



**THE EFFECT OF REWARD MANAGEMENT PRACTICE ON
EMPLOYEE RETENTION: THE CASE OF ETHIOPIAN AIRLINES**

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Addis Ababa University College of Business and Economics

School of Commerce

June, 2017



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THESIS

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June, 2017

DECLARATION

I hereby declare that the research entitled “The Effect of Reward Management Practice on Employee Retention: The case of Ethiopian Airlines” is my original work done under the guidance of my advisor Dr. Solomon Markos. It has never been presented in Addis Ababa University or any other university for any purpose. All sources of the materials used for writing the research report have been acknowledged.

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**ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE OFFICE OF GRADUATE**

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ABSTRACT

The purpose of this study is to determine the effects of reward management (HRM) practices on employee retention in Ethiopian Airlines based in Addis Ababa Ethiopia. Possible relationships between Reward Management practices, and employee retention are discussed. A total of 291 employees were examined through questionnaire and then empirically tested using SPSS V 20. Both descriptive and inferential analysis was done to analyze the responses. The results show that Reward Management practices have a direct effect on employee retention. The questionnaire results show that there is a significant correlation between reward system and retention with the eight independent variables. Namely, Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work, shows positive correlation with the dependent variable retention. From out of the independent variables the one that has the strongest effect on employee retention is Pay. Therefore, this study has provided new insight into Reward Management practices and employee retention, getting to the heart of the role that independent variables, particularly pay, play in the network of relationships. Considering the major findings from the research, it is recommended that management put in place structures that will bring about an improvement in the salaries of workers.

Keywords: *Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work, retention*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Ethiopian Airlines (Ethiopian) is the flag carrier of Ethiopia. During the past seventy years, Ethiopian has become one of the continent's leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence.

Ethiopian was founded on 21 December 1945 and commenced operations on 8 April 1946, expanding to international flights in 1951. Its hub and headquarters are at Bole International Airport in Addis Ababa, from where it serves a network of 113 passenger destinations 19 of them domestic and 35 freighter destinations. Currently Ethiopian airlines has 10,227 employees in all areas to accomplish its goals.

The mission and value of Ethiopian is to ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its Owner, and being an equal opportunity employer through recognize and reward employees for their performance and demonstrate integrity, respect to others, candor and team.

Globalization brings with it the two key characteristics of collaboration and intense competition. In order to remain leaders in their industry, companies need to attract and retain the best talent. Companies are willing to pay over the odds to get the best on board. Competition brings with it a war for talent, resulting in the talent pool having more opportunities to consider. This scenario calls on companies to keep their top players engaged and motivated to contribute to innovation and growth. It comes as no surprise that organizations focus a considerable amount of time on

recruiting the best employees. Organizations put great effort into creating these employees with hopes of a high return on investment.

The existence of Reward system in an organization provides a framework upon which the right decisions relating to employee rewards are made. This study aimed at investigating the influence of rewards and benefits on the problem of turnover as well as focuses on Human Resource Management reward practices and their outcomes and how these practices influence the retention of employees at Ethiopian Airlines.

Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. A reward system consists of a number of interrelated processes and activities which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. It includes both financial and non-financial rewards available to employees. (Armstrong, 2009 and Thompson, 2002)

Employees sustain the functionality of the organization by performing day to day operations and maintaining client relationships. It is nearly impossible for an organization to be successful without hardworking and dedicated employees (Edwards, 2015). Emerson (2012) established a positive correlation between employee satisfaction and customer satisfaction in service industries, which implies that organizational success significantly depends on the level of employees' satisfaction.

With today's high employment levels, organizations find out that balance of power has shifted from the employer to the employee since the turnover impact have not be administered well. Excessive turnover is often a symptom of fundamental problems within the business. It's critically important to retain them; to do this, one must know how an employee can remain in the particular

company. A recent study by Raikes & Vernier (2004) analyzed retaining employees is considered as a key strategy to achieve financial success. The challenge might well be increasing day by day. The review of the related literature on the title acknowledges that successful organizations share a fundamental philosophy of valuing and investing in their employees (Maguire, 1995; Annand, 1997) and managing retention of promising employees' is considered as fundamental of mean of achieving competitive advantage among the organization (walker, 2001). Recent evidence by Raudenbush & Bryk (2002) suggests that retention is very important for every organization, whereas it has nested relationship within them, and is part of external environment.

In today's competitive scenario, as the awareness and technology plays a vital role in developing the competition more intense. Retention becomes one of the biggest issues for Ethiopian Airlines. Because people are the one who generates profits and considered as the capital or asset of the organization.

Previous researches suggested several factors which play pivotal role in employee retention. Cole (2000) suggested that, the reasons to stay employee in organization are organization reward system, growth and development, pay package and work life balance. Employees retaining is the most imperative target for the organization because hiring of qualified candidate is essential for organization but their retention is more important than hiring, because a huge amount is spending on the orientation and training of the new indicated employees. Research finds that the cost of replacing of old employees with new is estimated up to twice the employee annual salary. When Employee leaves the job, organization lost not only employee, but also lost the customers & client who are loyal with the employee, knowledge of production, current projects, competitor and past history of the organization. Organizations make enormous efforts to attract handfuls of employees and sustain them in the organization.

The intent of this research is to how the organizations retain the talented employees in the organization focusing on the factors that are practiced by the management, i.e. remuneration & rewards, career development, work environment, and this research also helpful to know the deterrent that why employees leave the organization.

1.2. Problem Statement

One of the most critical issues facing organizations today is retaining the most valuable employees. The lack of competent employees has forced companies to be creative in devising different reward mechanisms. Most companies HR department paid premium compensation, hoping that better and bigger salaries would keep their employees. According to Frost (2001) many professional organizations are in a dilemma as a result of the competition that is present in attracting and retaining highly skilled workers because they fail to match the salaries being offered by their competitors or to offer more than their competitors.

As being part of dynamic competitive industry, Ethiopian Airlines practice different reward systems to satisfy and keep its valuable employees in long term. The existence of Reward system in an organization provides a framework upon which the right decisions relating to employee rewards are made. This is in pursuit of ensuring that employees are treated equitably, consistently and the strategy should be simple, fair and participatory (Armstrong, 2009). Research has found that employee reward system issues have impact on retention of the valuable ones. Kumar & Santhosh (2014) argued that, knowledge workers are less likely to stay loyal to one organization with the new employment paradigm. Allen, (2006) also strengthen the idea by stating that employee commitment, productivity and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent.

The challenge for Ethiopian Airlines today is to come up with an efficient reward strategy for retaining its core employees for the success of the organization. This problem leads the company to face turnover, which is a well pronounced trend in Ethiopian Airlines. From company manual sources/reports I have got the following turnover figures for the last three consecutive years:

- In 2012/13 budget year 392 employees left the company due to various reasons. This represents 5.4% of the workforce.
- In 2014/15 fiscal year, 448 employees left the company i.e. 4.99% of the total employees.
- In the 2015/16 fiscal year, 648 employees left the company for various reasons including retirement and discharge. This represents 6.34% of the employees.

As indicated above, we can see the rate of turnover is increasing through years. As it is indicated on the company manual the current industry turnover rate is 6% to 10%, in addition to that, one of important value and mission of Ethiopian Airlines is to be employer of choice to its employees and an investment of choice to its owner, and being an equal opportunity employer through recognize and reward employees for their performance and demonstrate integrity, respect to others, candor and team.

According to Gering J, Conner J (2002) a sound retention strategy should incorporate a business plan, a value proposition, progress measures, and management influences. The business plan will indicate whether the company will achieve a return on investment for its effort. A value proposition will showcase an organization's strengths and differentiate it from its competitors. Measuring progress toward meeting retention goals at regular intervals will help keep an organization on track. The best managers require accountability, rewarding employees for their successes and taking corrective action as necessary.

Retention rate targets must be at a level that will achieve a competitive advantage in the server market. On the level of employees' satisfaction. Ethiopian Airlines has also a plan to hold its employees on their job in long term than its competitors through deferent reward strategies.

Thus, the main purpose of this study is to review the impact of reward practice on employee retention from organizational perspective. On the organizational side, the focus will be on total reward system.

1.3. Research Question

- What is the relationship between reward practice and employee retention?
- What is the effect of rewards practice on employee retention?
- What do employees value most in their organization?

1.4. Objective of the Study

General Objective

The general objective of this study is to investigate the effect of reward on employee retention with view to make possible recommendations based on research findings.

Specific Objectives:

- To assess the reward management practice.
- To determine the relationship between reward management practice and employee retention.
- To investigate the effect of reward management on employee retention.
- To determine the most valuable rewards among employees.

1.5. Significance of the study

This study will have contribution for future researchers and organizations by providing different retention factors and their determinants including most appropriate solutions. The study also derives its significant from its potential contribution at two primary levels: theoretical and practical. At the theoretical level, the present study is expected to bridge a gap in the literature for empirical research focusing on employee's retention in Ethiopian Airlines. For the practical contributions, this study is expected to provide new solutions and evidence on the usefulness of applied techniques for human resource management.

Therefore, this study is expected to link the gap on the determinants of employee retentions in Ethiopian Airlines. The outcomes of the research will serve as a fundamental platform for future research in identifying determinants of employee retentions.

1.6. Scope of Study

The research conducted focuses on the employee of Ethiopian Airlines, since the company involves many employees working in different areas, in order to limit the scope of the study the research will be focused on the ground staff.

The sources of information will be gathered from the current employees of the organization. By using random sampling, data's will be collected through questioner and that is applied for all level employees specifically ticketing and reservation staff.

Furthermore, the scope is set on theories used to analyze the level of retention with reward system. This system includes both dependent and independent variables. The dependent variable includes retention, which involves employee loyalty and turnover. And the independent variable will

include both intrinsic and extrinsic reward systems. Intrinsic rewards are related to recognition, achievement, responsibility and the opportunity to use and develop skills, working environment and extrinsic rewards are related to (Pay) wage/ salary, benefits and promotion (Armstrong, 2009)

1.7. Limitations of the Study

There are several limitations occur during the completion of this study. Firstly, this study faced the limitation of time, and geographical restriction. There were 291 questionnaires distributed in Addis Ababa on different Ethiopian Airlines town offices. This was the least number I could distribute. This might not be enough data for me to prove that whole Ethiopian Airlines agent retention have been affected by the eight factors that I have discussed. Hence, it will be very difficult for this study to be representative. A larger sample size with a more fairly distributed area within the respondents will help to validate the study. Furthermore, there might be other variables that can be the factors to influence on employee retention/ loyalty.

1.8 Organization of the Study

This study contains five main parts which outlines the following chapters:

Chapter 1: Introduction

First chapter is introduction of factors that could affect the employee retention. It will outline the research background, problem statement, research objectives, research questions, significance of the study, and scope of the study and chapter layout.

Chapter 2: Literature Review

Chapter two will discuss about the content includes review of literature, review of relevant theoretical models, proposed theoretical/ conceptual framework.

Chapter 3: Research Methodology

Chapter three describes the overview of research methodology involve with research design, data collection methods, sampling design, research instrument, constructs measurement, data processing and data analysis.

Chapter 4: Research Results

Chapter four will shows questionnaires which will be constructed, in the form of charts and tables. The analytical results which get through Statistical Package for Social Science (SPSS V 20) will be discussed and relate to the research questions.

Chapter 5: Summary, Conclusion and Recommendation

Chapter five will relate to chapter four and deliberate on final discussion and conclusion of the study. Synopsis of statistical analyses, discussion of major findings, implication of the study, limitations of the study and recommendation will be indicated in this section.

CHAPTER TWO

LITERATURE REVIEW

This chapter is to get information of reward system by focusing on the previous theories of reward system. It goes with details on different types of reward system which consist of extrinsic and intrinsic reward. *Reward Management* is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices and procedures) which aim to meet the needs of both the organization and its stakeholders. Reward can be regarded as the fundamental expression of the employment relationship. (Armstrong, 2009)

This study have an objective to find out the different types of HR reward practices which most influence in employees retention such as rewards and compensations, that includes both intrinsic and extrinsic.

Human Resource Management is defined as a strategic and coherent approach to the management of an organization's most valued assets; the people working there who individually and collectively contribute to the achievement of its objectives (Armstrong, 2006). Storey (1989) believes that HRM can be regarded as a set of interrelated policies with an ideological and philosophical underpinning. The term Human Resource and Human Resource Management has been fundamentally replaced with Personal Management, which is the process of managing employees and their needs in organizations (Armstrong, 2006), he also defined Human resource management processes, as those concerned with the development of HR strategies, strategic HRM policies and practices that affect all aspects of HR and employment management.

2.1 Theoretical Literature Review

2.1.1 Human Resource Management Practices

From literature review it is recognized that human resource management play major role in employee's retention. Researcher's finds that human resource management practices in compensation & rewards, job security, training & developments, supervisor support culture, work environment and organization justice can help to reduce absenteeism, employee retention and better quality work (Meyer and Allen, 1991; Solomon, 1992; Snell and Dean, 1992; Arthur, 1994; Snell and Youndt, 1995; Mac Duffie, 1995; Delaney and Huselid, 1996; Ichniowski, Shaw and Prennushi, 1997).

Fitz-enz (1990) observed that employee commitment and retention could be determined by many of factors which need to manage congruently i.e. compensation & rewards, job security, training & developments, supervisor support culture, work environment and organization justice etc. in view of that, an organization may utilizes extensive range of human resource management factors that influence employee commitment and retention (Stein, 2000; Beck, 2001; Clarke, 2001; Parker and Wright, 2001). In previous researches, a number of factors associated with employee retention have been identified. Factors that are commonly cited are developmental opportunities and quality supervision, job stress and colleague stress; compensation and recognition of work done, provision of challenging work, promotion and development chances, attractive atmosphere within the organization, relationships with colleagues, work-life balance, rewards, communication and supervision.

Osteraker (1999) discussed employee satisfaction and retention to be considered as the cornerstone for success of organization. Past study divided it into social, mental or physical dimension. The

division is based on social contacts at works, characteristics of the work task or the physical and material circumstances associated with work. The retention factors of the mental dimension are work characteristics, employees are retaining by flexible tasks where they can use their knowledge and see the results of their efforts. The social dimension states the communication and contact of employees have with other people, both internal and external. The physical dimension consists of working conditions and any payments made. In order to retain employees the organization need to gain information about the dynamics that characterized the motivation to work.

Even if HRM practices may differ from one organization to another and from one country to another, to effectively manage human resources, organizations will have to implement innovative HRM practices.

According to Ghapanchi and Aurum (2011) retention factors include remuneration and benefits, training opportunities, fair and equal treatment, organizational culture. Allen and Shanock (2013), focused on relationship with colleague socialization. Redman and Matthews (1998) identify an ‘HRM group’ of important practices, which support service organizations’ quality strategies. Saxena and Tiwari (2009) also identified training and development, employer–employee relations, recognition through rewards, culture building, career development, compensation and benefits as important HRM practices. And so my analysis of individual factors is mainly based on total rewards practice, that includes both extrinsic and intrinsic.

2.1.2 Employee Retention

Employee retention: It can be defined as the ability of holding the talented and valuable employees in the organization from leaving from their job for a longer period of time than the competitors (Johnson, 2000). It also can be stated as commitment to work with particular company or

organization in a continuous system (Zineldin, 2000). Other than that employee retention also can be referred to the policies or practices of a particular organization or company applies for the prevention of leaving of sacred employees. It would consider promotion of the sustaining of employees in a single company or organization for a maximum duration (Hong, Hao, Kumar, Ramendran, & Kadiresan, 2012). Organizations have to put numerous efforts to encourage employees to be dedicated, devoted and rooted in the organization or company (Kyi, 2011). The hiring of new talented employees might be one of the most important issues for the sustainability of an organization; however, retaining the valuable employees could be a much better cost saving and more effective method for the organization. It could be an issue in current which plenty of the employers had neglect the costs involved with the leaving or turnover of the main key employees (Ahlricks, 2000). The high intrinsic cost of hiring new staff including cost of training had driven the increasing value of talented employees as the scarce resources of an organization or company.

In line with the systems view of HR (Lado & Wilson, 1994), firm performance serves as a final outcome of an effective HR system. As an indicator of firm performance, employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed, by having policies and practices in place that address their diverse needs. Despite efforts to explain what employee retention is, it is clear that the reason such term arose is due to the increasing number of employees leaving the organization for various reasons. Collins and Porras (1994), and Collins (2001) explained that the first key to success for any organizations is people. Organizations need to have the right people and, thus, it is important to retain employees and knowing how an employee can remain in a particular organization.

Retention activities may be defined as a sum of all those activities aimed at increasing organizational commitment of employees, giving them an overall ambitious and myriad of opportunities where they can grow by outperforming others (Bogdanowicz & Bailey, 2002).

2.1.2.1 Employee Turnover and Retention

Staff turnover that can occur in any organization might be either voluntary or involuntary. Voluntary turnover refers to termination initiated by employees while involuntary turnover is the one in which employee has no choice in the termination as it might be due to long term sickness, death, moving overseas, or employer-initiated termination. (Heneman, 1998).

Employee turnover, as defined by Hom and Griffeth (1994), is ‘voluntary terminations of members from organizations’. Loquercio et al. (2006) observed that staff turnover is the proportion of staff leaving in a given time period but prior to the anticipated end of their contract. According to Singh et al. (1994), staff turnover is the rate of change in the working staffs of a concern during a defined period. Ivancevich and Glueck (1989) opine that staff turnover is the net result of the exit of some employees and entrance of others to the organization. Kossen (1991) defined turnover as the amount of movement in and out (of employees) in an organization. Employee turnover is the rotation of workers around the labor market, between firms, jobs and occupations, and between the states of employment and unemployment (Abassi & Hollman, 2000).

Turnover is referred as an individual’s estimated probability that they will stay or not stay in an employing organization (Cotton & Tuttle, 1986). A number of terms have been used for employee turnover, such as quits, attrition, exits, mobility, migration or succession (Morrell et. al, 2004).

2.1.2.2 Employee Loyalty and Retention

Employee loyalty can be defined as a psychological attachment or commitment to the organization and develops as a result of increase satisfaction. Satisfaction results from a process of internal evaluation, and if an employee's expectation level is met or exceeded, then satisfaction grows. Employee loyalty then develops into a generalized emotional attitude towards the organization. In other words, the more satisfied an employee is regarding his or her working environment, the more likely that he or she will develop a sense of commitment towards the organization in general.

Employee attitudes towards the organization then give rise to the behavioral component of loyalty. An employee who has developed affection to the organization is more likely to demonstrate loyal behaviors and work towards the overall goals of the organization, such as improved productivity, greater efficiency, and a high-quality service orientation to customers.

J. Kreisman, (2002) found that financial benefits enhance the employee loyalty and organizational commitment. He argued that financial benefits play a positive role in employees' loyalty enhancement. (Bakalis, 2006) also found that organizational commitment and employees' loyalty can be increased with financial benefits and rewards.

2.1.3 Reward Management

Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices and procedures) which aim to meet the needs of both the organization and its stakeholders. Reward can be regarded as the fundamental expression of the employment relationship. (Armstrong, 2009)

The term 'reward' is discussed frequently in the literature as something that the organization gives to the employees in response of their contributions and performance and also something which is desired by the employees (Agarwal, 1998). A reward can be extrinsic or intrinsic it can be a cash reward such as bonuses or it can be recognition such as naming a worker employee of the month, and at other times a reward refers to a tangible incentive, reward is the thing that an organization gives to the employee in response of their contribution or performance so that the employees become motivated for future positive behavior. In a corporate environment rewards can take several forms. It includes, cash bonuses, recognition awards, free merchandise and free trips. It is very important that the rewards have a lasting impression on the employee and it will continue to substantiate the employee's perception that they are valued (Silbert, 2005).

A reward system consists of a number of interrelated processes and activities which combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. This includes reward strategy, reward policies, total reward, and total remuneration.

If employers want to encourage their employees to perform at a high level and stay with the organization for longer, they may consider offering their employees the opportunity to earn additional pay, perks and recognition. In addition to pay and perks, however, it is important to acknowledge that many employees are driven by recognition and a sense of being appreciated. The sense that they are both valuable and recognized for that value can be a strong motivating factor for staff.

Talented employees can be retained through a fair rewards and compensation system. Employee rewards and compensation are positively related to employee retention (Ng, Lam, Kumar,

Ramendran, & Kadiresan, 2012). Rewards and compensations such as fare free air travel tickets to employees and their relatives are strong incentives to retain.

Sutherland (2004) states that reward is the basic element which indicates how much employees gain by dedicating their time and effort towards the achievements of company objectives; therefore employers have the responsibility to designing an attractive reward package to attract and retain valuable employees. Shoaib et al. (2009), also attest that it is important for employers to know the value employees place in their reward systems and to formulate strategies that address equitable and adequate reward for their employees. When appropriate reward strategies are understood and embedded in the organization's culture, productive employees remain (Shechtman, 2008).

A reward system puts together employees' natural self-interests with the organization's objectives and provides three types of management control benefits, informational, motivational and personnel related. Rewards should catch the employees' attention and at the same time it works as a reminder for the person in charge of what results should be completed in different working areas. Organizations use reward systems to emphasize on which parameters their employees should exert the extra effort on by including them in their reward program (Svensson, 2001). Rewards are also used to motivate. People sometimes need an incentive to perform tasks well and work hard. Organizations also give rewards for many other different reasons e.g. to improve recruitment and retention by offering a compensation package that is competitive on the market (Merchant, 2007).

According to CIPD, (2002), the value of rewards lies in acknowledging that pay is not set in isolation and reward systems work best when they fit closely in the overall context of work and other Human Resource Management practices. A well designed incentive program rewards

measurable changes in behavior that contribute to clearly defined goals Wilson (2003). According to Schuster and Zingheim (1992) reward Systems are critical parts of any organization's design.

2.1.3.1 Characteristics of a good Reward Management system

A sound and profitable Reward Management system should have the following characteristics: (Armstrong, 2009)

- **Simplicity-** a good Reward Management system must be easily understood by everyone in the organization. Thus people must understand why they are getting what they are getting from the employment relationship (Armstrong, 2009).
- **Fairness and equitability-** every component of the system must be justifiable and consistently applied. This element is arguably the most challenging to implement and is the cause of most Reward Management related problems such as strike, turnover, dissatisfaction etc (Armstrong, 2009).
- **Perceived fairness and equitability –** Sometimes having a fair and equitable reward management system is not enough. It must be understood as being fair and equitable. This could be achieved through effective communication and training. A survey of most reward management problems indicated that there are a result of perceived inequity and unfairness rather than actual inequity and fairness (Armstrong, 2009).
- **Participatory –** A reward management system that is simply dictated to by management is not bound to work. An effective one should ideally be negotiated and agreed between management and employees (Armstrong, 2009).

The other key statements given by Armstrong (2003:614), is that reward management strategy should face below stated qualities

- Supports the achievement of overall business strategy
- Is integrated with other HRM strategies
- Is strategic in nature in the sense that it looks at supporting overall organizational effectiveness and efficiency
- Adopts a ‘total’ reward approach which recognizes that there are a number of ways of rewarding people- being both financial and non-financial
- Is based on a philosophy of rewarding people differently for the value they create i.e. the return on human capital investment
- Seeks to achieve a perfect balance in the employment relationship and a generally positive employment relationship.

NB. Key consideration should be on the drafting of a reward management strategy.

2.1.3.2 The Philosophy of Reward Management

Reward management is based on a well-articulated philosophy, a set of beliefs and building principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate). Armstrong, (2003)

The philosophy will be affected by the business and HR strategies of the organization, the significance attached to reward matters by top management, and the internal and external environment of the organization. The external environment includes the levels of pay in the labor market (market rates) and it is helpful to be aware of the economic theories that explain how these levels are determined. (Bratton and Gold, 2007, Hope and Fraser, 2003, Fredric Herzberg, 1987)

I. Reward Strategies

a, Base Pay Reward strategy

Traditionally companies have always adopted the base pay strategy that as the reward management strategy. This strategy a company pays the legal minimum wages and salaries. However, it became apparent that this strategy was not adequate in new work cultures and in terms of attracting, retaining and motivating top performers for strategic purposes (still very commonly used for lower level employees). (Bratton and Gold, 2007, Hope and Fraser, 2003, Fredric Herzberg, 1987)

b, Knowledge and skills based strategy

Because of the proven co-relation between skill/knowledge and on the job performance, organizations have sought to encourage continuous skills development by tying it to rewards. In this strategy an organization simply varies its pay structure according to one's level of knowledge and skill (job evaluation systems). For this strategy to bear fruit an organization must first define which skills it values and will pay for and must have a supportive training and development strategy. In practice this strategy will be based on base pay with an equal base pay and a variation based on skills and knowledge. While this strategy may be costly in the short-term, in the organization run it is beneficial, as the organization will begin to benefit from a knowledge HR base through increased productivity and quality of products. Thus this strategy is a good example

of how a reward strategy can address an organization's bottom line. (Bratton and Gold, 2007, Hope and Fraser, 2003, Fredric Herzberg, 1987)

c, Performance Based (Variable pay) based structure

This strategy is arguable the most strategic from organizational point of view as it strikes a balance between what the employee gives into an employment relationship and what he gets out of it. It recognizes and is based on the philosophy of reward management – that employees should be rewarded only for the value they create. This strategy seeks to scientifically align one's reward to the value he/she would have created. In this strategy a company will reward employees in the same grade variably depending on each employee's performance. Obviously for this strategy to work the organization must have a sound performance management system. (Bratton and Gold, 2007, Hope and Fraser, 2003, Fredric Herzberg, 1987)

d, Incentive Based Pay Structure

The incentive based pay strategy is similar in terms of philosophy to the performance based strategy in that it also links reward to certain performance measures but being different in that it focuses on group performance rather than individual performance. The starting point in this strategy is to define group performance targets such as productivity sales volumes or profitability. An achievement on each of these categories will be accompanied by commensurate rewards such as productivity bonus or profit sharing for management. At individual level the most common form of this strategy is piece-rate pay where an employee is paid purely for what he/she produces without a base pay e.g. sales reps. like the performance based reward strategy this strategy addresses on organization's bottom line as it is based on organizational performance and is

commonly used for managerial employees. (Bratton and Gold, 2007, Hope and Fraser, 2003, Fredric Herzberg, 1987)

II. Reward Management policies

Because consistency and fairness are critical elements of reward management with a capacity to make or break a reward management system, a clear reward policy outlining the following is a must. (Murlis, Michael Armstrong and Helen, 2004)

Reward policy

a, Market Stance/Market Rate policy:- Here the organization simply pays according to prevailing Market rates. Such an organization will be found engaging in salary surveys to determine market freely.

b, Below Market policy:- Here an organization will be paying below prevailing market trends. However, this policy will have to be supported by other non-pay rewards if it is to make any business sense.

c, Above Market policy:- Here the organization first surveys the market and sets its pay structures slightly above the going market rate. This policy pays dividends in terms of attracting and retaining good talent.

d, Differential Pay policy:- Here an organizational pay policy is to vary levels of pay depending on individual or team performance.

e, The Flexibility policy:- Here the organization's reward policy is not to adopt any particular strategy or stance but to remain flexible and adapt to any current company and employee needs.

According to Armstrong (2009) Factors that affect an organization's Reward policy and Strategy are:

Affordability – what an organization can afford to pay. The argument here is that an organization cannot borrow to reward employees but should reward from the value created by the employees themselves. However in any case an organization has to afford to pay above legal minimums.

- Legislation- legislation sets the minimum base pay (minimum fixed pay rate), which becomes the starting point in calculating for all of an organization's policies.
- Trade Unions/workers committees – depending on the power of a union, pay levels are determined through collective bargaining. The most powerful ones will strike higher levels.
- External job value – the market value of the job e.g. what is the market value of an HR Manager?
- Internal job value – the value or perceived value of a job compared to the other jobs which the organization will determine the reward for that job e.g. HR manager compared to Finance manager.
- Value of the person – employees holding similar jobs can be paid differently depending on the value to the organization performance.
- The economy – (labor supply/demand). A depressed economy increases the supply of labor, which in turn reduces its price and hence affects reward policy strategy.

As stated by Murlis, Michael Armstrong and Helen (2004), The Significance of effective Reward management to HR and overall Business Management are as per the following:

Human Resource

- A wide range of HRM strategies can be successfully implemented with the aid of appropriate Reward Management strategies.
- Retention strategy: - through a total reward strategy that would discourage turnover.
- Talent attraction (recruitment):- through an above market strategy.
- Performance management: - as an incentive for those who meet performance targets.
- Training and Development- a T&D strategy can work much more efficiently with a supportive skills based reward strategy.

To Business

- If an enterprise is as good as the people who work in it then Reward management becomes central in that it can determine the goodness of the people who work in the form of motivation and commitment. They show to the organization (unsatisfactory rewards = low commitment). This explains why the organizations with well to do Reward systems enjoy better results in terms of productivity and general performance than those with poor ones such as the civil service.

III. Types of Reward System

Reward System refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform. Rewards schemes may include extrinsic and intrinsic rewards.

Extrinsic motivators can have an immediate and powerful effect, but will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and their work and not imposed from outside in such forms as incentive pay. (Armstrong, 2009)

There are a number of ways to classify rewards. Three of the more typical dichotomies are: Intrinsic versus extrinsic rewards, financial versus non-financial rewards, and performance-based versus membership based rewards. (Bateman and Crant, 2003)

A- Intrinsic versus Extrinsic rewards: The satisfactions one gets from the job itself are its intrinsic rewards. These satisfactions are self-initiated rewards, such as having pride in one's work, having a feeling of accomplishment, or being part of a team. The techniques of flex time, job enrichment, shorter work weeks, and job rotation, can offer intrinsic rewards by providing interesting and challenging jobs and allowing the employee greater freedom. (cordova and lepper, 1996)

On the other hand extrinsic rewards include money, promotions, and fringe benefits. Their common thread is that extrinsic rewards are external to the job and come from an outside source, mainly, management.

Thus, if an employee experiences feelings of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives a salary increase or a write up in the company magazine, we would label those rewards as extrinsic.

While we have stressed the role of extrinsic rewards in motivation, we should point out that intrinsic and extrinsic rewards may be closely linked.

B- Financial versus Non-financial rewards: Rewards may or may not enhance the Employees' financial well-being. If they do they can do this directly through wages, bonuses, profit sharing, and the like, or indirectly through supportive benefits such as pension plans, paid vacations, paid sick leaves and purchase discounts. (Silverman, 2004)

Non-financial rewards are potentially at the disposal of the organization. They do not increase the employee's financial position, instead of making the employees life better off the job, non-financial rewards emphasize making life on the job more attractive.

The old saying "one man's food is another man's poison" applies to the entire subject of rewards, but specifically to the area of non-financial rewards. What one employee views as something I've always wanted, another finds superfluous. Therefore care must be taken in providing the right non-financial reward for each person, yet where selection has been done assiduously, the benefits to the organization should be impressive (Silverman, 2004).

Some workers are very status conscious. An attractive office, a carpeted floor, a large executive desk, or a private bathroom may be just the office furnishing that stimulates an employee towered top impressive job title, their own business cards, their own secretary, or a well located parking space with their name clearly painted underneath the "Reserved" sign.

C-Performance based versus membership based rewards: The rewards that the Organization allocates can be said to be based on either performance criteria or membership criteria. While the managers in most organizations will vigorously argue that their reward system pays off for performance, you should recognize that this is almost invariably not the case. Few organizations actually rewards employees based on performance. However, without question, the dominant basis for reward allocations in organization is membership. (Schuler, R.S and Rogovsky N, 1998)

Performance based rewards are exemplified by the use of commission, piecework pay plans, incentive systems, group bonuses, or other forms of merit pay plans. On the other hand, membership based rewards include cost of living increases, profit sharing, benefits, and salary increases attributable to labor market conditions, seniority or time in rank, credentials (such as a college degree or a graduate diploma), or future potential (the recent M.B.A. from a prestigious university). The demarcation between the two is not always obvious. For instance company paid membership in a country club or use of company owned automobiles by executives may be given for membership or performance. If they are available to say all middle and upper level executives, then they are membership base. However, if they are made available selectively to certain managers based on their performance rather than their entitlement, which of course implies they can also be taken away, we should treat them as performance based rewards for those who might deem them attractive. (Schuler, R.S and Rogovsky N, 1998)

1. Extrinsic reward system

Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion; and punishments, such as disciplinary action, withholding pay, or criticism. (Armstrong, 2009)

Extrinsic rewards are items such as financial payments and working conditions that the employee receives as part of the job. Deci (1972) defines extrinsic rewards will be settle outside of the person with examples such as money and verbal reinforcement, while intrinsic rewards is a mediator in positive feelings associated with an activity. Extrinsic rewards are based on the participation and achievement of the organization and further categorized to establish direct and indirect (Westover and Taylor, 2008).

The employees took the extrinsic rewards from the firm and extrinsic rewards are usually high value. Examples of extrinsic reward can be salary, bonus or other financial benefits. Appelbanum et al.,(2011) and Datta (2012) mention extrinsic rewards also encourage employee morale and the distribution of these rewards always has loomed large in companies, particularly in accordance with the assessment of performance in today's globalized world. Rewards can create organizations that are built to change. Reward such as wage and salary, bonuses, promotion and so on when designed properly, can help organizations to be flexible and efficient. Below is the definition for each variable in extrinsic reward.

Firms are able to improve worker productivity by paying workers a wage premium a wage that is above the wage paid by other firms for comparable labor. A wage premium may enhance productivity by improving nutrition, boosting morale, encouraging greater commitment to firm goals, reducing quits and the disruption caused by turnover, attracting higher quality workers and inspiring workers to put forth greater effort (Goldsmith, Veum and Darity 2000). As a result, people are attracted to well-paying jobs, and as such extend extra effort to perform the activities that bring them more pay, and become agitated if their pay is threatened or decreased (Stajkovic and Luthans 2001).

Wage/ salary

Wage is a fixed regular payment typically paid on a daily or weekly basis by an employer to an employee, classified as a manual or unskilled worker while *salary* is a fixed regular payment typically paid on a monthly or biweekly basis but often stated as an annual sum. This is payment made by an employer to an employee as opposed to a worker. In other words, it is a payment made to a professional or a white-collar worker. A salary is a form of periodic payment from an employer to an employee, as stated in a recruitment contract. (Biswas, 2012)

Managers need to consider salary structure which should include organization attaching importance to each job, payment according to performance, personal or special allowances, fringe benefits, and pension's and so on in an attempt to use salaries as a motivator effectively. Adeyinka et al., (2007).

Bonus

These payments are provided to employees for achieving time-bound goals and objectives. Words such as incentive targets, objectives (bonus objectives), measurements, and ratings are all contextual terms used in most organizations. (Biswas, 2012)

Bonus can be defined as a sum of money added to a person's wages as a reward for their outstanding performance. According to E. Lawler III and G Worley (2006) organizations must use bonus and change it with cash rewards in order to motivate performance. They also noted that an increasingly popular form of variable pay uses the performance appraisal to determine the amount of bonus paid to an employee. Organizations needs reward systems that motivate performance, reward change, and promote the development of capabilities and competencies of individual and organizational.

Armstrong and Murlis H (2008) according to their book, bonus is a cash reward for past performance. It provides an important recognition of achievement in financial terms and thus can serve as a motivator as long as there is a clear relationship between the contributions of each person his or her reward. Second, the bonus is valued and there is reasonable chance of getting it if the required level of performance is achieved in the future and if incentive provides direct motivation. When direct motivation is achieved there is a clear vision between effort and reward and the level of expectation on the prospect of getting a substantial reward.

Benefits

Employee benefits and earnings form compensation packages available in different combinations and at different levels to occupations located in different labor markets (O'Rand, 1986).

Vroom maintained in his expectation theory that everyone works in expectation of some rewards (both spiritual and material), and welfare is one of them. In other words, the degree of reward influences the quality and quantity of work, and in turn productivity. So it is important to explore how to give the stimulus (welfare) in order to promote work motivation and productivity (Vroom, 1964). According to Maslow's (1948) in the hierarchy theory, the employee benefit programs could be classified into four types of welfare demands: physical demands; security demands; social demands; self-actualization demands. First, physical-demand benefit includes loans, dividends, year-end bonuses, savings subsidies, emergency subsidies, individual annual vacations, national holidays, paid leaves, dormitories and housing benefits, meal subsidies and laundry service. Security-demand benefit includes day-care service, group dependent insurance (life and medical), pension, occupational disease compensations, child education benefits, discounted goods supply, medical equipment and subsidies, free commuting vehicles, commuter subsidies. Third, social-

demand benefit includes entertainment equipment and activities (such as clubs and foreign travel), educational equipment and activities, foreign travel subsidies, counseling measures, maternity and paternity leave. Finally, self-actualization-demand (including self-esteem) benefit includes opportunity and subsidies for further education/training and flexible working time. Benefits are items such as pension, sickness payments, company cars etc. which are additional to earnings; sometimes known as fringe benefits (Cole, 2002). Employee benefits are virtually any form of compensation other than direct wages paid to employees. It constitutes a major part of almost any individual's financial and economic security (Rosenbloom, 2001, p3).

Employee benefit policy to be adopted by an organization needs to consider several important issues like; the purpose of the benefit policy, range of benefits to be provided, the groups to which the benefit should be applied, estimated cost of benefit's program, the extent to which the program is influenced by the benefit policy of the competitors and the program likely achievement (Cole, 2002).

Promotion

Promotion is the advancement of an employee's rank, salary, duties and /or designation within an organization. Promotions are often a result of good employee performance and/or loyalty sometimes could be done thorough seniority.

Promotion is important to help motivate employees and provide them with an incentive to keep working hard. Many employees are lured away from a company to a competitor by better opportunities, so firms need to offer promotional resources that enhance retention.

Promotions are also an important aspect in employee's career and life, which affects other aspects of motivation. Firms can use promotions as a reward for employees who are productive, create

incentive for employees to exert greater effort. Promotion can be referring to as progress of an employee's rank or position in a hierarchical structure. Promotions will set employees to do a better job as their ability to quickly move up to their talent (Gibbons, 1997). The simplest form of salary incentives is the ladder of promotion (Savych, 2005). This requires recruits to accept lower paid -port - of- entry jobs. Initial period of employment is a filtering process. Promotion leads to a good performance. When ladders of promotion are used as delayed compensation, almost all junior employees prove themselves as promoted (Savych, 2005)

Working Environment

Narang, (2013) defined working environment as it is a place that employees expect to utilize their best abilities and satisfy their basic needs.

Organization planning is not just about designing structures. It is also concerned with how people work, which includes how jobs are designed. This is the notion of 'smart working' in which the work environment is managed to release employees' energy and drive business performance. As defined by the Chartered Institute of Personnel and Development (CIPD, 2008d) smart working is: 'An approach to organizing work that aims to drive greater efficiency and effectiveness in achieving job outcomes through a combination of flexibility, autonomy and collaboration, in parallel with optimizing tools and working environments for employees'. (Armstrong, 2009)

A safe working environment will motivate employees to stay in the organizations. Safety factors are important. Employees will dissatisfy about the inadequate safety measures and hence the organization is unable to retain their employees (Appiah, Kontar, & Asamoah, 2013). The impact of working environment on employee retention is proved to be a strong factor (Tummers, Groeneveld, & Lankhaar, 2013). Ensuring a pleasant working environment would support

retention of the employees to remain in their job. Narang (2013) also found that respondents are strongly agreed on working environment as the factors that affect their retention at work. A good working environment is to be delivered to ensure their employees are retained with the organization.

Sell and Cleal (2011) developed a model on job satisfaction by integrating economic variables and work environment variables to study the reaction of employees in hazardous work environment with high monetary benefits and non-hazardous work environment and low monetary benefits. The study showed that different psychosocial and work environment variables like work place, social support has direct impact on job satisfaction and that increase in rewards does not improve the dissatisfaction level among employees. The supervisors' availability at time of need, ability to interlink employees, stimulate creative thinking and knowledge of worth of open mindedness in view of workers, and ability to communicate with employees, are the basic supervision traits. Results revealed that with good and effective supervision, employees' satisfaction level was high whereas with poorer communication ability, dissatisfaction level among employees was high (Schroffel, 1999).

Another study by Catillo & Cano (2004) on the job satisfaction level among faculty members of colleges showed that if proper attention is given towards interpersonal relationships, recognition and supervision, the level of job satisfaction would rise. Bakotic & Babic (2013) found that for the workers who work under difficult working conditions, working condition is an important factor for job satisfaction, so workers under difficult working conditions are dissatisfied through this factor. To improve satisfaction of employees working under difficult working conditions, it is necessary for the management to improve the working conditions. This will make them equally

satisfied with those who work under normal working condition and in return overall performance will increase.

Group-Based Reward Systems

As more small businesses use team structures to reach their goals, many entrepreneurs look for ways to reward cooperation between departments and individuals. Bonuses, profit sharing, and stock options can all be used to reward team and group accomplishments. An entrepreneur can choose to reward individual or group contributions or a combination of the two. Group-based reward systems are based on a measurement of team performance, with individual rewards received on the basis of this performance. While these systems encourage individual efforts toward common business goals, they also tend to reward under-performing employees along with average and above-average employees. A reward program which recognizes individual achievements in addition to team performance can provide extra incentive for employees. William (1990)

Training and Development

According to Wilson, (2001) Training is a planned process to modify attitude, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy the current and future needs of the organization. A more recent source of definitions is CEDEFOP's (The European Centre for the Development of Vocational Training) (1996:52) Glossarium, defined training as an activity or program of activities designed to teach the skills and knowledge required for particular kinds of work. Whereas Development is the growth or realization of a person's ability, through conscious or unconscious learning. Development programs usually include elements of planned study and experience, and are frequently supported

by a coaching or counselling facility. (Manpower Services Commission, 1981:15). Development occurs when a gain in experience is effectively combined with the conceptual understanding that can illuminate it, giving increased confidence both to act and to perceive how such action relates to its context. (Bolton, 1995:15)

It can be seen from the definitions that development indicates movement to an improved situation that for the individual means advancing towards the physical and mental potential we all possess.

Human resource management regards training and development as a function concerned with organizational activity aimed at bettering the job performance of individuals and groups in organizational settings. In the present economy training and development is among one of the key human resource management practices which leads to skills, abilities, superior knowledge, positive attitude and behavior of employees resulting the organization in profit (Tang thong, et al., 2014).

Among them there are several different types of trainings and development methods. This includes on-the job training, off-the job training, job rotation, coaching & mentoring, and employee development. On-the-job training improves work efficiency, develops interest in work, gives satisfaction and reinforces the commitment towards the organization leading to employee retention (Ameeq-ul-Ameeq and Hanif, 2013). Also off-the-job training cause's employees pay more attention to the particular training activities, learn new skills and knowledge without distractions paying the complete focus on the training (Nassazi, 2013). This result employee commitment and retention. Job rotation enables employee to enrich their skill set and has positive effect on employee motivation and retention (Kaymaz, 2010). Coaching and Mentoring is considered to be one of the effective training and development method. This method enables one-to-one consultation. This process develops high performance of employees speeding up the settling process in the organization and increasing the productivity (Asset Skills, 2012) enabling employee

stay in the organization for a longer period of time. Furthermore employee development activities have a significant and positive impact motivation, loyalty and employee retention (Sinha, 2012).

Recent research found that combined effect of training and development along with career development opportunities have a significant influence on employee retention (Meathfield, 2008).

These employees are motivated to train themselves in order to enhance their career opportunities and develop themselves (Meathfield, 2008). This causes employee to be motivated and retain in the organization. Mostly employees are not much interested in training and development if that training is not linked with career development (Ramlall, 2003). Training and development is viewed as a mean to cope with the changes in technological innovation and demographic shifts. According to Kumar & Santhosh (2014), training and development is found to be the highest influence on employee retention. This variable also has positive relationship and strong correlation with employee retention variable in the study by Neog & Barua (2015).

2. Intrinsic Reward

Intrinsic rewards are ones that come from within the employee. An employee who is motivated intrinsically is working for his/her satisfaction and may value challenging work he or she perceives to be meaningful to the company. Intrinsic rewards relate to satisfaction that is derived from actually performing the job such as personal fulfilment, and a sense of contributing something to society. Intrinsic rewards related to achievement, responsibility and the opportunity to use and develop skills that are more under the control of the worker. (Armstrong, 2009)

Intrinsic rewards are those that exist in the job itself. Examples are achievement, variety, challenge, autonomy, and responsibility. They also include status, recognition, praise from superiors and co-workers, personal satisfaction, and feelings of self-esteem (Mahaney and Lederer 2006). Intrinsic

rewards increase feelings of self-esteem and accomplishment and are derived from the content of the task itself and include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities, and sufficient feedback regarding the effectiveness of one's efforts (Mottaz 1985). Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they believe their efforts are important to the success of the team, and their jobs are fun, challenging, and rewarding (Mahaney and Lederer 2006).

Babak Armajani (2009) on his book strengthen the concept of intrinsic reward by mentioning 'Fredrick Herzberg', who studied motivation in the 1960s found that feelings of accomplishment, personal challenge, increased responsibility and belonging were among the strongest intrinsic rewards in organizations. And he stated that intrinsic rewards come from inside the person. They are self-rewarded. What drives a mountain climber? Or a student doing extra credit to get an A+? Further Herzberg, demonstrated that give people frequent opportunities to reward themselves rather than creating some sort of reward system.

Recognition Programs

A recognition program may appear to be merely extra effort on their part with few tangible returns in terms of employee performance. While most employees certainly appreciate monetary awards for a job well done, many people merely seek recognition of their hard work.

Recognition is a form of non-financial award given to employees selectively as an appreciation in return of their high level of accomplishment for the organization (Milne, 2007). Feeling being appreciated and worthy contributions by employees reduces the chances to leave the organization.

In addition, employees are likely to leave the organization when employers treat them poorly and did not meet their needs of feedback and recognition (Hausknecht, Rodda, & Howard, 2008).

Organizations can give benefit for those employee who get commitment and loyal to the organization (Fischer). The employees will loyal if they can get a fair reward. Therefore, the employees will perceive that their organization consider their levels of commitment and loyalty and more loyal to the organization if the organization rewarding them (Fischer).

From the research carried out by Solon Fire Rescue (2001), recognition seems to be the most prevalent types of reward for employees to stay in the organization (William J.Shaw, Rescue, & Solon, 2001). The reward or recognition programmed survey by William J. Shaw, Solon Fire Rescue (2001) shows that most of the employees feel that they are adequately recognized by for their contribution to the organization. The result of research also shows that higher employee retention can be assisted by reward and recognition programs (William J.Shaw, Rescue, & Solon, 2001). From previous theory and research proposed that rewards and recognition were the most frequently reasons for staying in an organization (John et al., 2008).

On the other hand, findings indicated that high performers are more loyal to the organization when there is an opportunity for salary growth and the availability of contingent rewards (Allen & Griffeth, 2001) as cited by (Hausknecht, Rodda, & Howard, 2008). Employees' commitment and rewards are important factors for them to retain in the company (Griffeth & et al., 2000). Based on all the studies conducted by above scholars it can be concluded with rewards and recognition implement by organizations have significant positive relationship with employee loyalty.

Responsibility

According to Naswa (2009) responsibility means a diversity of things to a vast multitude of people. For some it means accountability, which is responsible for one's actions to him or to others. Yet to others it implies dependability and guarding of one's actions. The word responsibility should be understood as an intention to act caution and respect not only to you but with connection to others. If a person is engaged in careful study of the establishment of any civilized society, one notices that responsibility was a cardinal founding principle.

Forsyth (2000) says that giving people responsibility prompt their giving greater thought to their work and with it, often produces not only greater productivity but is likely to improve efficiency, quality indeed any steps that may be involved in victorious. And in each of this case can potentially improve motivation and achievement. Responsibilities are an important aspect in achieving greater motivation by workers. When employees are engaged through personal values of their own, it will increase their overall motivation. Responsibilities of the organizations allow employees to grow and develop their overall ability to generate a higher stage of motivation among the workforce (Maccoby, 2010). Worker should make the decision to take on more responsibility. Although prospect might seem daunting at first, increasing the responsibility of workers leads to greater involvement and job satisfaction. For example, directing employees to take certain measures won't engage their minds, but base on their reserves and allow them to take point on a project encourages self-sufficiency.

Meaningful work

Meaningful work is defined by Rosso et al., (2010) and Steger et., al (2012) as the importance of work for people in both interest and positive in valence (meaningfulness). Various work-related

benefits, including increased job satisfaction, motivation, and achievement is associated with meaningfulness (Rosso et al., 2010). Meaningful work is disparate rather than just looking for a job where any job will do. Meaningful work is defined by doing what you love and being rewarded in ways that are meaningful to you. Through a journey inward you can discover what will allow you to know for sure and do the best work, to make a distinct in the world as you see it.

Managers who wish to increase employee motivation must consider the importance of job design, and try to create tasks, and the circumstance in which these tasks are carried out, which will make the work more meaningful. Lips-Wiersma and Morris (2009) noted several theories that have been devote their attention to the idea that, since individuals have a need for meaning in their work, leaders must seek ways to enhance meaningfulness for the worker or protect workers from meaningfulness in their work. The interest in meaningful work is collaborating with positive individual and organizational impression with regard to work (Rosso et al., 2010). Wrzesniewski (2010), we define meaningful work not simply as whatever works are meaningful to people, but indulge the work that is both significant and positive.

Career Development Opportunities

‘Career’ refers to the sequence of or collection of jobs held over an individual’s life. According to Arthur, Hall and Lawrence (1989), they described career as “the evolving sequence of a person’s work experiences over time”

As D. Brown and Brooks (1990b) described career development as being “for most people a lifelong process of getting ready to choose, choosing, and typically continuing to make choices from among the many occupations available in our society”. The importance of acknowledging career development over the lifespan is incorporated in the following definition: “Career

development is the total constellation of psychological, sociological, educational, physical, economic and chance factors that combine to shape the career of an individual over the life span” (Sears, 1982, p. 139).

So career development involves one’s whole life, not just occupation. As such, it concerns the whole person. More than that, it concerns him or her in the ever-changing contexts of his or her life. The environmental pressures and constraints, the bonds that tie him or her to significant others, responsibilities to children and aging parents, the total structure of one’s circumstances are also actors that must be understood and reckoned with. In these terms, career development and personal development converge. Self and circumstances –evolving, changing, unfolding in mutual interaction – constitute the focus and the drama of career development. (Wolfe & D. A. Kolb, 1980, pp. 1-2)

One of the main critical issues organizations facing today is to retain their employees (Allen, 2008). Career development is one of the main human resource characteristics that provide the opportunity for employees to continuously be a part in the diverse activities in the organization that develops employees (SHRM, 2012). Career development activities includes succession planning (Cede fop, 2008), talent management (SHRM, 2012), leadership development (Day, 2007), structured career management and self-assessment (Right Management, 2009). The outcome of succession planning were development for further growth, work shadowing, job rotation within the organization and promotion leading to employee retention (Cede fop, 2008). Similarly structured career management improves the employee’s organizational commitment and behavior (Right Management, 2009) resulting further employee retention. Also self-assessment enables to establish commitment to perform better in the organization and enriches the skills of functioning in the work place (Right Management, 2009).

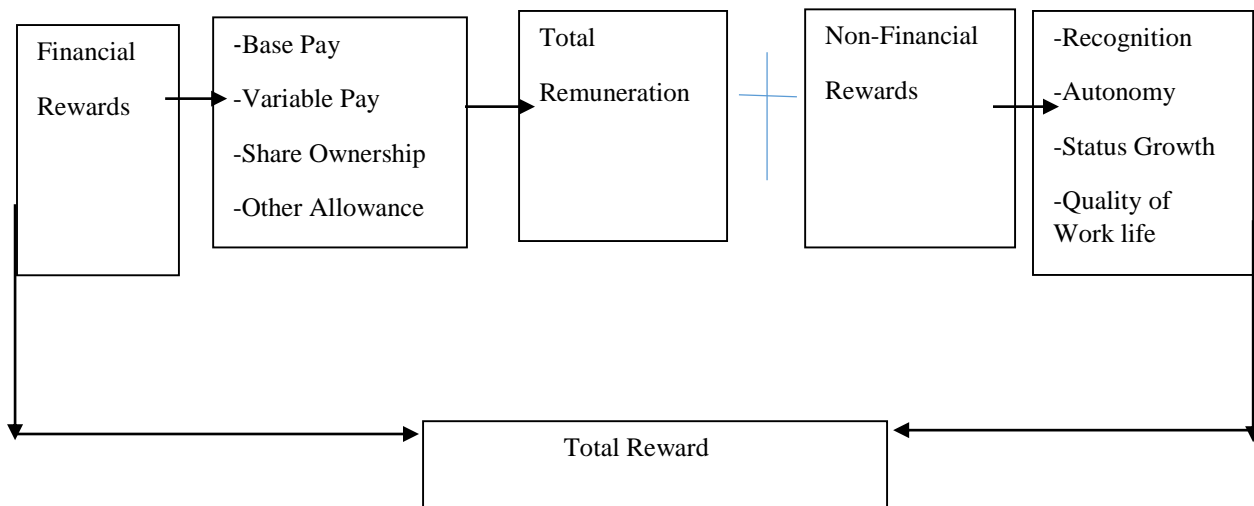
2.2 Model of Reward System

Total Reward Model

Total reward is the combination of financial and non-financial rewards available to employees. While total remuneration is the value of all cash payments (total earnings) and benefits received by employees.

As defined by Manus and Graham (2003), total reward ‘includes all types of rewards indirect as well as direct, and intrinsic as well as extrinsic’. Each aspect of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the impact of the two major categories of reward as defined below and illustrated in Figure 2:1. Transactional rewards – tangible rewards arising from transactions between the employer and employees concerning pay and benefits; and Relational rewards – intangible rewards concerned with learning and development and the work experience.

Figure 2.1: Total reward model



Source: Armstrong 2003:21, 2009

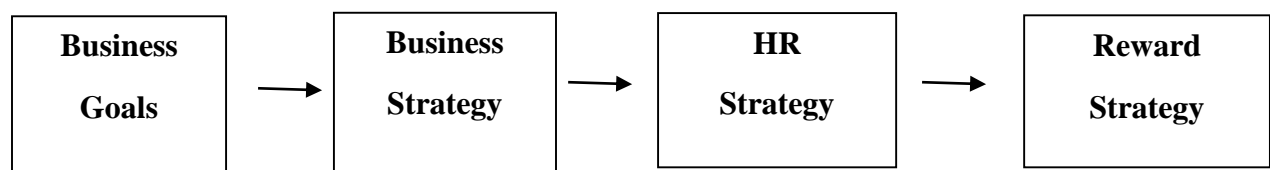
The concept of total reward recognizes that in an employment relationship there is more that employees want and value than just money. Thus a prudent reward strategy bent on attracting, retaining, motivating and satisfying employees and making a strategic contribution should adopt the total reward model (Is money the most important element of reward?)

2.3 Reward Management strategy

According to Armstrong (2009), Reward strategy is defined as a declaration of intent that defines what the organization wants to do in the long term to develop and implement reward policies, practices and processes that will further the achievement of its business goals and meet the needs of its stakeholders.

A reward strategy just like any other strategy in the organization must seek to address an organization's bottom line. Its purpose must therefore be to support the corporate strategy and address organizational needs. Thus a typical reward strategy should house a linear appearance as follows:

Figure 2.2: Reward Management strategy



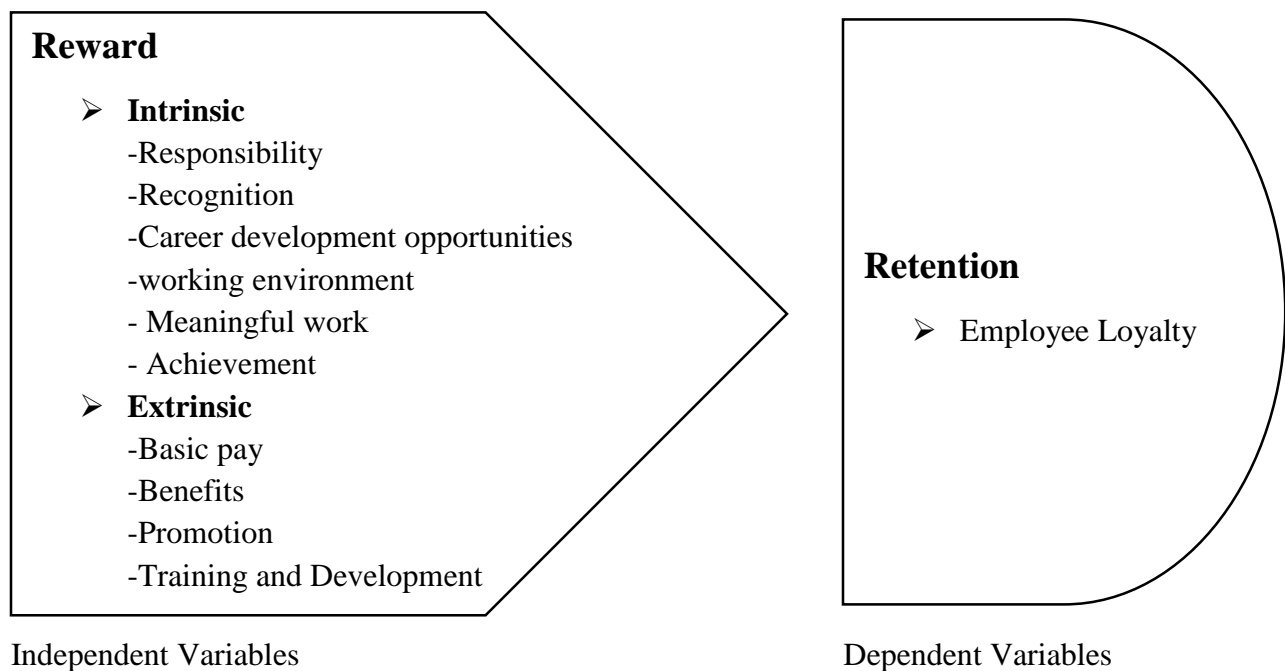
Source: Armstrong, 2009

2.4 Proposed Theoretical/ Conceptual Framework

Based on the overall review of the related literatures, the two main determinants on retention regarding rewards are relationship with intrinsic and extrinsic type of rewards. Even though, these two determinants are very important in influencing the employee retention among the staffs of Ethiopian Airlines. The independent variable reward has two dimensions: intrinsic reward and extrinsic reward. On the other hand, the dependent variable retention has one dimension that is loyalty. (Bakalis, 2006) also found that organizational commitment and employees' loyalty can be increased with financial benefits and rewards. According to (Wolfman, 2002) employers could able to retain employees if these employees are loyal to the company.

In addition to that, (Armstrong, 2009) detailed intrinsic and extrinsic type of rewards have a direct relation with retention. As it is referred from his book, therefore, below conceptual framework has been adapted.

Figure 2.3: Theoretical Framework of Factor that Affect Employee Retention



Source: Armstrong, 2009

2.5 Conclusion

As a conclusion, the study has provided a complete review of literature background about the research and clear explanation of each of the independent variables and dependent variable based on the journal articles from previous researchers study and different books. Besides that, the proposed conceptual framework of this study which determined main factors relationship development and further interpreting will be provided in the following chapter.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design and Approach

A research design is the systematic plans and procedures that a researcher develops to study a scientific problem. The design defines the design type, on basis of that it defines the study type, the research question, data collection methods, analysis tools and plan (Kolbaek, 2014). A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. According to Khotari (2004), the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing and its operational implications to the final analysis of data.

Research design is the conceptual structure within which research would be conducted. The function of research design is to provide for the collection of relevant information with minimal expenditure of effort, time and money. (Dawson & Catherine, 2002)

****Research approach***

The aim of this paper is to examine the factors which influences the employees to leave the organization and why the HR department is facing problem in retaining the employees and also to evaluate a suitable approach to retain the employees in this industry. Research design is done to find the appropriate answers for the suggested research questions (Cameron & Price, 2009). Therefore, a deductive approach for this research as to provide the factors which are affecting retention and turnover of employees and also assuming that there are adequate researches

developed in the field of employee retention and turnover of employees. This research is Analytical (or explanatory) research type, since it involves issues that are already known and have a description of it, we might begin to wonder why things are the way they are.

According to Kothari (2004) explanatory research looks for causes and reasons. So studies that establish causal relationships between variables may be termed explanatory research. The emphasis here is on studying a situation or a problem in order to explain the relationships between variables.

****Research strategy***

Quantitative data are numeric data or the data gathered is calculated numerically. There are different quantitative analysis methods such as statistics, graphs and charts which allow the researcher to calculate the data more appropriately. The quantitative data analysis is the calculation of data through statistical technique. The quantitative analysis often relies on the deductive approach (Quinlan, 2011).

Therefore, this research has adapted a quantitative strategy by gathering a large number of data from employees of Ethiopian Airlines. Quantitative analysis is a widely used research method and is expected to give positive results of the survey/ Questionnaire. This study have used the main method of quantitative approach that is questionnaire. Questionnaire is used for explanatory research and also to collect the large number of responses from the participants to analyze the data.

3.2 Data Collection Method

Accurate and systematic data collection is critical to conducting scientific research. Data collection allows us to collect information that we want to collect about our study objects. Depending on research type, methods of data collection include: documents review, observation, questioning,

measuring, or a combination of this methods (Abawi, 2013). Primary research has been conducted through survey and questionnaires designed for collection of data.

There are two types of data which are primary data and secondary data. In this research, questionnaire survey has been used to obtain the primary data.

3.2.1 Primary Data

Primary data is the data that has been collected at first hand to address a specific research problem (Abawi, 2013). I used questionnaires as my methods for collecting primary data which have been helpful to answer the research questions set in Chapter one, and to develop dependent and independent variables relationships through the feedback of relevant respondents. This method providing anonymity, so the answer of respondent are kept strictly confidential. Data was gathered from the current employees of the organization.

3.3 Sampling Technique procedure and Sample size

A Sample is a segment of the population selected to represent the population as a whole. Ideally, the sample should be representative and allow the researcher to make accurate estimates of the thoughts and behavior of the larger population (Khotari, 2004).

3.3.1 Target Population

The target population of this research study is customer service agent of Ethiopian Airlines which have the total number of 1057. This study aided to reveal which factors has the significant influence the customer service staff employees' of Ethiopian Airlines. The population target was at Addis Ababa. Besides, it was also convenient for this research to collect data as there are respondents needed, to distribute the questionnaire in areas for the questionnaire to be distributed.to support this research.

3.3.2 Sampling Location

On this research I didn't focused on a single group of people, for example bottom level employees that was because different group of people possibly have different reason to be retained at the company. The sampling location is located at Addis Ababa. The research is conducted in Addis Ababa area due to it provides the highest percentages to reach target population.

3.3.3 Sampling Elements

In this study, the respondents of the survey are customer service agent employee. These agents are chosen as respondents because since these agents have direct communication with customers they may have high impact toward company performance. So, it was essential for me to focus on those employees and find out the reason in order to maximize the number of loyalty. To maintain a level of reliability on the responses by the respondents, certain employees has not been chosen due to factors such as, time available (i.e, when respondents are in a hurry, they might simply fill in the questionnaire as soon as possible, providing misleading answers).

3.3.4 Sampling Technique

Simple random sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion in the sample and each one of the possible samples, in case of finite universe, has the same probability of being selected (Khotari, 2004). Since every member of the population has a known and each of them have equal chance of being selected, the sampling technique I have used for this research was random Sampling. The respondents selected should be as representative of the total population as possible in order to produce a miniature cross-section. The selected respondents constitute what is technically called a 'sample' and the selection process is called 'sampling technique (Khotari, 1985).

When population elements are selected for inclusion in the sample based on the ease of access, it can be called convenience sampling (Khotari, 2004). If a researcher wishes to secure data, he may select a fixed number and may conduct interviews at selected stations (Khotari, 1985).

In this survey, convenience sampling is used because it is the most suitable and capable to obtain sample of elements. The convenience sampling is the best ways of getting the information quickly, low cost, convenient and time saving. As the result, large completed questionnaire and information can be collected with low cost and less time consuming. It is also considered available and straightforward sampling from various types of non-probability sampling technique.

3.3.5 Sampling Size

According to the information provided by the company, the sample size for customer service agent of Ethiopian Airlines Addis Ababa, population of 1,057 should be around 291 respondents. A pilot test with sample size of 30 respondents has been conducted before the actual distribution of questionnaires. I have selected appropriate number from individuals of different station to test the factors and their effects on the Employee Retention. So the research was done on sample size of 291, which is obtained from the ground staff specifically customer service agents of Ethiopian Airlines.

This sample is calculated by using below standard formula. Sample size determination formula of Yamane, (1967)

$$n = N / [1 + N (e^2)], \quad = 1057 / (1 + 1057(0.05 * 0.05)) = 291$$

Where; n = sample size

N = population size

E = Level of precision or acceptable sampling error (0.05)

Yamane, T (1967). Elementary sampling theory: Prentice-hall, Inc., Englewood Cliffs, N.J

3.4 Instruments of Data Collection

A questionnaire consists of a set of questions presented to a respondent for answers. The respondents read the questions, interpret what is expected and then write down the answers themselves (Dawson, Catherine, 2002). In this proposal, the research instrument used to collect data is self-administered questionnaire. The questionnaire is a formalized set of question for obtaining information from a large number of respondents. Questionnaire is used rather than other instrument method because it is low cost, faster ways to gather data and more convenient. The questionnaire was developed based on the literature review and has been stated in the front page of the questionnaire that all the information provided by the respondent will be remain private and confidential. Therefore, it can reduce the respondent bias. Questionnaire is designed in English language because it is an international language and a common language that respondents used to communicate and understand.

3.4.1 Purpose of Using Questionnaire

Questionnaire has been used as a research instrument because questionnaire is generally designed for large quantities of data, which is suitable for a quantitative research (Hair, Babin, Money & Samuel 2003). The questionnaire was the only instrument that I have used to collect the primary data for research since it is more convenient and efficient way of collection primary data. By using questionnaire, it helped me to obtain the response from the respondents. Not only that, it was low cost compared to other methods of retrieving information.

3.4.2 Questionnaire Design

There are three types of questions which can be used in conducting in a research included open-ended, close-ended and scaled response questions (Burns & Bush, 2006). For this research, closed-ended questions and scale response question has been used. Open-ended question will not be used as they are design for exploratory research and it requires more administration effort (Maholtra, Peterson & Uslay, 2006).

Basically, the questionnaire consists of three major sections, which include Section A (respondent demographic profile), Section B (measurement of independent variables), and Section C (measurement of dependent variable).

In Section 1, I have used demographic questions that required about some brief personal information such as gender, age, education level, and others. It is used for understanding on demographic features of the respondent.

In Section 2 and 3, the question was designed to evaluate and test the factors that affect employee to loyal to company. Using 5 points Likert scale to design for the questionnaire. It is using the measurement scale with five response categories ranging from “strongly disagree” to “strongly agree”, which requires respondents to indicate their level of agreement with each of a series of statement related to the stimulus object.

According to (Kothari, 2004) Summated scales (or Likert-type scales), are developed by utilizing the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. Those items or statements that best meet this sort of discrimination test are included in the final instrument. Thus, summated scales consist of a number of statements which express either a

favorable or unfavorable attitude towards the given object to which the respondent is asked to react. The respondent indicates his agreement or disagreement with each statement in the instrument. Each response is given a numerical score, indicating its favorableness or unfavorableness, and the scores are totaled to measure the respondent's attitude (Kothari, 2004).

Finding that these five points constitute the scale, at one extreme of the scale there is strong agreement with the given statement and at the other, strong disagreement, and between them lie intermediate points. Questionnaires based on Likert scale (1-5). Where 1 being the highest level of disagreement and 5 being the lowest level of disagreement. Questions for each participant is tested at an average of those questions and cumulated to one value for each factor, Rewards and employee retention.

3.5 Construct Measurement (Scale and Operational Definition)

The primary scale of measurement in questionnaire is the interval scale. The questionnaires are asking the factors that influence employee retention which were relationship with reward management practice. Besides, the questionnaires also ask about the dimension of the employee retention. The description range was states from strongly disagree, disagree, neutral, agree and strongly agree.

Most of the question are using the fixed – alternative responses and ask to choose the one closest to their own viewpoint. Fixed – alternative is used because there are less interview skill require, saved time to answer, easier to answer by respondent, and provided comparability of answer.

Inherent of Part A, all are interval scale. Interval scale has both nominal scale and ordinal properties but they also capture information about differences in quantities of a concept. The interval scale is a scale that not only arranges objects or alternatives according to their magnitudes

but also distinguishes the ordered arrangement in units or equal interval. Such scale is designed to allow respondents to indicate how strongly they agree, neutral or disagree with carefully construct statements that can rate their level of loyalty while they are answering the question.

The range of the scale listed as below:

1 = Strongly Disagree 2 = Disagree

3 = Neutral 4 = Agree 5 = Strongly Disagree

Foremost, the following shows the way part A has divided which according to the dimension of the dependent variables of this study.

On the other hand, nominal scale represents the most element level of measurement. Nominal scale assigns a value to an object for identification or classification purpose. The example of question includes gender, marital status and job position.

Finally, Ordinal scale is a scale that arranges objects or alternatives according to their magnitudes in an ordered relationship. In part A the age range and education level are those questions using this scale. Example is as below:

Example, Please indicate your age range:

- | | |
|---|---|
| <input type="checkbox"/> Below 20 | <input type="checkbox"/> Between 21years old to 25 years old |
| <input type="checkbox"/> Between 26 years old to 35 years old | <input type="checkbox"/> Between 36 years old to 45 years old |
| <input type="checkbox"/> Between 46 years old to 55 years old | <input type="checkbox"/> Above 55 years old |

3.6. Statistical Instruments Implemented

Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data (Savenye, Robinson, 2004).

Quantitative Data Analysis: This method is most suitable for large well designed and well administered surveys using properly constructed and worded questionnaire. Data can be analyzed either manually or with the help of a computer (Kothari, 2004). Since manual data analysis was extremely time consuming I used computer data analysis and was supported by the most common software called SPSS for windows.

3.7 Data Analysis

Statistical Package for Social Science (SPSS V 20) software has been used for analyzing all the data collected. Steps of SPSS are as following:

1. Creating the data file
2. Defining the variables
3. Key in data
4. Recode the value of the variable
5. Computing a new variable
6. Summarizing data
7. Exploring relationship between dependent and independent variable
8. Analyze exploratory factors

By *analysis* we mean the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. Analysis, particularly in case of survey or experimental data, involves estimating the values of unknown parameters of the population and

testing of hypotheses for drawing inferences. Analysis may, therefore, be categorized as descriptive analysis and inferential analysis (Inferential analysis is often known as statistical analysis). “*Descriptive analysis* is largely the study of distributions of one variable. This sort of analysis may be in respect of one variable (described as uni-dimensional analysis), or in respect of two variables (described as bivariate analysis) or in respect of more than two variables (described as multivariate analysis). In this context we work out various measures that show the size and shape of a distribution(s) along with the study of measuring relationships between two or more variables. (Kumar, Ranjit, 2005)

3.7.1 Descriptive Analysis

In this study, frequency distribution is used to analyze the demographics or general profile information of respondent under part A of questionnaire. For instance, to identify the respondent’s gender, age range, marital status, education level, and working position. (Dawson, Catherine, 2002)

3.7.2 Scale Measurement

The scale of measurement in this research is to test the reliability of the responses in questionnaires. I used the Software Package for Social Sciences (SPSS) in this research to determine the reliability. Reliability is the degree of error-free and yield consistent result (Zikmund, 2003). Cronbach’s Alpha is reliability coefficient that indicates how well the items in a set are positively correlated to one another, Generally, scales with coefficient alpha between 0.8 and 0.95 is very good reliability, 0.7-0.79 is good reliability, 0.6-0.69 is fair reliability and below 0.6 is poor reliability.

Reliability analysis is generally used in measuring the degree of precision of a research study which using the Cronbach’s alpha value.

Table 3.1 Internal Reliability Test

Variable	Cronbach's Alpha	No of items
Pay	0.943	6
Benefits	0.942	6
Recognition	0.908	5
Responsibility	0.715	3
Promotion	0.794	4
Working Environment	0.833	6
Training and Development	0.826	8
Meaningful Work	0.941	6
Employee Loyalty	0.936	13

Out of Source: own survey data (May, 2017)

Based on the table 3.1 above, Pay variable has the highest value of cronbach's value standing at 0.943. There is show that it has the very good reliability in the questionnaires. The second highest is Benefits variable standing at 0.942 of cronbach's alpha with a very good reliability. Third highest is meaningful work variable standing at the cronbach's alpha value of 0.941, it is considered as very good reliability. The fourth highest is meaningful work variable standing at cronbach's alpha value of 0.936, it also consider as very good reliability. The fifth highest variable is Recognition with cronbach's alpha value of 0.908 is considered on very good reliability. The sixth variable with very good reliability is Working Environment with cronbach's alpha value of 0.833, Training and Development has 0.826 cronbach's alpha value that is also a very good reliability, then Promotion has 0.794 cronbach's alpha value that is good reliability, responsibility is the lowest value of cronbach' alpha standing at 0.715 but it also consider as good reliability.

Overall, all the variable also has the cronbach's alpha which more than 0.70. Therefore, the questionnaires in this research study is consider good reliability and consistency

3.7.3 Inferential Analysis

Based on the questionnaires, there are two and more independent variables and one dependent variable. Both of them are metric variables and under interval scale. Therefore, I have used Pearson Correlation Coefficient to test on the relationship between the dependent and independent variable. Karl Pearson's coefficient of correlation, whereas cause and effect relationship can be studied through simple regression equations and Multiple Regression Analysis to test on the group relationship between the group of independent and a dependent variable.

Karl Pearson's coefficient of correlation (or simple correlation)

It is the most widely used method of measuring the degree of relationship between two variables.

This coefficient assumes the following (Kothari, 2004):

- (i) That there is linear relationship between the two variables;
- (ii) That the two variables are casually related which means that one of the variables is independent and the other one is dependent; and
- (iii) A large number of independent causes are operating in both variables so as to produce a normal distribution.

$$\text{Karl Pearson's coefficient of correlation (or } r) = \frac{\sum (Xi - X)(Yi - Y)}{n.\alpha x'.\alpha y}$$

Multiple Correlation and Regression Analysis

When there are two or more than two independent variables, the analysis concerning relationship is known as multiple correlations and the equation describing such relationship as the multiple regression equation. Here explained multiple correlation and regression taking only two independent variables and one dependent variable (Convenient computer programs exist for dealing with a great number of variables). In this situation the results are interpreted as shown below: Multiple regression equation assumes the form

$$Y = a + b_1X_1 + b_2X_2$$

Multiple linear Regression model will be used by SPSS quantitative software. Regression is used to show the impact between 2 variables. Regression is used when cause and effect is to be found between two variables. Here multiple regression analysis is used because there is more than one independent variable. Equation of MLR:-

$$Y_i = \alpha + \beta_1X_{i,1} + \dots + \beta_pX_{i,p} + i$$

3.8 Conclusion

The research methodology with components research design, data collection methods, sampling design and research instrument, which had been use in this study had been discussed briefly in this chapter.

CHAPTER FOUR

RESULTS AND DISCUSSION

As it is stated in methodology section, 291 questionnaires were distributed to the target respondents. All 291 questionnaires were collected back thus resulting in 100% response rate. Important data were generated by using Statistical Package Social Science (SPSS) software and appropriate analyses were made according to the research objective. This chapter starts with the descriptive analysis for the targeted respondent's demographic profile and central tendencies measurement of constructs. Then scale measurement is developed to provide the result of reliability test. Next is the inferential analysis with the Pearson correlation analysis and this is followed by the multiple linear regression analysis. It is aimed to answer the proposed research questions.

4.1 Demographic profile of Respondents

The objective of the study was to establish the perceived effects of reward management practice on employee retention at Ethiopian Airlines, Addis Ababa. The study established that majority of the respondents were male (55%) and this could be due to majority of present employees are registered as male. The majority age range among the respondents is 26-35 years old (59.8%) and unmarried (75.6%), Bachelor Degree holder which is 67.7%, with working experience of having exactly 1 year to less than 5 years and they cover 67% of all the respondents. This could attributed to the fact that most employees leave the company and young graduate employees join as a new. Majority of the survey is distributed to the operational level staff (87.3) this is because in each station there is one manager or supervisor and the rest is number operational level staff for that reason majority of respondents were from operational level.

4.3 Descriptive analysis

Table 4.1: Perception of Pay

NO		N	Mean	Std. Deviation
P1	The pay offered by my Company is very competitive.	291	2.00	1.078
P2	This Company paying policy helps attract and retain high performing employees.	291	2.03	1.165
P3	I am satisfied with the level of pay I receive.	291	2.08	.894
P4	I believe that my pay matches my job performance.	291	1.80	.969
P5	I feel I am adequately paid compared to my colleagues at other companies.	291	1.93	1.060
P6	I am paid fairly.	291	1.91	1.068
	Average Mean/St. D	291	1.9605	.92032
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.1. Illustrated the central tendencies measurement of company pay. Majority of the respondents shows disagreement on satisfaction with the level of pay they receive that is (P3) as shown by a mean score of 2.08. This Company paying policy helps attract and retain high performing employees (P2) is the second highest on disagreement with a mean value of 2.03. The pay offered by my Company is very competitive (P1) is third highest with 2.00 mean values. Followed by I feel I am adequately paid compared to my colleagues at other companies (P5) with a mean value of 1.93, then P6 and P4 with mean value of 1.91 and 1.80.

According to the table above, the standard deviation shows that there is a general consensus in I am satisfied with the level of pay I receive (P3) and I believe that my pay matches my job performance (P4). But there was a divergent opinion in I feel I am adequately paid compared to my

colleagues at other companies (P5), I am paid fairly (P6), The pay offered by my Company is very competitive (P1), and this Company paying policy helps attract and retain high performing employees (P2)

This shows that, overall there is a general disagreement on the pay strategy offered by the company and that has direct impact on employee retention as depicted by an average mean of 1.96 apart from the ability of pay scheme increasing employee loyalty.

Table 4.2: Perception of Benefits

NO		N	Mean	Std. Deviation
B1	I believe the benefits offered by this Company meet my needs.	291	2.01	1.088
B2	This Company offers a comprehensive benefits package.	291	2.01	1.158
B3	The benefits offered provide security for me and my family.	291	2.07	.902
B4	The Benefits department provides accurate and helpful information.	291	1.80	.979
B5	The benefits statement I received was clear and easy to understand.	291	1.93	1.072
B6	Transport facilities are provided to employees.	291	1.93	1.085
	Average Mean/St. D		1.9565	.92445
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

According to Table 4.2, the central tendencies measurements of Benefits are as per the following. The table above show that most of the respondents were in disagreement to the benefits offered provide security for me and my family (B3) with a mean value of 2.07. B1 and B2 are listed on the second highest disagreement with a mean value of 2.01 each; B5 and B6 are also listed on the

third highest with same mean value of 1.93 each, followed by B4 which is the lowest one with a mean value of 1.80.

According to the table above, the standard deviation shows that there is a general consensus in the benefits offered provide security for me and my family (B3) and The Benefits department provides accurate and helpful information (B4). But there was a divergent opinion in the benefits statement I received was clear and easy to understand (B5), Transport facilities are provided to employees (B6), I believe the benefits offered by this Company meet my needs (B1) and This Company offers a comprehensive benefits package (B2).

This shows that, overall there is a general disagreement on the benefit strategy offered by the company and that has direct impact on employee retention as depicted by an average mean of 1.95 apart from the ability of benefit scheme increasing employee loyalty.

Table 4.3: Perception of Recognition

NO		N	Mean	Std. Deviation
R1	My Company values my work.	291	2.69	1.160
R2	Employees are recognized for good work performance.	291	2.76	.982
R3	I receive recognition when I do a good job.	291	2.53	.872
R4	I am rewarded for exceeding my goals.	291	2.62	.933
R5	Performance incentives are clearly linked to standards and goals.	291	2.77	1.010
	Average Mean/St. D		2.6729	.85140
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.3. Illustrated the central tendencies measurements of Recognition are as per the following. The table above show that most of the respondents were in neutral/indifferent position to Performance incentives are clearly linked to standards and goals (R5) with a mean value of 2.77,

Employees are recognized for good work performance (R2) with mean value of 2.76, My Company values my work (R1) with a mean value of 2.69, I am rewarded for exceeding my goals (R4) with an mean value of 2.62, and I receive recognition when I do a good job R3 with a mean value of 2.53.

According to the table above, the standard deviation shows that there is a general consensus in I receive recognition when I do a good job (R3), I am rewarded for exceeding my goals (R4) and Employees are recognized for good work performance (R2) But there was a divergent opinion in My Company values my work (R1) and Performance incentives are clearly linked to standards and goals (R5)

This shows that, overall employees are in neutral position on the recognition strategy provided by the company and that has direct impact on employee retention as depicted by an average mean of 2.67 apart from the ability of recognition scheme increasing employee loyalty.

Table 4.4: Perception of Responsibility

NO		N	Mean	Std. Deviation
RS1	My Supervisor encourages me to take initiative to assess my skills and seek appropriate training.	291	2.52	1.161
RS2	I feel encouraged to come up with new and better ways of doing things.	291	2.67	1.130
RS3	My Department is able to develop unique solutions to problems and issues.	291	2.77	1.098
	Average Mean/St. D		2.6529	.90157
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.4. Illustrated the central tendencies measurements of Responsibility are as per the following. The table above show that most of the respondents were in neutral/indifferent position

to My Department is able to develop unique solutions to problems and issues (RS3) with a mean value of 2.77, I feel encouraged to come up with new and better ways of doing things (RS2) with a mean value of 2.67 and My Supervisor encourages me to take initiative to assess my skills and seek appropriate training (RS1) with a mean value of 2.52.

According to the table above, the standard deviation shows that there was a divergent opinion in My Department is able to develop unique solutions to problems and issues, I feel encouraged to come up with new and better ways of doing things, and My Supervisor encourages me to take initiative to assess my skills and seek appropriate training.

This shows that, overall employees are in neutral position on the responsibility strategy provided by the company and that has direct impact on employee retention as depicted by an average mean of 2.65 apart from the ability of responsibility scheme increasing employee loyalty.

Table 4.5: Perception of Promotion

NO		N	Mean	Std. Deviation
P1	Promotion policy of my company is attractive.	291	2.09	1.170
P2	Job transfer policy of my company is attractive.	291	2.01	1.086
P3	My company provides equal opportunities to all employees for promotion.	291	2.61	.964
P4	The promotion channel for internal employees is open.	291	2.03	1.126
	Average Mean/St. D		2.1838	.85584
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.5. Illustrated the central tendencies measurements of Promotion are as per the following.

The table above show that most of the respondents were in neutral/indifferent position to My

Company provides equal opportunities to all employees for promotion (PR3) with a mean value of 2.61. However, they shows their disagreement on Promotion policy of my company is attractive (PR1) that has the second highest with a mean value of 2.09, followed by the promotion channel for internal employees is open (PR4) that has mean value of 2.03, and the lowest is Job transfer policy of my company is attractive (PR2) with mean value of 2.01.

According to the table above, the standard deviation shows that there is a general consensus in My Company provides equal opportunities to all employees for promotion (P3). But there was a divergent opinion in Job transfer policy of my company is attractive (P2), the promotion channel for internal employees is open (P4), and Promotion policy of my company is attractive (P1).

This shows that, overall there is a general disagreement on the promotion strategy offered by the company and that has direct impact on employee retention as depicted by an average mean of 2.18 apart from the ability of promotion scheme increasing employee loyalty.

Table 4.6 Perception of Working Environment

NO		N	Mean	Std. Deviation
WE1	Physical working Environment is comfortable.	291	2.88	1.209
WE2	Supervisor and subordinate communication system of this company is good.	291	2.85	1.033
WE3	Employees are treated fairly with respect.	291	2.68	.901
WE4	Employee's suggestions and grievances are considered by the management.	291	2.19	1.062
WE5	Good work done is appreciated by the management.	291	2.88	1.209
WE6	There is better co-ordination among coworkers to succeed.	291	2.55	1.020
	Average Mean/St. D		2.6730	.79562
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

According to Table 4.6, the central tendencies measurements of Working Environment are as per the following. The table above shows that most of the respondents were in neutral/indifferent position to Physical working Environment is comfortable (WE1) and Good work done is appreciated by the management (WE5) with same mean value of 2.88. Supervisor and subordinate communication system of this company is good (WE2) is the second highest with a mean value of 2.85, Employees are treated fairly with respect (WE3) is third highest with 2.68 mean value, follow by There is better co-ordination among coworkers to succeed (WE6) with a mean value of 2.55. However, they were also on disagreement to there is better co-ordination among coworkers to succeed (WE4) is the lowest mean value of 2.19.

According to the table above, the standard deviation shows that there is a general consensus in Employees are treated fairly with respect. (WE3). But there was a divergent opinion in There is better co-ordination among coworkers to succeed (WE6), Supervisor and subordinate communication system of this company is good (WE2), Employee's suggestions and grievances are considered by the management (WE4), Physical working Environment is comfortable (WE1)and Good work done is appreciated by the management (WE5).

This shows that, overall employees are in neutral/indifferent about the working environment of the company and that has direct impact on employee retention as depicted by an average mean of 2.67 apart from the ability of working environment scheme increasing employee loyalty.

Table 4.7 Perception of Training and Development

NO		N	Mean	Std. Deviation
TD1	This Company offers me the training I need to help me on my job.	291	2.83	1.228
TD2	This Company supports efforts by employees to obtain training on new skills.	291	2.81	1.062
TD3	My Supervisor gives me constructive feedback.	291	2.64	.956
TD4	I have many opportunities to learn new things.	291	2.17	1.065
TD5	Employees are continually developed through training, education, and opportunities for promotion.	291	2.54	1.064
TD6	Employees are encouraged to seek professional development at work place.	291	3.10	1.421
TD7	Employee Development is seen as a key to success rather than a cost to this Company.	291	3.16	1.400
TD8	Leaders are developed from within the Company.	291	2.58	1.391
	Average Mean/St. D		2.7272	.81365
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

According to Table 4.7, the central tendencies measurements of Training and development are as per the following. The table above shows that most of the respondents were in neutral/indifferent position to Employee Development is seen as a key to success rather than a cost to this Company (TD7), with a mean value of 3.16, Employees are encouraged to seek professional development at work place (TD6) with the second highest with a mean value of 3.10, This Company offers me the training I need to help me on my job (TD1) is third highest with 2.83 mean values, and followed by This Company supports efforts by employees to obtain training on new skills (TD2) with a mean value of 2.81, My Supervisor gives me constructive feedback (TD3) is on fifth level with mean value of 2.64, Leaders are developed from within the Company (TD8) is on the sixth by

mean value of 2.58. Then Employees are continually developed through training, education, and opportunities for promotion (TD5) on the seventh list with mean value of 2.54 and I have many opportunities to learn new things (TD4) is the lowest one with a mean value of 2.17.

According to the table above, the standard deviation shows that there is a general consensus in My Supervisor gives me constructive feedback (TD3). But there was a divergent opinion in Employees are encouraged to seek professional development at work place (TD6), Employee Development is seen as a key to success rather than a cost to this Company (TD7), Leaders are developed from within the Company (TD8), This Company offers me the training I need to help me on my job (TD1), I have many opportunities to learn new things (TD4), Employees are continually developed through training, education, and opportunities for promotion (TD5) and This Company supports efforts by employees to obtain training on new skills (TD2).

This shows that, overall employees are in neutral/indifferent about training and development strategy of the company and that has direct impact on employee retention as depicted by an average mean of 2.72 apart from the ability of training and development scheme increasing employee loyalty.

Table 4.8 Perception of Meaningful Work

NO		N	Mean	Std. Deviation
M1	I am clear on my job expectations and role.	291	2.93	1.134
M2	I know what is expected of my job quietly.	291	2.99	1.177
M3	My Supervisor adjusts my responsibilities to meet the needs of the organization more effectively.	291	2.77	1.135
M4	In My Department, the workload is evenly distributed.	291	2.55	.917
M5	My Job makes effective use of my skills and abilities.	291	2.59	1.038
M6	My Company recognizes the importance of my Job to achieve its goals.	291	2.38	.937
	Average Mean/St. D		2.7022	.93335
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

According to Table 4.8, the central tendencies measurement of meaningful work is as per the following. The table above show that most of the respondents were in neutral/indifferent position to I know what is expected of my job quietly (M2) with a mean value of 2.99, I am clear on my job expectations and role (M1) is the second highest with a mean value of 2.93, My Supervisor adjusts my responsibilities to meet the needs of the organization more effectively (M3) is third highest with 2.77 mean value, follow by the My Job makes effective use of my skills and abilities (M5) with a mean value of 2.59. In My Department, the workload is evenly distributed (M4) is on fifth level with mean value of 2.55. Then My Company recognizes the importance of my Job to achieve its goals (M6) is the lowest one with a mean value of 2.38.

According to the table above, the standard deviation shows that there is a general consensus in In My Department, the workload is evenly distributed. (M4) and My Company recognizes the importance of my Job to achieve its goals (M6). But there was a divergent opinion in My Job makes effective use of

my skills and abilities (M5), I am clear on my job expectations and role (M1), My Supervisor adjusts my responsibilities to meet the needs of the organization more effectively (M3) and I know what is expected of my job quietly (M2).

This shows that, overall employees are in neutral/indifferent position about meaningful work and that has direct impact on employee retention as depicted by an average mean of 2.70 apart from the ability of training and development scheme increasing employee loyalty.

Table 4.9 Mean score measurement

Mean score	Description
<3.39	Low
3.40-3.79	Moderate
>3.80	High

Source: Ajzen, I and Fishben, M (1980)

Table 4.10: Perception of Group Mean

Below table shows the mean value of each independent variable accordingly.

	N	Mean	Std. Deviation
Pay	291	1.9605	.92032
Benefits	291	1.9565	.92445
Recognition	291	2.6729	.85140
Responsibility	291	2.6529	.90157
Promotion	291	2.1838	.85584
Working Environment	291	2.6730	.79562
Training and Development	291	2.7272	.81365
Meaningful work	291	2.7022	.93335
Loyalty	291	2.1623	.72028
Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.11 Perception of Loyalty/retention

NO		N	Mean	Std. Deviation
L1	My company treats me as real partner.	291	2.16	1.028
L2	My company cares for my efforts to improve performance.	291	2.11	1.028
L3	I have the feeling of job satisfaction working at my company.	291	2.16	.685
L4	I have made the contribution on achieving my company's objectives.	291	2.84	1.165
L5	I am satisfied with the reward system of the company.	291	2.07	.860
L6	I will recommend my company to my friends.	291	2.08	1.010
L7	I believe that my company in making long term relationship.	291	2.03	1.017
L8	My company retains outstanding employees.	291	2.39	.825
L9	I will endure relationship with my company.	291	2.24	1.055
L10	My company provide sufficient opportunity of grows.	291	2.34	.917
L11	I don't have any plan to look for a new job within the next 12 months.	291	1.51	.815
L12	I always look forward to another day at work.	291	2.25	1.054
L13	How the current rewards and benefits programs offered by your organization would makes you to stay?	291	1.92	.876
	Average Mean/St. D		2.1623	.72028
	Valid N (listwise)	291		

Out of Source: own survey data (May, 2017)

Table 4.11 above that illustrated the central tendencies measurement of employee loyalty. Based on the data above, show that most of the respondents were in neutral/indifferent position to I have made the contribution on achieving my company's objectives (L4) a mean value with 2.84. Second and third highest is L8 and L10 with mean value of 2.24 and 2.34 respectively. The fourth highest is

L12 which has 2.25 mean value, L9 is on the fifth place on mean value of 2.24 and, L1 and L3 are on the sixth place which has the same value of mean with 2.16 follow by the L2, L6, L5, L7, L13 and the lowest L11. The respectively mean value is 2.11, 2.08, 2.07, 2.03, 1.92 and 1.51.

According to the table above, the standard deviation shows that there is a general consensus in I have the feeling of job satisfaction working at my company (L3), I am satisfied with the reward system of the company (L5), I don't have any plan to look for a new job within the next 12 months (L11), How the current rewards and benefits programs offered by your organization would makes you to stay? (L13), My Company retains outstanding employees (L8), my company provide sufficient opportunity of grows (L10) But there was a divergent opinion on the rest L1, L2, L4, L6, L7, L9 and L12.

This shows that, overall mean shows that employees are not loyal to the company. The average mean to be loyal to the company depicted by 2.16, which shows disagreement to stay at the organization.

4.2 Inferential Analysis

4.2.1 Karl Pearson's coefficient of correlation

In this study, inferential analyses were used to analyze and interpret the sample data by running through SPSS which are Pearson Correlations Coefficient and Multiple Linear Regression Analysis. Details of each of the testing and the results will be presented as the following.

Table 4.12 Karl Pearson’s coefficient of correlation

		Pay	Benefit s	Recognit ion	Respon sibility	Promoti on	Working Environ ment	Training and Developmen t	Meanin gful Work
Pay	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	291							
Benefits	Pearson Correlation	.899**	1						
	Sig. (2-tailed)	.000							
	N	291	291						
Recognition	Pearson Correlation	.449**	.424**	1					
	Sig. (2-tailed)	.000	.000						
	N	291	291	291					
Responsibility	Pearson Correlation	.466**	.435**	.479**	1				
	Sig. (2-tailed)	.000	.000	.000					
	N	291	291	291	291				
Promotion	Pearson Correlation	.825**	.728**	.450**	.395**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	291	291	291	291	291			
Working Environment	Pearson Correlation	.409**	.385**	.661**	.563**	.429**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	291	291	291	291	291	291		
Training and Development	Pearson Correlation	.281**	.270**	.620**	.406**	.304**	.709**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	291	291	291	291	291	291	291	
Meaningful Work	Pearson Correlation	.243**	.254**	.642**	.313**	.266**	.636**	.583**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	291	291	291	291	291	291	291	291
Loyalty	Pearson Correlation	.628**	.574**	.516**	.626**	.585**	.569**	.424**	.391**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000
	N	291	291	291	291	291	291	291	291

Out of Source: own survey data (May, 2017)

Table 4.13: Pearson Correlation Coefficient range and value

Coefficient Range	Strength
± 0.91 to ± 1.00	Very strong
± 0.71 to ± 0.90	High
± 0.41 to ± 0.70	Moderate
± 0.21 to ± 0.40	Small but definite relationship
± 0.00 to ± 0.20	Slight, almost negligible

Source: Pearson Correlation Coefficient from Hair, et al. (2007)

In this study, Pearson Correlation Coefficient is used to test of the independent variables (Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work) with the dependent variable (Employee Loyalty). This testing indicates the direction, strength, and significance among all the variables. The standard of the alpha level usually set the value at 0.05 for two-tailed tests, therefore, if the p-value is less than or equal to the alpha value ($p \leq 0.05$), the null hypothesis need to be rejected and mean that there is significant between the variables.

4.2.1.1 The Relationship between Extrinsic Rewards and Retention

Pay and Retention

From the table 4.12, the correlation between relationship between pay and reservation and ticketing staff loyalty is 0.628, so that is a positive correlation between the two variables. Therefore, when the payment provided by the company increases, the reservation and ticketing staff loyalty will increases. The value of this correlation coefficient $r = 0.628$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between pay and (Customer service staff) reservation and retention.

Benefits and Retention

From the table 4.12, correlation between employee benefits and customer service staff loyalty is 0.574, so that is a positive correlation between the two variables. If the employee benefits given are higher, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.574$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between employee benefits and retention.

Promotion and Retention

From the table 4.11, correlation between employee Promotion and customer service staff loyalty is 0.585, so that is a positive correlation between the two variables. If the employee Promotion practices are well, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.585$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between employee Promotion and retention.

Training and Development and Retention

From the table 4.11, correlation between Training and Development and customer service staff loyalty is 0.424, so that is a positive correlation between the two variables. If the Training and Development are given higher, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.424$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between Training and Development and customer service staff loyalty.

4.2.1.2 The Relationship between Intrinsic Rewards and Retention

Recognition and Retention

From the table 4.11, correlation between employee Recognition and customer service staff loyalty is 0.516, so that is a positive correlation between the two variables. If the employee recognition given is higher, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.516$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between employee recognition and retention.

Responsibility and Retention

From the table 4.11, correlation between employee Responsibility and customer service staff loyalty is 0.626, so that is a positive correlation between the two variables. If the employee Responsibility given is higher, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.626$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between employee responsibility and retention.

Working Environment and Retention

From the table 4.11, correlation between Working Environment and customer service staff loyalty is 0.569, so that is a positive correlation between the two variables. If the Working Environment is constructed well, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.569$ is fall under the range ± 0.41 to ± 0.70 which show that there is moderate relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05. Therefore, this can prove that there is a significant positive relationship between Working Environment and customer service staff loyalty.

Meaningful Work and Retention

From the table 4.11, correlation between Meaningful Work and customer service staff loyalty is 0.391, so that is a positive correlation between the two variables. If the Work provided by the company is clearer and understandable by employees, the customer service staff loyalty will increase. The value of this correlation coefficient $r = 0.391$ is fall under the range ± 0.21 to ± 0.40

which show that there is small but definite relationship between both the dependent and independent variable. The P-value is 0.00 which is less than 0.05.

Therefore, this can prove that there is a significant positive relationship between meaningful work and customer service staff loyalty.

4.2.2 Multiple Regression Analysis

Hair, Celsi, Money, Samouel, and Page (2011) suppose that the multiple regression analysis able to generate the result of statistical significance of each coefficient, nature of relationship and strength of relationship. The beta coefficient enable researchers to determine which independent variables have the most influence on the dependent variable (Hair, 2011). Hair et al. (2011) also stated that F value is used to compare the variance explain by the regression to the unexplained variance (residual), which show the overall relationship is statistically significant.

According to Andy Field (2008), in multiple regressions the model takes the form of an equation that contains a coefficient (*b*) for each predictor. (*b*) Value indicate the individual contribution of each predictor to the model. The *b* values tell us about the relationship between employee loyalty and each predictor. If the value is positive we can tell that there is a positive relationship between the dependent and independent variable and the outcome whereas a negative coefficient represents a negative relationship.

The general equation of multiple regressions is:

$$Y_i = \alpha + \beta_1 X_{i,1} + \dots + \beta_p X_{i,p} + \epsilon_i$$

Y= employee loyalty

α =constant

β_1 = coefficient of Pay

β_2 = coefficient of Employee Benefits

β_3 = coefficient of Employee Recognition

β_4 = coefficient of Employee Responsibility

β_5 = coefficient of Employee Promotion

β_6 = coefficient of Working Environment

β_7 = coefficient of Training and Development

β_8 = coefficient of Meaningful Work

Table 4.14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.583	.571	.47178

Out of Source: own survey data (May, 2017)

- a. Predictors: (Constant), Meaningful Work, Pay, Responsibility, Training and Development, Recognition, Working Environment, Promotion, Benefits

Table 4.15: Results of ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.686	8	10.961	49.245	.000 ^b
	Residual	62.766	282	.223		
	Total	150.453	290			

Out of Source: own survey data (May, 2017)

- a. Dependent Variable: Loyalty

b. Predictors: (Constant), Meaningful Work, Pay, Responsibility, Training and Development, Recognition, Working Environment, Promotion, Benefits

Table 4.16: Result of Regression Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.827	1.514		1.867	0.016
	Pay	0.464	0.184	0.374	2.525	0.012
	Benefits	0.002	0.149	0.001	0.012	0.040
	Recognition	0.064	0.133	0.029	0.483	0.010
	Responsibility	0.413	0.172	0.321	6.460	0.000
	Promotion	0.357	0.178	0.142	2.003	0.046
	Working Environment	0.285	0.132	0.145	2.160	0.032
	Training and Development	0.021	0.083	0.015	0.252	0.021
	Meaningful Work	0.115	0.093	0.069	1.244	0.015

Out of Source: own survey data (May, 2017)

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Meaningful Work, Pay, Responsibility, Training and Development, Recognition, Working Environment, Promotion, Benefits

Table 4.14 above shows that the regression coefficient $R = 0.763$, it means that there is a positive correlation between the eight independent variables (Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work) and dependent variable (employee loyalty). The value of R square is 0.583 which indicates that 58.3 % of the variance in the dependent variable (employee loyalty) is explained by the eight independent variables (Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work). However, it still leaves 41.7% of employee loyalty are explained by other predictors.

According to table 4.15 above, p-value (Sig. 0.000) is less than alpha value 0.05, thus the F-statistic which is equal to 49.245 is significant. That mean this model is a good descriptor for the relation between the residual and predictors. Therefore, the independent variables are significantly explaining the variance in the employee loyalty among the customer service staff.

Andy Field (2008) stated that, each of these beta values has an associated standard error indicating to what extent these values would vary across different samples, and these standard errors are used to determine whether or not the b value differs significantly from zero (using the t –statistic). Therefore, if the t-test associated with a b value is significant (if the value in the column labelled sig is less than 0.05) then that predictor is making significant contribution to the model. The smaller the value of sig. (and the larger the value of t) the greater the contribution of that predictor.

Table 4.16 above show that all the independent variable p-value are less than 0.05 for (Pay=0.012, Benefits=0.040, Recognition=0.010, Responsibility=0.000, Promotion=0.046, Working Environment=0.032, Training and Development=0.021, and Meaningful Work=0.015); it means that this independent variables are significant to predict the dependent variable (employee loyalty).

The *b* values and their significance are important statistics to look at. However, the standardized version of the *b* values is easier to interpret because they are not dependent on the units of measurement of variables. The standardized beta values are provided by SPSS and they tell us the number of standard deviations that the outcome will change as a result of one standard deviation change in predictor. the standard beta values *b* are all measured in standardized deviation units and so are directly comparable: therefore they provide a better insight into the importance of a predictor in the model.

According to Andy Field (2008) the beta value is a measure of how strongly each predictor variable influences the dependent variable. The beta is measured in units of standard deviation. If the regression beta coefficient is positive, the interpretation is that for every 1-unit increase in the predictor variable, the dependent variable will increase by the unstandardized beta coefficient value. *Thus, the higher the beta value the greater the impact of the predictor variable on the criterion variable.*

Therefore, according to Table 4.16 summary of unstandardized beta coefficient will be as follows

- When the beta coefficient of pay is 0.374 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.374 units
- When the beta coefficient of Benefits is 0.001 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.001 units
- When the beta coefficient of Recognition is 0.029 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.029 units
- When the beta coefficient of Responsibility is 0.321 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.321 units
- When the beta coefficient of Promotion is 0.142 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.142 units
- When the beta coefficient of Working Environment is 0.145 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.145 units

- When the beta coefficient of Training and Development is 0.015 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.015units
- When the beta coefficient of Meaningful Work is 0.069 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.069units

Therefore, the multiple regression equation is formed which show it the below:

Employee loyalty = 2.827+ 0.374 (pay) + 0.001 (Benefits) + 0.029 (recognition) + 0.321 (responsibility) + 0.142 (promotion) + 0.145 (working environment) + 0.015 (Training and development) + 0.069 (meaningful work)

4.4 Conclusion

In chapter 4, it is interpreted and provides the result of data obtain from survey after analyzed by SPSS version 20.0. A series of analyses consists of three parts which are descriptive analysis, scale measurement and inferential analysis. Thus, the further discussion and conclusion will be conduct in chapter 5 by using the date source of the series analysis in this chapter.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The study found that there is employee reward policy at Ethiopian Airlines and that employees do leave the organization because of dissatisfaction with present rewards. The study found that if Ethiopian provides competitive salary with attractive benefits, it has high potential to retain their employees. From research, participants responded that they have dissatisfaction with the rewards and recognition they received from organization.

The study also established that Pay, Benefits, Promotion, recognition, working environment, training and development, responsibility and meaningful work has a direct effect on retaining employees. The study found that the more the organization provides rewards the more employees stay at the organization. Increasing the rate of pay, benefits, recognition, promotion, responsibility, quality of working environment, and more training and development increases employee loyalty to the organization.

The study also found that when the organization's corporate and HR grand strategies call for growth in the present business, training is an appropriate tool for building new skills among people already employed by the organization. During retrenchment efforts such as downsizing, smart sizing, or rightsizing, training is useful in helping employees obtain new jobs in the same or in different occupations. The study showed that the retention rate will boost up if training and development are being concerned in the organization. Employee retention also strongly affected by the availability of training and development provided by the aviation. Training and development provided to the employees act as a supportive to retention

The study on determinants of Ethiopian airlines employees' retention discovered that working environment is an important factor that influences retention. Lack of flexible working arrangements, the development of high-performance working and the creation of high-trust working relationships, work support, workload and job stressors are seen as unsafe working environment that unable to retain employees in the company. Healthy working environment involves good collaborative and communication culture, the presence of competent leadership, practice environment, professional advancement and the presence of adequate staffs (Ritter, 2011).

The results of the study show the independent variable which are Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work and the dependent variable which is retention of customer agent are significantly and positively associated in Ethiopian Airlines. As a result, the entire eight independents variable has positive relationship with the dependent variable.

From the result of inferential analysis of the study independents variable (Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work), it show that pay is the effect that have the biggest impact to the customer service agent retention in Ethiopian Airlines. On the other hand, meaningful work shows the lowest impact to the customer service agent retention in Ethiopian Airlines.

5.2. Conclusion

In conclusion, the purpose of this study was to explore how reward practice dealing with the concepts of employees retention.

The importance of this study can be viewed from two dimensions: theoretical contributions and practical implications. Theoretically, the study fills an important gap in the literature; that is,

exploring workforce retention factors in Ethiopian Airlines. Therefore, the findings of this study can add to the existing body of the literature and can serve as a starting point on which future studies can be built. On the practical side, this study can help the top-management decision makers of Ethiopian Airlines to enhance the major factors that may better develop their employees' retention and thus meeting organizational goals and objectives. Such information should help human resource management of Ethiopian airlines in devising appropriate human resource reward strategies for attaining and attracting workers.

Given the cost implications and destructive tendencies of turnover to organizations, it is important that more research be carried out in the area of intention to quit. When managers perfectly understand why employees want to leave, it is then that a workable retention strategy can be devised to arrest such intention. Stated differently, in order to respond to the problem of turnover, it is necessary to understand its causal process. There is also the need for organizations to properly align retention practices with the needs and values of employees.

Money may not necessarily be a good retention variable (as variously argued and seen results from other reward types), however, the research outcome of the survey suggest that money may significantly influence retention and may therefore explain why the retention practices at Ethiopian Airlines is ineffective. The costs of high turnover can be considerable thus making it imperative for the company to appropriately redirect its retention intervention strategy in agreement with the value of employees to the organization. Only then can the company retain a sizeable number of its high performing employees in the face of persistent economic woes. It would be too late and indeed counterproductive for managers trying to respond after employees have left. Finally, it is predicted that this study will lead to increased awareness of retention process among managers and the need for further research in the subject area.

5.3 Recommendation

Considering the major findings from the research, the following recommendations are made for consideration. These recommendations, if implemented, will help equip both workers and management of the company with skills and knowledge to improve upon the retention of staff in the organization.

As the research result shows that customer service agent retention relates positively with variables such as high Pay, Benefits, Recognition, Responsibility, Promotion, Working Environment, Training and Development, Meaningful Work. Ethiopian Airlines should start realizing the need to be tackle on these determinants in order to stay competitive and ahead of its rivals.

For the financially-driven employee, ways to bolster their take-home pay can be a strong incentive. This is can be a particularly strong option for the employees whose performance can directly improve company revenue.

In addition to straight compensation, there are also different benefits package to be considered. An attractive health benefit package, free air tickets, transport, for instance, can be offered, increasing salary, providing better working condition, giving appropriate training and development, providing meaningful work, giving recognition, and applying promotion.

Benefits can be vital part of retaining an impressive employee. Such a benefit allows employees to choose the plan that works best for their family's needs. Other benefits such as stock options, a company-paid car, company-subsidized housing and other non-monetary, but taxable, income items can also be included in these retention packages. Oftentimes the value of such benefits to the employee can exceed the out-of-pocket cost to the employer and be cost-effective way to reward staff.

In addition to pay and perks, however, it's important to acknowledge that many employees are driven by recognition and a sense of being appreciated. The sense that they are both valuable and recognized for that value can be a strong motivating factor for staff. An employee may be content with a salary lower than a competitor is offering if they feel they are appreciated as a team leader, difference-maker or standout in their role. Employees who are consistently performing well should be recognized and congratulated in front of staff, as well as management. Thus, the company can hold an employee in high esteem.

It is not always easy to find a solution to the challenge of motivating employees and encouraging them to stay with the company. In order to retain employees, companies must consider the different ways they can reward employees and recognize that individuals may respond to different motivators:-Financial compensation, Benefits, Good working conditions and relationships, Professional recognition, training and development and meaningful work.

It is also recommended that workers should be given an opportunity to participate in the decision making process. This is because participatory process can contribute significantly to improve productivity and quality service. This can also lead to improvement in employment security because workers gain greater involvement in the very issues that are of critical importance to the workers. This can be done through the channel of communication between workers and management or supervisors.

5.4 Recommendations for Future Research

Although this study is successful in showing that HRM reward practices have a positive effect on employee retention, it does have limitations. First, the study was conducted in Ethiopian Airlines that means it was limited to one industrial zone. And so, the conclusions are only representative of that context.

Those who intend to do further research on the topic should include other industrials that will help to ensure that reward practices relation with retention. And future researchers should involve wider geographical areas as well as larger sample size. In addition, the questionnaires should be translated into other languages in case researchers want to assess the case outside Addis Ababa, such as Amharic, Tigrigna, Oromo, Gurage and others, since Ethiopian Airlines ticketing offices consists with different races.

Besides, future researchers can test other rewards practice variables that might influence the employee retention at Ethiopian Airlines.

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Appendix

Addis Ababa University School of Graduate Studies

A Questionnaire to be filled by respondents

This questionnaire will be used to collect data on reward management practice at Ethiopian Airlines. The study is conducted in partial fulfillment of the requirements for award of MA degree in Human Resource Management. All responses will be kept confidential and the results are used only for academic purpose.

Instructions:

This questionnaire consists of a number of questions about the organization in which you work. Please read each question carefully and tick (√) the number/ box (□) corresponding to the response that most accurately represents your view. There is no right or wrong answers as these are opinion-related items (questions). You are only requested to provide your frank and honest opinion

Section 1. Personal data

1. Gender

a. Male

b. Female

2. Age Group

a. below 25

c. 36-45

d. 46-55

b. 26-35

e. above 55

3. Marital status

a. Married

b. Unmarried

4. For how long have you been working in this company? (In Years)

a. Less than 1

b. 1-5

c. 5-10

d. Above 10

5. What is your current position in Customer Service Agent/ ticketing and reservation department?

a. Section manager

c. Operational level

b. Section Supervisor

6. What is the highest level of education you have completed?

a. High school

c. Bachelor Degree

b. Diploma Holder

d. Master Degree and Above

Section 2. Rewards Practice

Evaluation of impact on reward strategies among reservation and ticketing agent employee

INSTRUCTION: For this section, please select ONLY ONE of the number which is best reflects your opinion on the statement and tick the box. Please indicate your level of agreement with each of the following statements

1-Strongly disagree 2- Disagree 3-Neutral 4-Agree 5- Strongly agree

	Dimension: Pay	1	2	3	4	5
1	The pay offered by my Company is very competitive.					
2	This Company pays policy helps attract and retain high performing employees.					
3	I am satisfied with the level of pay I receive.					
4	I believe that my pay matches my job performance.					
5	I feel I am adequately paid compared to my colleagues at other companies.					
6	I am paid fairly.					

	Dimension: Benefits	1	2	3	4	5
1	I believe the benefits offered by this Company meet my needs.					
2	This Company offers a comprehensive benefits package.					
3	The benefits offered provide security for me and my family.					
4	The Benefits department provides accurate and helpful information.					
5	The benefits statement I received was clear and easy to understand.					
6	Transport facilities are provided to employees.					

	Dimension: Recognition	1	2	3	4	5
1	My Company values my work.					
2	Employees are recognized for good work performance.					
3	I receive recognition when I do a good job.					
4	I am rewarded for exceeding my goals.					
5	Performance incentives are clearly linked to standards and goals.					

	Dimension: Responsibility	1	2	3	4	5
1	My Supervisor encourages me to take initiative to assess my skills and seek appropriate training.					
2	I feel encouraged to come up with new and better ways of doing things.					
3	My Department is able to develop unique solutions to problems and issues.					

	Dimension: Promotion	1	2	3	4	5
1	Promotion policy of my company is attractive.					
2	Job transfer policy of my company is attractive.					
3	My company provides equal opportunities to all employees for promotion.					
4	The promotion channel for internal employees is open.					

	Dimension: Working Environment	1	2	3	4	5
1	Physical working Environment is comfortable.					
2	Supervisor and subordinate communication system of this company is good.					
3	Employees are treated fairly with respect.					
4	Employee's suggestions and grievances are considered by the management.					
5	Good work done is appreciated by the management.					
6	There is better co-ordination among coworkers to succeed.					

	Dimension: Training and Development	1	2	3	4	5
1	This Company offers me the training I need to help me on my job					
2	This Company supports efforts by employees to obtain training on new skills.					
3	My Supervisor gives me constructive feedback.					
4	I have many opportunities to learn new things.					
5	Employees are continually developed through training, education, and opportunities for promotion.					
6	Employees are encouraged to seek professional development at work place.					
7	Employee Development is seen as a key to success rather than a cost to this Company.					
8	Leaders are developed from within the Company.					

	Dimension: Meaningful work	1	2	3	4	5
1	I am clear on my job expectations and role					
2	I know what is expected of my job quietly.					
3	My Supervisor adjusts my responsibilities to meet the needs of the organization more effectively.					
4	In My Department, the workload is evenly distributed.					
5	My Job makes effective use of my skills and abilities.					
6	My Company recognizes the importance of my Job to achieve its goals.					

Section 3. Retention

INSTRUCTION: For this section, please select ONLY ONE of the number which is best reflects your opinion on the statement and tick the box. Please indicate your level of agreement with each of the following statements

1-Strongly disagree 2- Disagree 3-Neutral 4-Agree 5- Strongly agree

	Dimension: Employee Loyalty	1	2	3	4	5
1	My company treats me as real partner.					
2	My company cares for my efforts to improve performance.					
3	I have the feeling of job satisfaction working at my company.					
4	I have made the contribution on achieving my company’s objectives.					
5	I am satisfied with the reward system of the company.					
6	I will recommend my company to my friends.					
7	I believe that my company in making long term relationship.					
8	My company retains outstanding employees.					
9	I will endure relationship with my company.					
10	My company provide sufficient opportunity of grows.					
11	I don’t have any plan to look for a new job within the next 12 months.					
12	I always look forward to another day at work.					

13. How the current rewards and benefits programs offered by your organization would makes you to stay?

- a. Extremely Unlikely b. Unlikely c. Probably
 d. Likely e. extremely likely

THANK YOU!!!