opportunities) use to attract, motivate and retain skilled and talented human resource have a significant positive effect on employee performance. Hence, the higher the employees are satisfied with the reward practice in the organization, the higher employee will perform and this leads to better organizational performance.

As it has been discussed in the discussion and result section, the correlation between reward management practices and employee performance of the studied bank has a positive relationship.

Based on the findings of the research, the following major conclusions were drawn based on the results obtained.

Commercial bank of Ethiopia's employee performance was found to be a good performer.

Financial compensation and rewards that CBE offering was not adequate for the employees.

This show the financial rewards of CBE were not effective to improve the employees' performance.

There was a total reward approach in Commercial Bank of Ethiopia. However, the extent and the benefit packages attached to the total rewards are not satisfactory for the employees. An increase in financial and non-financial rewards will also increase employee performance in Commercial Bank of Ethiopia.

There was significant relationship between benefits, payment/compensation, career development and work life balance.

5.3. Recommendation

It is known that employees are the valuable asset for any organization. Because it is the employees who make the organization to fall and rise. Therefore, organizations need to cope up with needs of the employee so as to motivate them by designing effective compensation and rewards. If employees' needs are not fulfilled and dissatisfied by the rewards of their employers, they will look other opportunities for better job. This is a burden for organization since employee turnover increases the cost of hiring, training new staffs.. This hugely affects employee performance. CBE is the biggest bank in financial and other resource in Ethiopia in financial strength, market share stretched across the country. However, the study indicated that the compensation and reward compared to other companies are an average. This implies there are other companies offering better benefit packages even having the least market share in the country. Therefore, CBE has to design effective compensation and reward system to improve employee performance.

CBE needs to highly focus on the current benefit schemes to enhance employee performance.

CBE has to design effective and attractive compensation and reward system to improve employee performance.

It is better if the bank has to conduct a continuous appraisal measurement based on its vision and mission to know the existing level of performance by external or internal professionals and effectively implement the areas of improvement pointed by its employees.

The HR department has to review the career development policy. In order to achieve good result, it's advisable that Employees may be involved in performance management system.

For Managers, it's best if they take feedback mechanisms from the employees and other stakeholder to adopt which motivational measures to use.

The performance management system of the bank should be designed in such a ways that it is future oriented and focused on the long term developmental benefits rather than focusing on the controlling aspect only which is short term in nature.

The bank needs to implement training and development interventions ensure that the users of the performance management system are aware of PMS with the perspective of getting employees partnership and understanding to equip employees with the basic requirements that help them to accomplish their task as expected.

Bibliography

- A Frame work for strategies to Attract, Motivate and Retain Employees.* (2006). Retrieved from WorldatWork: www.worldatwork.org/totalrewards
- Adeyemi. (2013). Effect of Knowledge Transfer on Employees Performance.
- Aktar. (2012). Impact of rewards on Employee Performance. *Journal of Business and Managment*, 9-15.
- Armstrong. (2004). *Reward Management*. Kogan Page Limited.
- Armstrong. (2006). *A Handbook of Human Resource Management Practice*. London.
- Armstrong. (2009). *Armstrong's Handbook of Human Resource Management Practice*. London and Philadelphia:: Kogan Page Limited.
- Armstrong. (2009). *Armstrong's Handbook of Human Resource Management Practice*. London and Philadelphia: Kogan Page Limited.
- Armstrong. (2010). *A Hand book of reward management practice*. London.
- Armstrong. (2010). *A Hand book of reward management practice;Improving performance through reward*. London.
- Armstrong. (2010). *A Hand book of reward management practice;Improving performance through reward*. London.
- Armstrong. (2010). *Armstrong's Hand book of Reward Managment*. New Delhi: Kogan Page Limited.
- Armstrong, M. (2006). *A Handbook of Human Resource Management Practice10th edn*. london.
- Armstrong, M. (2012). *Armstrong's Handbook of Human Resource Management Practice. Human Resource Management Practice*. Kogan Page Ltd.
- Attridge, M. (2009). *Measuring and Managing Employee Work Engagement. Measuring and Managing Employee Work Engagement*.
- Beardwell, I., & L, L. (1994). *Human Resource Management A contemporary perspective. Human Resource Management A contemporary perspective*. Leicester Business School.
- Begashaw. (2017). *the role of effective compensation and reward on employee performance*. ADDIS ABABA: AAU.
- Bratton. (2007). *Human Resource Management*. Palgrave Macmillan.
- Buhler. (2006). *Engaging the workforce:A critical initiative for all organizations*. CIPD, London.
- Casey.R.J.Hilton and Robbinson. (2012). *A Comparision of motivation of workers in the inited states*. pp. 39-59.

- CBE. (2019/2020). *annual report*. addis ababa: far east advertisement.
- CBE-IS. (2019/2020). *cbe portal*. Retrieved 2020, from System Development and Customization: www.combanketh.et
- commercial bank of ethiopia. (2019/2020). *annual report*. addis ababa: image advertisement.
- Derara. (2014). Determinants of Employee engagement in commercial bank of ethiopia. Addis Ababa, 14, Ethiopia: AAU.
- Dewhurst. (2010). Motivating people: Getting beyond money. *Motivating people: Getting beyond money*. Business Source Complete.
- Ghoshal, S and Bartlett, C A. (1995). Changing the role of top management: beyond structure to process., *January–February*, pp. 86-96.
- Goldstein. (1993). *Training in an Organization*. California: cole publishing company.
- Gomez. (2012). *Career Development*.
- Hatice. (2012). *The Influence of Intrinsic and Extrinsic Rewards on Employee Results*. turkey.
- IDS. (2007). Building an Engaged Workforce, HR Studies Update.
- James K. Harter, Frank L. Schmidt, And Corey L. M. Keyes., (2002). well being in work place And Its Relationship To Business Outcomes. *well being in work place And Its Relationship To Business Outcomes*.
- Jiang. (2009). *Reward Managment*.
- Katz, D and Kahn, R. (1990). *The Social Psychology of Organizations*. New york.
- Kothari C. R. (2004). *Research Methodology: Methods and Technique*. New Delhi: New Age International (P) Ltd.
- Manus, T. M. and Graham. (2003). *Creating a Total Reward Strategy*. New York: American management Association.
- Maslach, C, Schaufeli, W B and Leiter, M P., (2001). *Job burnout*.
- Michael Armstrong and Helen Murlis. (2004). *Reward Management*. london: Kogan Page Limited.
- Michael Armstrong and Helen Murlis. (2004). *Reward managment*. London: Kogan Page Limited.
- Milkovich and Newman. (2014). *Compensation and Reward*. New york: Mcgraw- Hill.
- Mugenda and Mugenda. (2003). *Research Methodology*.
- Munir,Lodhi,Sabir and Khan. (2016). Impact of Rewards(Intrinsic and Extrinsic on Employee Performance. *European ournal of Business And Management*, 88-97.

- Reilly, P ; Brown, D. (2008). Employee engagement;future focus or fashionable fad for reward managment? *WorldatWork Journal*, 37-49.
- Robinson. (2004). The Drivers of Employee Engagement. *The Drivers of Employee Engagement*.
- Robinson, D, Perryman, S and Hayday, S. (2004). The Drivers of Employee Engagement,Institute for Employment Studies. *The Drivers of Employee Engagement,Institute for Employment Studies*. Brighton.
- S;A;M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*.
- Salaman,John,and Billsberyy. (2005). performance managment systems and productivity in the public sector. 1092-1106.
- Scott, D. (2006). *The Impact of Reward Programs on Employee Engagement*. Retrieved from WorldatWork: www.worldatwork.org
- Singh. (2007). Compensation and Reward Managent. *Compensation and Reward Managent*. New Delhi: Anurag Jain.
- Singh. (2007). Compensation and reward managment. *Compensation and reward management*. new delih: Anurag Jain.
- Stredwick. (2005). *AN Introduction to Human Resource Managment*. Butterworth : Heinemann.
- Wilson;B;T. (2003). *Innovative Reward Systems for the Changing Work Place*. Retrieved from <http://books.google.co.ke/books?id=qRBSya4773AC>
- Yemane. (1967). Statistics; An Introductory Analysis. In Yemane, *Statistics; An Introductory Analysis* (p. 886). New York: Harper and Row.

APPENDIX
ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF GRADUATE STUDIES
MA DEGREE IN HUMAN RESOURCE MANAGEMENT PROGRAM
A QUESTIONNAIRE TO BE FILLED BY EMPLOYEES

Dear respondents,

I am a postgraduate student of the above mentioned institution. I am currently undertaking a research project on the effect of reward management practice on employee performance in case of commercial bank of Ethiopia. Please recall that you are selected as a possible participant because you are an employee of this organization. Your participation in the study is completely voluntary. It should not take you more than ten minutes to complete this questionnaire. Your answers will be treated confidentially and will only be used for the purpose of the research. Thank you in advance for your assistance.

Habtamu Nigussie

Habtnigus2006@gmail.com

Mobile 0912492519

PART I – Respondent’s Personal Data

Please put a mark (X) in the corresponding to your response.

1. Male Female

2. Age:

20-25 26-30 31-35 36-40 41-50 above50

3. Work Experience in CBE:

1-5 6-10 11-15 16-20 20-25 above25

4. Academic Qualifications:

High school graduate: Diploma Degree Master PHD

Other, Please specify _____

5. For how long have you been working on the same job position?

< 2 years 2-5 6-10 11-15 ABOVE 15

6. Salary level

<2000 2001-3500 3501-4500 4501-6500 6501-7500

7501-8500 8501-9500 9501-10500 10501-11500 ABOVE15000

7. Under which job title is your job position categorized? _____

(Checker/maker, SCSO-Account, SCSO-Cash, SCSO-Auditor, CRO, CSM, Manager) other, please specify _____

Part II Reward

Please answer the following statement by marking “√” sign in box that corresponds your answer. 1=Strongly Disagree 2=Disagree, 3= Neutral, 4=Agree, 5=Strongly Agree

No	Pay/Compensation related questions	5	4	3	2	1
	<i>A. base pay/salary</i>					
1	My salary is sufficient in relation to what I perform.					
2	Salary increments are made based on employee performance					
3	Salary increment made for high performer would encourage others to perform better.					
4	Employees work more as a team in order to gain the reward					

5	The reward motivates me to perform well in my job					
	B. Performance Based Bonus					
6	The bank's bonus payment is performance based					
7	The bonus plan encourages to perform better					
8	If I perform well, I am certain that amount of bonus increase					
	C. Benefit					
9	I am satisfied with the benefits I receive					
10	The benefits are as good as most other organizations offer.					
11	The benefit package of the bank is equitable					
	D. Recognition					
12	I receive positive recognition for what I perform better					
13	When I do a good job I receive a recognition for that					

14	I feel that my job receives enough attention from my company					
15	Proper recognition of high Performer will encourage low performer to work hard.					
	E. Work Condition					
16	I have freedom to try new methods of doing in my job					
17	Company rules and procedures are conducive for work					
18	There are high varieties of jobs in my work					
19	I have reasonable work autonomy in my job					
	F. Career Development					
20	The bank has a clear career Development procedure.					
21	The bank applies performance based career development					
22	With en my profession, there are Opportunities for more advancement					