



**Addis Ababa University School of Commerce**

**The Effect of Rewards on Job Satisfaction:**

**The Case of Lion International Bank S .Co (LIB)**

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

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**Addis Ababa**

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## STATEMENT OF CERTIFICATE

This is to certify that Novel Solomon has carried out his research work on the topic entitled, **The Effect of Rewards on Job Satisfaction: The case of Lion International Bank S.C.** for the partial fulfillment of Masters of Art in Human Resource Management at Addis Ababa University-School of Commerce. This Study is an original work and not submitted earlier for any degree either at this University or any other University and it is suitable for submission of Masters Degree in Human Resource Management.

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**Advisor: Dr. Matiwos Ensermu**

# Addis Ababa University School of Commerce

## Graduate Program

The Effect of Rewards on Job Satisfaction

In the case of Lion International Bank S. Co

By

Novel Solomon

Approval Board Committee

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## DECLARATION

I Novel Solomon, declare that this work entitled **The Effect of Rewards on Job Satisfaction: The case of Lion International Bank S.C.** is outcome of my own effort and that all source of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Human Resource Management.

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Thank you

Novel Solomon

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## **ACRONYMS**

HRM/D – Human Resource Management/ Human Resource Division

CSM – Customer Service Manager

SPSS – Statistical Package Software for Social Science

LIB – Lion International Bank

SD - Standard Deviation

MSQ – Minnesota Satisfaction Survey Questionnaires

## ABSTRACT

In the current competitive business environment, banking industry is facing a lot of challenges particularly getting the right employees and retaining them. Rewards always play an important role in organization's growth and performance. This study examines the effects of Intrinsic and Extrinsic Rewards towards job satisfaction at Lion International Bank employees. This is because reward and job satisfaction is core factor in which managers should be keen in order to meet the targets of the organization

A Descriptive research design with survey method is applied in this study. Using stratified random sampling technique 148 participants (employees) of the target institution-LIB were selected from the total population of 937. The primary data was collected using standard questionnaires were subject to subsequent statistical analysis using SPSS-16 version software. Accordingly, Pay and Benefits ( $r=.548^{**}$ ,  $p<0.01$ ), Recognition ( $r=.510^{**}$ ,  $p<0.01$ ), Promotion and Career Advancement ( $r=.507^{**}$ ,  $p<0.01$ ) and Working Conditions ( $r=.500^{**}$ ,  $p<0.01$ ) have high degree of positive relationship with job satisfaction of employees. Whereas, Working relation ( $r=.407^{**}$ ,  $p<0.01$ ), Accomplishment ( $r=.392^{**}$ ,  $p<0.01$ ), and Task Autonomy (.374) have moderate Correlation with Job Satisfaction.

The expected outcome is aimed at unearthing the need to motivate employees in the Banking Industry so as to improve their job satisfaction. The findings of the research generally reveal that reward has a great deal of impact on job satisfaction of employees and the current trend of reward management is not that of satisfying the expectations of employees. These results imply that the employees in LIB generally did not perceive the reward practices in the institution as fair. Similarly, their overall satisfaction on the reward practices of the bank is moderate. Therefore, in order to be effective in achieving its targeted goals and objectives, LIB is required to reevaluate its reward practices.

**Key Words:** Job satisfaction, Rewards, Pay, Benefits, Promotion, Career Advancement, Recognition, Task Autonomy, Accomplishment, Working Relation and Working Conditions.

# CHAPTER ONE

## INTRODUCTION

This chapter introduces the research topic by presenting background of the study and demonstrating the need for this research. An explanation as to why this research was conducted within the banking sector is given. The research objectives and questions are presented in the context of the conceptual framework and the scope. Limitation, delimitations, justification and definition of terms are also presented in this chapter.

### **1.1 Background of the study**

Over the years, a considerable amount of literature has been developed, which seeks to improve understanding in rewards systems and the extent to which they can influence the levels of employees' commitment, motivation and eventually, job satisfaction. According to Lawler (1971), reward systems are one of the most widely researched and written subjects in the field of management and organizational behavior, yet it remains one of the less understood topics.

However, in present days, among manager's tasks is to create an environment which motivates people to perform satisfactorily and to be a profitable asset, so that they can foster the organization's growth. In a wider context, there is an increased emphasis on people as a key source of competitive advantage, often being regarded as the key differentiator between organizations and many managers try to comprehend the complexities of motivating people at work and provide them with job satisfaction so that they can gain employee commitment. For those reasons, increased emphasis is given to financial and non-financial rewards from both managers and academics.

In order to define some significant terms, it is expedient to commence with Armstrong and Murlis (1998), who describe reward management as the development, implementation, maintenance, communication and evaluation of reward processes. Importantly, rewards management is also concerned with the development of appropriate organizational cultures, underpinning core values and increasing the motivation and commitment of employees. Furthermore, reward processes cover both financial and non-financial rewards. There are direct financial rewards which consist of payments in the form of wages, salaries and bonuses. There are also the indirect financial rewards, or benefits, such as insurance plans (life, health etc.), retirement plans, sick leave etc. Finally, the non-financial rewards consist of the satisfaction that a person receives from the job itself, from the psychological and physical environment in which the person works (Mondy and Noe, 2002).

Furthermore, non-financial rewards deal with feelings of recognition, achievement, responsibilities and personal growth (Armstrong and Murlis 1998).

In modern world of globalization, the workplace realities of the past have no longer exist and therefore it is important for organizations to meet and introduce new motivational needs (Roberts, 2005). As Armstrong and Murlis (2007) point out, reward strategies will be characterized by diversity Conditioned by legacy of the past realities of the present and the future. Banks, like many other organizations, face the difficulty of determining the best benefit offering to staff, which include reward programme that staff buy-in too, are satisfied with and which is linked with the bank's.

In many cases, rewards management is closely related to motivation theories and job satisfaction. The term of job satisfaction has become a very significant one, now that managers seek for practices which are likely to make people more satisfied and therefore, more productive. Though several papers within the latest literature, it is easy to understand that job satisfaction is quite difficult to measure while it is considered as major determinant of organizational performance (Ricketta, 2002) and effectiveness (Laschinger, 2001).

According to Smith et al (1969), the problems associated with the measurement of satisfaction are the same with those encountered in the measurement of any attitude. However, Smith et al (1969) in their research, define job satisfaction as the feelings that a worker has for his job. They also stress the need for a wider context when talking on job satisfaction, as there are several aspects of the situation that contribute to total satisfaction.

However, whenever job satisfaction is studied, there is also an emphasis on motivation theories. Thus, motivation is vital in any job, if an individual is to be as productive and effective as possible. Additionally, according to Armstrong and Murlis (1998) motivation is a complex process depending on individual needs and aspirations; both intrinsic and extrinsic motivating factors; expectations; equity and fairness; attributions; self-efficacy; the social context Deci et al. (1989). Yet, foremost, among all, the fundamental theories of motivation are those of Maslow (1954), McGregor (1985) and Herzberg (1968), which deal with the needs hierarchy, the man's attitude to work (the X-Y theory) and the factors of satisfaction and dissatisfaction respectively. Furthermore, theories of motivation focus on satisfaction of the needs for autonomy, competence and relatedness (Gagne & Deci, 2005), or work design characteristics that lead to productive psychological states (Hackman & Oidham, 1976).

Researchers have argued that rewards offered by organizations may have a powerful impact on employees' attitudes towards their jobs and the company for which they work (Lincoln &

Kallerberg, 1990). Based on Herzberg's & Mouser's two factors Theory, these rewards are either intrinsic or extrinsic thus impacting the level of satisfaction employees experience with their jobs (Hong Lu, et.al. 2005). Hence in this context, it is vital to distinguish between intrinsic and extrinsic rewards. Intrinsic rewards are inherent to job or they exist within the job itself such as variety, challenge and autonomy. Extrinsic rewards on the other hand include pay and fringe benefits, promotion or advancement opportunities within organization, social aspects and work place conditions. Further research has suggested that while intrinsic rewards will probably be more salient for job involvement (Driscoll & Randall 1999), satisfaction with extrinsic rewards will lead to continuance commitment with organization resulting in increased customer satisfaction and loyalty (O'Reilly, et al. 1991).

The central concern of this study is to examine these two crucial issues of the human resource function and to discover their correlation in a particular setting. The main objective is to show whether reward systems influence the levels of job satisfaction among employees of Lion International Bank. Moreover, the study aims to discover answers to the following subjects: which of the two kinds of rewards can satisfy employees; which of the two kinds of rewards are the most influential factor for job satisfaction and identifying rewards that can help them to achieve high levels of job satisfaction.

## **Background of the Company**

Lion International Bank S.C. is a privately owned Share Company, established on October 2, 2006 in accordance with Proclamation 84/94 and the commercial code of Ethiopia and officially inaugurated for public services on January 6, 2007.

With over 6400 shareholders, Lion International Bank S.C. has a unique position in the commercial banking industry and is distinguished for its broad based participation of the public from all walks of life. Besides, Lion International Bank S.C. paid up capital is over Birr 320 million while its subscribed capital is Birr 432 million which is relatively above average capital base. Article 310(1) of the commercial code of Ethiopia entitles the promoters' committee to 20% of the net profit of the bank for a period not exceeding three years. However, they have relinquished this right by their own free will to enhance the capacity of the Bank. The Bank is led by eleven member of Board of Directors elected by the General Assembly to decide on policy matters and oversee the overall performance of the Bank. The President of the Bank, is appointed by the Board of Directors, is responsible for the day to day activities and is accountable for the financial and operational performance of the Bank. (LIB Annual Report for the year 2014/2015).

Lion International Bank S.C. has created an employment opportunity for over 937 people, as of December 31, 2014 and expands its branch network throughout the country based on availability of potential customer, market and financial soundness. LIB open 79 full-fledged and satellite branches both in Addis Ababa & Regional Towns, and provides all banking services including deposits, local transfer, various types of credit facilities and international banking.

## **1.2 Definition of terms**

### **Conceptual definition of terms**

Refers to the definition of terms/concepts or variables from the theoretical perspectives. Sources of such definitions should be cited.

### **Reward systems**

A reward system consists of the interrelated process and practices that combine to ensure that reward management is carried out effectively to the benefit of the organization and the people who work there. (Armstrong 2010).

### **Total Rewards**

As defined by Manus and Graham (2003), total rewards ‘includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic’.

### **Intrinsic Rewards**

Intrinsic non-financial rewards related to responsibility, achievement and the work itself may have a longer-term and deeper impact on motivation. (Armstrong 2007)

### **Extrinsic Rewards**

Extrinsic rewards provided by employers in the form of pay will help to attract and retain employees and, for limited periods, may increase effort and minimize dissatisfaction. (Armstrong 2007).

### **Job Satisfaction**

Job satisfaction refers to the overall positive or negative attitude that employees hold towards the job and the job context. (John Shields 2007)

## **1.3 Statement of the Problem**

Effective, fair, timely, consistent and market driven rewards can satisfy employees. The aim of reward management is to reward people fairly, equitably and consistently in accordance with employee’s contribution for organization (Armstrong & Murlis, 2004).

According to Goodwin's and Gremler (1976), found that the banking industry is in need of employees those are both satisfied and motivated, for without them, customer satisfaction levels would also be affected. Reynolds and Beatty (1999) add that the relationship established to the employees and the customer may lead to an increase in value perception with regard to the bank services. When a high perception of value is achieved these it is also highly likely that the customer will be satisfied, there by bringing in more business to the bank. Thus to satisfy and retain customers banks first and foremost must take care of their employees (Tax and Brown, 2003). And this is done through designing effective rewards system.

A well-thought-out and skillfully designed rewards program can give organization a competitive edge. In particular, it can help you generate the business outcomes that matter most to your strategy; whether those outcomes take the form of employee retention, productivity, job satisfaction, or service quality. In an age of stiffening competition and increasing pressure to do more with less, no organization can afford to ignore the strategic value that a well-designed total rewards system can provide.

The annual attrition rate of the Bank, 13% for the year 2014 – 2015 (Annual HR Report of LIB, 2014/15) 126 employees were resigned from the bank within one fiscal year. Furthermore, the recent satisfaction survey (annual satisfaction survey, 2014/15) conducted by the bank reveals reasons associated with employees and the working environment. As per the satisfaction survey high number of employees left the Bank for a variety of reasons, but they are more likely to leave for rewards-related reasons than other work-related issues and this separation of high skilled and potential employees adversely affecting the competitiveness of the bank. Because of all these assumptions this paper is sought to identify “The effect of Reward variables such as: Pay and Benefits, Promotion and Career Advancement, Recognition, Working Condition, Task Autonomy, Accomplishment and Working Condition on job satisfaction among bank employee's”.

## **1.4 Research Questions**

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

### **1.3.1 General Question**

**“what are the effects of rewards on Job Satisfaction among bank employees?”**

### **1.3.2 Sub Questions**

- To what extent Extrinsic Reward variables contribute to employee job satisfaction?
- To what extent Intrinsic Reward variables contribute to employee job satisfaction?

- What is the perception of bank employees on the existing reward practices?
- What is the strategic link of the reward system to the output of the employees?

## **1.5 Objectives of the study**

### **1.5.1 General Objective**

The main objective of this paper is to examine the effects of rewards on employee job satisfaction.

### **1.5.2 Specific objectives**

- To determine if there is a relationship between rewards & job satisfaction of employees.
- To identify to what extent the employees are satisfied with the reward system and practices that is put into use.
- To identify which reward contribute to job satisfaction.
- To identify the importance of Intrinsic and Extrinsic Rewards on employee's Job Satisfaction of LIB.

## **1.6 Significance of the Study**

The research paper has practical significance to the existing body of knowledge in the Ethiopian context;

- To tackle problems associated with rewards and job satisfaction.
- To have good understanding on the relationship between rewards and job satisfaction and to empirically inform decision makers and other concerned about the existing problem.
- To help the management in designing effective reward systems that effectively motivate employees and make them committed to the organization;
- Provide useful suggestions and recommendations in regard to the reward systems that their employees expect of them;
- Contribute to the existing body of knowledge by addition a literature on the reward systems and job satisfaction of employees in the Ethiopian Banks context.

## **1.7 Delimitation/Scope of the Study**

Although, the study would have been more comprehensive if other human resource variables that have impact on employee job satisfaction would have been addressed, the scope of the study is limited to one of the human resource functions i.e. reward systems.

Again the study would have given the whole picture of Lion International Bank Share Company if all Branches were covered. However, the study is focused only to head offices and city branches of Lion International Bank employees located at Addis Ababa city only due to time, Geographical location and Budget Constraints to address all employees.

## **1.8 Limitations of the Study**

To conduct this study there was many challenges that affect the quality of the paper and hinder the progress of the research. Such as;

- Lack of prior experience in conducting systematized research.
- Missing to address all Reward variables that have impact on job satisfaction may have some impact on the outcome of the study as the dependent variable is subject to other reward variables considerations as well.
- Respondents were suspicious and be reserved to communicate freely and openly on what they really believe in.
- Some respondents are not dedicated enough to respond to all the questions, rather they leave some questions not answered.
- As only clerical City Branch employees are covered under the study, the effect of reward systems on non-clerical and outlining employees was not known.
- Secondary data may not be expressive enough to convey information on employee satisfaction.

## **1.9 Organization of the Paper**

The paper is organized in five chapters i.e. Chapter One includes Background of the study, Statement of the problem, Research Questions, Objectives of the study, definition of terms, Significance of the Study, and delimitation/ Scope of the Study. Chapter Two includes: Review of Related Literature. Chapter Three: Methods of the Study: Research designs and Methods, population and sample design, Data collection procedures and Methods, Data analysis Methods and Ethical Issues. Chapter Four: Results and Discussion: Data analysis, presentation and Interpretation. Chapter Five: Summary, Conclusions and Recommendations. Finally the References and Appendix stated.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURES**

The chapter reviews the related literature available on the problem under study according to selected themes that are related to the study. It ends with some empirical Literatures, conclusion that highlights the research gap. Focus is on Reward Systems, Theories of Reward systems, Theories of job satisfaction and the relationship between rewards and job satisfaction.

#### **2.1 Rewards**

The Word rewards state the benefits that workers receive from their jobs (Kalleberg 1977, Mottaz 1988), and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction (Steers and Porter 1991). In any organization, rewards play an important role in building and sustaining the commitment among employees that ensures a high standard of performance and workforce constancy (Wang 2004).

Reward refers to all categories of financial benefits, tangible services and benefits that an employee receives as part of employment relationship with the organization (Bratton and Gold 1994). Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the weight an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and as a result thereof increase the success of the organization.

According to the individual–organization exchange theme, individuals enter organizations with specific set of skills, desires and goals, and expect in return a decent working environment where they can use their skills, satisfy desires, and attain their goals Mottaz (1988). Mostly organizations have increased the substantial Improvement by entirely complying with the organizational strategy by a well-balanced reward and recognition programs for employee.

#### **2.2 Reward policies**

According to Armstrong and Helen (2007) reward policies provide guidelines for the implementation of reward strategies and design and management of reward processes. They will be influenced strongly by the guiding principles and reward philosophy of the organization. The

Reward policies will be concerned with, the level of rewards, the relative importance attached to market rates and equity, attraction and retention of employees, the match between rewards and business performance , total reward policy, the need to communicate reward policies to employees and transparency.

## **2.3 Reward System**

Throughout the management literature, practitioners as well as theorists have underlined the importance of rewards systems. Rewards management is considered to be probably the most rapidly developing area of human resource management. In order to conceptualize the rewards systems, it is necessary to commence from the Harvard Model of human resource management, which emanates from the Harvard Business School (Sparrow & Hiltrop, 1994). This model is called “Soft Variant” because it emphasizes in the human aspect of human resource management. According to Beer al (1984), the model comprises of four key policies: rewards systems, designed to attract, retain and motivate employees; human resource flow, a kin to the human resource development set of policies; employee involvement in decision-making, and work systems, designed in order to produce the best outcomes.

It is therefore obvious that rewards systems are a fundamental function of human resource management as they deal with the assessment of job values, the design and management of payments, performance management, contingent pay, employees’ benefits and pensions and the management of rewards procedures. Furthermore, reward policies should take into account organizational goals, values and strategies (Armstrong and Murlis, 1998). Another important point that Armstrong and Murlis (1998) mention is that rewards systems also include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees as their philosophy must recognize the vital role of the workforce and also respect their needs.

The rewards systems are comprised of two main elements: financial and non-financial rewards. The financial rewards include rewards strategies such as merit-pay, market-based pay, profit-related pay, while non-financial rewards focus on the needs of people for recognition, achievement, responsibility and personal growth (White and Drucker, 2000).

### **2.3.1 Types of Reward Systems**

Definitions of total rewards typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization' Thompson (2002) as cited by Armstrong (2009).

According to Decenzo and Robbins (2005), the most obvious reward employee receives from work to pay. However, rewards also include promotions, desirable work assignments, and a host of other less obvious payoffs- a smile, peer acceptance, work freedom, r a kind word of recognition.

There is a number of reward systems designed to serve both organizations and employees in the process of achieving goals according to Decenzo (2007). Intrinsic rewards that are self-initiated rewards; pride in one's work, and a sense of accomplishments, or enjoying part of a work team. Job enrichment, for instance can offer employees intrinsic rewards by making work seem more meaningful as mentioned Decenzo, (2007). A number of authors argue that money is a poor motivator and can actually impede intrinsic motivation, such as reducing creativity and innovation Amabile et.al. (1994); Frey & Osterloh (2002); Herzberg (2003); Kerr (1975) & Kohn (1993). According to Frey (2000), intrinsic motivation, captures the aspects of doing work for its own sake. According to Ryan and Deci (2006), intrinsic motivation provides psychological benefits of well-being. According to Herzberg (2003), intrinsic motivation increase responsibility.

Extrinsic reward includes money, promotions and benefits. They are external to the job and com from an outside source, mainly management. Consequently, if an employee experiences a sense of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives salary increase or a write-up in the company magazine, we would label these reward as extrinsic according to Decenzo (2007).

### **2.3.2 Reward Management Processes**

Reward Management process is an ongoing cycle that is responsible for the planning, organizing, implementing, monitoring, evaluation and revising of the reward system periodically. The reward management is composed of various components that are the building blocks of the process. As per Armstrong & Helen (2007), reward management is composed of the business strategy, reward

strategy, policies, market analysis, job evaluation, grade structure, pay structure, financial and non-financial rewards, performance management, and employee's capability.

### **2.3.3 Consequences of Total Rewards**

#### **2.3.3.1 Motivation of Employees**

Reward systems, whether monetary or other, can positively affect employees by increasing motivation. Workers who are aware that outstanding performance or behavior in the workplace will result in desirable rewards are more likely to strive to meet the goals set forth by employers. This decreases monotony in the workplace and fosters ambition and hard work amongst employees.

#### **2.3.3.2 Reaching and Retaining Good Workers**

Employees are not the only ones who experience the positive effects of reward systems in the workplace. Employers who offer desirable rewards to their employees have a better chance of attracting good, motivated workers. They also have better chances at retaining their top employees, those who more than likely reap the rewards. Ambitious employees will be attracted to reward systems, but without rewards, may look for work elsewhere.

#### **2.3.3.3 Improvement in Profit**

When employees work towards their goals in hopes of earning rewards, business become more successful. Profit increases and some businesses also may witness improvements in office relations and behaviors and in customer service. The more successful a business is, the more they can expand and the more rewards they can afford to offer, creating a cycle that promotes hard work, good behavior and increased profit.

#### **2.3.3.4 Negative Effects**

Not all reward system effects are positive. Some scholars argue that an overemphasis on business reward systems has a negative effect on intrinsic values. Intrinsic values are the values that a person, in this case an employee, has without prompting by an outside force. For example, dedication can be seen as an intrinsic value if an employee is dedicated without being offered a reward. If the employee is only dedicated because they know they will be rewarded, they value only extrinsic rewards. Some theorists believe that reward systems are completely diminishing employees' intrinsic value systems.

### **2.3.4 Reward Systems and Employee Job Satisfaction**

When we look at the association between rewards and employee job satisfaction, various scholars' agree that they have a very strong link. Accordingly, Wilson, (1994) as cited by Rizwan Q. & Ali U. (2010) explained that employees are definitely closer to their organization as their job can become the major satisfaction in their life after having a proper rewards and recognition at their job. They further explained that recognition is a process of giving an employee a certain status within an organization. This is a very crucial factor towards an employee motivation. Recognition describes how the work of an employee is evaluated and how much the appreciation he receives in return from the organization. It also specifies the way an organization gives its employee the reward and the status for his work and activities. Most financial reward systems have been proved to have a direct relationship with employee job satisfaction. But reward need not necessarily be financial and based on membership of the organization. There are financial and non –financial, intrinsic and extrinsic, performance base and membership based reward systems which have a great impact of employees' satisfaction. All this types of reward systems have their own way of contributing to the satisfaction level of employees.

As per the study of Flynn (1998) as cited by Rizwan Q. & Ali U. (2010) rewards and recognition programs keep high spirits among employees, boosts up their morale and creates linkage between performance and motivation of employee. Reward is an important factor designed to be given in return to work performed. It has a direct motivation influence on employees' performance. It has basic necessity for any given person to earn living out of something they perform, so employees' basic motivational factor to be hired to perform a certain work is primarily to get financial reward in return to their contribution to the organization.

Herzberg (1959) as cited by John Adair (2004) identified the factors that contribute to job satisfaction and dissatisfaction as the eight 'hygiene' factors which create job dissatisfaction are company policy and administration, supervision, interpersonal relations, salary, status, job security, personal life and working conditions.

Herzberg further identified six 'motivating' factors that lead to job satisfaction as achievement, recognition, and possibility of growth, advancement, responsibility and the work itself.

## 2.4 Motivation

According to Armstrong (2010, p. 20-22) Motivation is the force that energizes, directs and sustains behavior. Motivation theory explains how motivation works and the factors that determine its strength. It deals with how money and other types of rewards affect the motivation to work and levels of performance, what creates job satisfaction, and the link between job satisfaction and performance. It therefore influences decisions on how people should be valued, the choice and design of financial rewards and the use of non-financial rewards.

There are two types of motivation as originally described by Herzberg *et al* (2):

**Intrinsic motivation** – this was defined by Herzberg as ‘motivation through the work itself’. It takes place when people feel that the work they do is intrinsically interesting, challenging and important and involves the exercise of responsibility (having control over one’s own resources), autonomy or freedom to act, scope to use and develop skills and abilities and opportunities for advancement and growth.

**Extrinsic motivation** – what is done to or for people to motivate them? This includes rewards such as increased pay, recognition, praise or promotion, and punishments such as disciplinary action, withholding pay, or criticism.

Extrinsic motivators can have an immediate and powerful effect, but it will not necessarily last long. The intrinsic motivators, which are concerned with the notion of the ‘quality of working life’ (a phrase promoted by advocates of the notion of intrinsic motivation but little used today), are likely to have a deeper and longer-term effect because they are inherent in individuals and not imposed from outside. But it should not be assumed that intrinsic motivation is good and extrinsic motivation is bad. They both have a part to play.

### 2.4.1 Motivation theories

Motivation theory examines the process of motivation. It explains why people at work behave in the way they do in terms of their efforts and the directions they are taking. (Armstrong, 2006, p. 251)

Motivation is a factor that exerts a driving force on our actions and work. According to Baron (1983), motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. It is such a dynamic in today’s environment that explicitly creates and encompasses a positive impact on job. Within an organization, the best performance is feasible with most committed employees that can only be achieved through employee motivation.

There is no definitive motivation technique or a reliable and effective method that works for everyone in every situation rather it should be adapted to fit the circumstances (Bradley, 2003).

According to (Armstrong, 2010) There are four main categories of motivation theories as described below.

### **Instrumentality theory**

‘Instrumentality’ is the belief that if we do one thing it will lead to another. In its crudest form, instrumentality theory states that people only work for money. It assumes that people will be motivated to work if rewards and penalties are tied directly to their performance; thus the awards are contingent upon effective performance. Instrumentality theory has its roots in the scientific management methods of Taylor (1911), who wrote: ‘It is impossible, through any long period of time, to get workmen to work much harder than the average men around them unless they are assured a large and permanent increase in their pay.’

### **Content (needs) theory**

This theory focuses on the content of motivation in the shape of needs. It provides guidance on what needs should be satisfied by the reward system if motivation is to occur. The basis of content theory is the belief that an unsatisfied need creates tension and a state of disequilibrium. To restore the balance a goal is identified that will satisfy the need, and a behavior pathway is selected that will lead to the achievement of the goal and the satisfaction of the need. All behavior is therefore motivated by unsatisfied needs. The main contributors to needs theory were Alderfer (1972), McClelland (1961) and Maslow (1954). Herzberg (1968) identified a number of ‘satisfiers’, which are in effect needs.

The main needs identified by these and other writers are those for achievement, recognition, responsibility, autonomy and the opportunity to develop and use skills. These have to be taken into account in deciding how people should be rewarded and also in achieving motivation through job design. But a note of caution is necessary. Content theories propose that to a large extent all people strive for the same fundamental goals. In fact, people are more varied and complex than this. Theories stating that there are strong similarities between people lead to the conclusion that there is ‘one best way’ to motivate and reward them, which is simply not true. Process theory as described below is based on more realistic, albeit more complex ideas.

### **Herzberg's two-factor model**

Herzberg’s two-factor model theory states that the factors giving rise to job satisfaction (and motivation) are distinct from the factors that lead to job dissatisfaction. It is sometimes called the

motivation–hygiene theory. There are two groups of factors. The first consists of the satisfiers or motivators, which are intrinsic to the job. These include achievement, recognition, the work itself, responsibility and growth. The second group comprises what Herzberg calls the ‘dissatisfaction avoidance’ or ‘hygiene’ factors, which are extrinsic to the job and include pay, company policy and administration, personal relations, status and security. These cannot create satisfaction but, unless preventive action is taken, they can cause dissatisfaction. He also noted that any feeling of satisfaction resulting from pay increases was likely to be short-lived compared with the long-lasting satisfaction from the work itself. One of the key conclusions derived from the research is therefore that pay is not a motivator, except in the short term, although unfair payment systems can lead to demotivation (Armstrong 2007).

Herzberg’s two-factor model draws attention to the distinction between intrinsic and extrinsic motivators, and his contention that the satisfaction resulting from pay increases does not persist has some face validity. But his research and the conclusions he reached have been attacked – first because, it is asserted, the original research is flawed and fails to support the contention that pay is not a motivator, and secondly because no attempt was made to measure the relationship between satisfaction and performance. As David Guest (4) has written ‘Many managers’ knowledge of motivation has not advanced beyond Herzberg and his generation. This is unfortunate. Their theories are now over thirty years old. Extensive research has shown that as general theories of motivation the theories of Herzberg and Maslow are wrong. They have been replaced by more relevant approaches.’ (Armstrong 2007).

### **Process or Cognitive theory**

In process theory, the focus is on the psychological processes or forces that affect motivation, as well as on basic needs. The three main theories are:

**Expectancy theory** (*Vroom, 1964 and Porter and Lawler, 1968*) - which states that motivation, will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile.

**Goal theory** (*Latham and Locke, 1979*) - which states that motivation and performance are higher when individuals are set specific goals, when goals are difficult but accepted, and when there is feedback on performance.

**Equity theory** (*Adams, 1965*) - which states that people will be better motivated if they are treated equitably, and demotivated if they are treated inequitably. There are two forms of equity: distributive equity or distributive justice, which is concerned with the fairness with which people feel they are rewarded in accordance with their contribution and in comparison with others; and

procedural equity or procedural justice, which is concerned with the perceptions employees have about the fairness with which company procedures in such areas as performance management, promotion and discipline are being operated.

The main distinction between content and process theory is that the former provides guidance on what needs should be satisfied by a reward system while the latter indicates how they should be satisfied, especially in pay schemes that are contingent on performance, contribution or skill. In their case, process theory is the most important.

### **Cognitive evaluation theory**

Cognitive evaluation theory (CET) as devised by Deci (1975) and Deci and Ryan (1985) argues that placing strong emphasis on monetary rewards decreases people's interest in the work itself, thus dampening a powerful alternative source of motivation. In other words, extrinsic rewards erode intrinsic interest.

Immensely popular and influential motivation theories, which were produced by (Maslow 1954, and (Herzberg et. al 1957), have been severely criticized, although they are still regarded by many people as the motivation theories. A number of other significant and more convincing theories have been developed over the years and in their different ways, they help us to appreciate the complexity of the process of motivation and the futility of believing that there are any easy or quick answers to motivating anybody.

## **2.4.2 Motivation and Job Satisfaction**

Researchers such as Lincoln & Kalleberg (1990) have argued that rewards offered by organizations may have a powerful impact on employees' attitudes towards their jobs and the company for which they work. Based on Herzberg's (2003) motivation-hygiene theory identifies intrinsic motivators (e.g. Achievement, recognition, the work itself) and hygiene factors which tend to be extrinsic factors (e.g. Company administration, supervision, salary). Herzberg's view is that these motivators lead to job satisfaction because they satisfy an individual's need for self-actualization.

According to pool (1997) the relationship between work motivation and job satisfaction finds significant positive association indicates that as work motivation increases, job satisfaction increases.

The dominant argument has been for positive association between extrinsic motivation and job satisfaction, as argued by Frey (1997) for a "crowding-in" effect. Intrinsic motivation can increase

as a result of work enhancement programs that have increased work morale. When employees' enjoyment of their job increases, intrinsic rewards may undermine the extrinsic motivation.

## **2.5 Job Satisfaction**

The most referred definition of Job satisfaction was offered by Locke(1976) who defined job satisfaction as the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values (Perez, 2008). Armstrong (2010) also describes job satisfaction as the attitudes and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction. Collins (2007) also defined job satisfaction as the degree to which an employee has positive emotions towards the work role. Job satisfaction is vital for employee well-being and organizational effectiveness. Lee-Kelley, Blackman and Hurst (2009), contend that lack of satisfaction in the job is a major predictor of turnover intentions.

Job satisfaction define as “a function of the range of specific satisfactions and dissatisfactions that he/she experiences with respect to the various dimensions of work” It includes what Individuals expect from job and what they receive Locke, (1976). Different employees are different level of expectation with respect to pay and rewards in work situations (Porter and Steers, 1973). Many companies used different techniques like survey to find out what are the employees expectations and perceptions about their jobs (Kinicki and Kreitner, 2003). Arnold and Feldman, (1986) asserts that job satisfaction is the positive attitude of an individual towards his job. Robbins, Odendaal, & Roodt, (2001) recommended that these are the different factors such as work rewards, pay, relationship with coworkers and job security which has substantial influence on job satisfaction.

### **2.5.1 Factors determining Job Satisfaction**

There are number of dimensions which effect job satisfaction. Value system possessed by an individual and the culture supporting the value system in the organization can be called as an important and basic for job satisfaction V.G Kondalkar (2007)

Purcell *et al* (2003) believe that discretionary behavior which helps the firm to be successful is most likely to happen when employees are well motivated and feel committed to the organization and when the job gives them high levels of satisfaction. Their research found that the key factors determining job satisfaction were career opportunities, job influence, teamwork and job challenge (Armstrong, 2006, P. 264).

### **2.5.1.1 The nature of the work**

Robins (1998, P. 90) stated that mentally challenging jobs are positively related to job satisfaction. Such jobs give the opportunity to employees to use their skills and talents into a variety of tasks and also provide them with feedback on their performance after they complete each task. In accordance to Maslow's Hierarchy of Needs Theory (1954), employees with challenging jobs are given the chance to fulfill their higher level need of self-actualization and reach self-fulfillment.

Monotonous and hectic tasks and those assignments that do not stimulate employees are all related to lower levels of job satisfaction. Employees in these types of positions, such as people who work on assembly lines in factories, report higher levels of psychological distress and tend to have a high number of absences from work (Robins 1998, P. 90).

### **2.5.1.2 Pay and benefits**

Included in a person's job satisfaction are the rewards for doing the job and performing it well. If a person is rewarded for high performance or stands to gain a reward for doing the work, he/she may find the job more satisfying. These rewards range from improved work environment (a corner office, a nicer chair), to higher security and more responsibility of all of these types of incentives, money is one of the few that we can quantify and measure. Due to the social influence described by money can often have a powerful effect on job satisfaction regardless of how important motivator money is to that person similarly, indicated that salaries not only assist people to attain their basic needs, but are also instrumental in satisfying the higher level needs of people.

According to Robbins et al (2003 P. 260), employees seek pay systems that are perceived as just, unambiguous and in line with their expectations. When pay is perceived as equitable, is commensurate with job demands, individual skill level, and community pay standards, satisfaction is likely to be the result. Employees are satisfied when they feel that the rewards they receive from their job correspond to their skills and effort. It is not solely about the amount of money they receive. They are satisfied when they feel that they have been fairly treated and when the rewards they receive are equal to the ones that their colleagues who have the same skills and exert the same effort, receive. As Equity Theory suggests perceived equity seems to lead to greater job satisfaction and organizational commitment.

### **2.5.1.3 Supervision**

Research indicates that the quality of the supervisor - subordinate relationship will have a significant, positive influence on the employee's overall level of job satisfaction (Robbins, 1998, P. 98). He also added that employee satisfaction is increased when the immediate supervisor understands and friendly, offers praise for good performance, listens to employee's opinions, and shows a personal interest in them. Both the actual and perceived quality of the supervision at work also affects job satisfaction. Competent supervisors who treat employees with respect and consider the needs and interests of the employees when they make decisions tend to foster high level of job satisfaction of the part of the company's employees.

### **2.5.1.4 Promotion**

Promotions provide opportunities for personal growth, increased responsibility, and increased social status. The structure of the company's reward system the means through which employees earn promotion, salary increases, or other rewards is important in determining satisfaction reward structures that hinder professional development or provide little recognition for employees' contributions to company success lead to lower levels of satisfaction. On the other hand, reward structures that provide reasonable and adequate opportunities for employees' contributions to be recognized and rewarded are associated with more positive attitudes about the job (Robbins 1998, P. 210).

Luthans (1992, P. 68) further maintains that promotions may take a variety of different forms and are generally accompanied by different rewards. Promotional opportunities therefore have differential effects on job satisfaction, and it is essential that this be taken into account in cases where promotion policies are designed to enhance employee satisfaction.

### **2.5.1.5 Work relation**

According to Robins (1998, P. 212), Supportive colleagues are also another factor that is positively related to job satisfaction. Due to the considerable amount of time that employees spend in their job, their colleagues are part of their everyday lives. Friendly and supportive co-workers can increase an employee's job satisfaction.

Robbins (1998, P. 220) indicated personal factors that affect job satisfaction. According to him, higher levels of status and seniority affect job satisfaction.

## **2.5.2 Application of Job Satisfaction in the Workplace**

The application of job satisfaction in the workplace is a tough concept to grasp due to its individualistic and circumstantial nature. What one employee desires from their work, another may not. For instance, one employee may put their salary in high regard, while another may find

autonomy most important. Unfortunately, one aspect alone will most likely not effect an employee's job satisfaction. According to Syptak, Mars land, and Ulmer (1999), there are numerous aspects of a job that an organization can manage to increase satisfaction in the workplace, such as:

### **Company Policies**

Policies that are clear, fair and applied equally to all employees will decrease dissatisfaction. Therefore, fairness and clarity are important and can go a long way in improving employee attitude. For example, if a company has a policy for lunch breaks that are the same length and time for everyone, employees will see this as the norm and it will help cut down on wasted time and low productivity.

### **Salary/Benefits**

Making sure employee salaries and benefits are comparable to other organization salaries and benefits will help raise satisfaction. If a company wishes to produce a competitive product they must also offer competitive wages. In addition, this can help reduce turnover, as employees will often be more satisfied when paid competitive wages as opposed to being underpaid.

### **Interpersonal/Social Relations**

Allowing employees to develop a social aspect to their job may increase satisfaction as well as develop a sense of teamwork. Co-worker relationships may also benefit the organization as a whole; given that, teamwork is a very important aspect of organization productivity and success. Moreover, when people are allowed to develop work relationships they care more about pulling their own weight and not letting co-workers down.

### **Working Conditions**

Keeping up to date facilities and equipment and making sure employees have adequate personal workspace can decrease dissatisfaction. A cramped employee is a frustrated employee plus faulty equipment provides frustration in trying to get work done.

### **Achievement**

Making sure employees are in the proper positions to utilize their talents may enhance satisfaction. When employees are in the proper role and feel a sense of achievement and challenge, their talents will be in line with the goals best suited for them.

### **Recognition**

Taking the time to acknowledge a job well done can increase the likelihood of employee satisfaction. Positive and constructive feedback boosts an employee's morale and keeps them working in the right direction.

## **Autonomy**

Giving employees the freedom of ownership of their work may help raise satisfaction. Job satisfaction may result when an individual knows they are responsible for the outcome of their work.

## **Advancement**

Allowing employees, who show high performance and loyalty, room to advance will help ensure satisfaction. A new title and sense of responsibility can often increase job satisfaction in an employee.

## **Job Security**

Especially in times of economic uncertainty, job security is a very high factor in determining an employee's job satisfaction. Giving an employee the assurance that their job is secure will most likely increase job satisfaction.

## **Work-life Balance Practices**

In times where the average household is changing it is becoming more important for an employer to recognize the delicate balancing act that its employees perform between their personal life and work life. Policies that respond to common personal and family needs can be essential to maintaining job satisfaction.

## **2.6 Empirical Literature**

A number of studies have been conducted to improve understanding of reward system and the extent to which it influences commitment, motivation and job satisfaction. (Daft, 2003) Reena Ali: Meshakil Ahmed (2009) & Muhammad Zia Ur Rehman, et.al (2010).

A study carried out by Muhammad Ziauddin, and Javed Ali Lashari (2010) on the effect of job rewards on job satisfaction with age as the moderating factor shows that job satisfaction is positively and significantly related with extrinsic rewards but less than intrinsic rewards and is also significantly related with age. The study further indicates that job satisfaction increases with increase in age differences. Therefore, old workers reported high level of satisfaction from extrinsic rewards but the intrinsic rewards almost remain the same for all age groups.

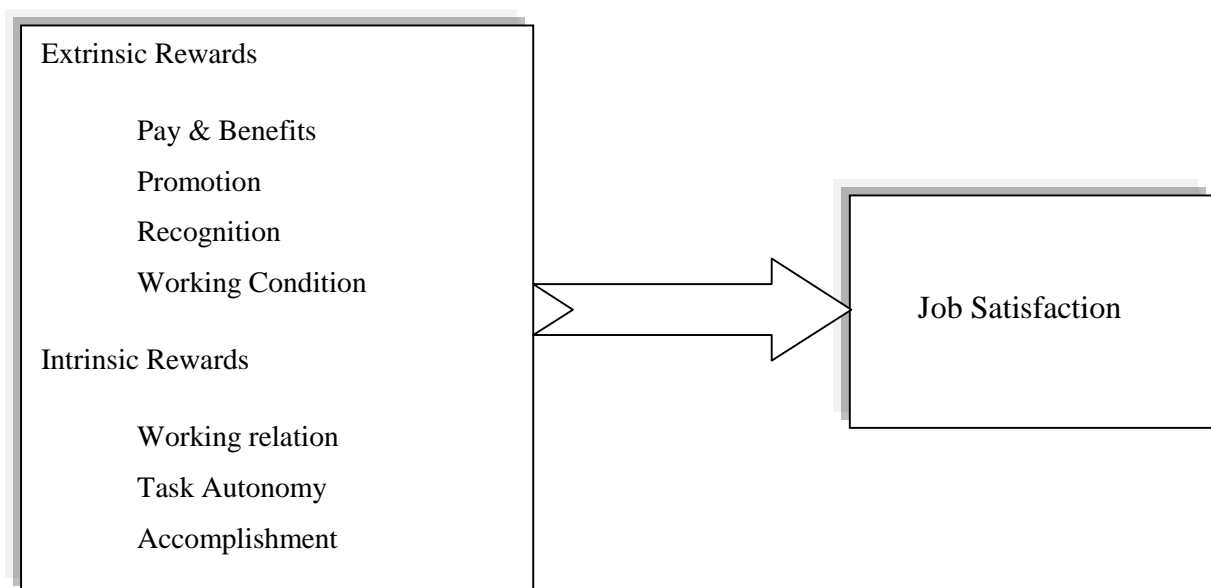
Nezaam Luddy (2005), in his research using variables pay, work itself, supervision, coworker, and promotion proved that employees are more satisfied with their coworkers, followed by the nature of the work itself and the supervision they received. Respondents however, indicated that they are less satisfied with promotional opportunities and least satisfied with the pay they received.

A study conducted by Stringer, Did ham & Theivanathampillai (2011) on motivation of front line employees have found that there was no significant correlation between pay and satisfaction. They have also found that 40% of the respondents have felt that pay was unfair. When employees perceive that pay is unfair, whether an employee is highly motivated or not, there was a tendency to compare with others or to consider that their pay did not reflect their contribution to the organization. In general, half of the front line employees' rate extrinsic and intrinsic rewards as of high importance.

A recent research by (Abel G/ Tsadik, 2012): on the effect of rewards on job satisfaction; revealed that both Intrinsic and Extrinsic rewards together have positive and significant relationship with job satisfaction using variables such as; working condition, compensation and benefits, ability and skill utilizations, nature of activity, creativity and achievement. As per his research findings compensation & benefits, working relation and nature of activity are found to be strong predictors of job satisfaction.

## 2.7 Conceptual Framework of the study

The conceptual framework of the study specifies the nature of the hypotheses of the study, which were depicted in the diagrammatic form of Figure 1. According to the model, dependent variable is job satisfaction and the independent variables are reward. Job satisfaction is affected by intrinsic and extrinsic rewards. The relations of these variables are supported on the basis of review of literatures.



**Figure 2.1 Conceptual Frameworks**

## **Nature of the Banking Industry**

In these days service industry has significant importance and its trend is increasing day by day. Many organizations provide purely services to society and customers and some organization have separate service department. Banks provide financial services to the communities and customers. There is need to design effective reward package for employees working in banks because if employees are satisfied with their job, they will be more committed and do their job with great interest and put their maximum input which ultimately increases the satisfaction of the employees. In the Ethiopian context banking sector divided into two main sectors i.e. Private banking sector and public banking sector. The main focus of this study was to examine the private banking sector regarding the effect of intrinsic and extrinsic rewards on employee job satisfaction.

Globalization necessitates the banking companies to re-evaluate their behaviors to communicate with both their employees and customers. A need also exists for them to organize the design of the processes and systems, tasks and enhance present management procedures. In this case there are other ways of rewarding that focus on the financial appreciation, some of which include the recognition that employees acquire from the management, the opportunity to run important tasks or projects, and even the leadership consideration (Dewhurst et al., 2010).

Furthermore, today, the benefit of human resource is measured to be one of the most important advantages of any organization; and In order to acquire the results with the highest efficiency and effectiveness from human resource, motivation of employees is very essential. In fact, employees will do their highest when they feel or hope that their hard work are to be rewarded by their managers. In this regard, many factors are available that change employees performance such as worker and employer relationship, recognition, working relation & conditions, Task Autonomy, Accomplishment, and overall rewarding policies of the company.

To the same end, the research is targeted to prove the following leading hypothesis.

### **2.8 Hypotheses**

Hypotheses 1= There is a positive and significant relationship exists between Working Relationship and employee's job satisfaction.

Hypotheses 2= There is a positive and significant relationship exists between Pay & Benefits and employee's job satisfaction.

Hypotheses 3= Promotion and Career Advancement contributes to employee's job satisfaction.

Hypotheses 4= There is a positive and significant relationship exists between Recognition and employee's job satisfaction.

Hypotheses 5= There is a positive and significant relationship exists between Task Autonomy and employee's job satisfaction.

Hypotheses 6= There is a positive and significant relationship exists between Accomplishment and employee's job satisfaction.

Hypotheses 7= There is a positive and significant relationship exists between Working Condition and employee's job satisfaction.

Hypotheses 8= There is positive and Significant relationship between Intrinsic and Extrinsic Rewards with employee's Job Satisfaction.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter presents the methodology that was used to carry out this study. It includes the research design, population studied and sampling strategy, the data collection process, the instruments used for gathering data, and how data was analyzed and presented.

#### **3.1 Research Design**

Research is the technique for investigating something in a systematic manner. Hopkins (2000) suggested that quantitative research work connects independent and dependent variables. Thus, the study was conducted using Quantitative Descriptive type in the form of co relational research design was used as it appeared to be more appropriate in exploring the effect of reward practices on job satisfaction. Descriptive studies try to describe characteristics of subject opinions, attitudes and perceptions of people interest to the researcher. Furthermore, Descriptive studies also aim at obtaining information from a representative selection of the population and from the same: the researcher is able to generalize the findings to a larger population.

#### **3.2 Population and Sampling Design**

##### **3.2.1 Population of the study**

The study with a total population of 937 permanent employees (HR Division report, Dec. 2014) had seven strata i.e. Senior executives, Directors, Division Managers, Branch Managers/Section Heads, Senior Officers/CSM, Officers and Junior Staffs'. Employees who are out of Addis Ababa Branches, non - clericals and below one year experience were not included in this research due to the short available time, geographical restrictions, access to data, expected rate of return from the study and the degree of literacy etc.

The Sample size (148) was determined based on the sample size determination formula for descriptive research. ). Here, in the study, the information used in the formula included assuming with 99% confidence level, estimated variance (2.58) and acceptable margin of error 0.01 and sampling size calculated by formula: Kothari (2004). "Descriptive research typically uses larger samples as stated by Melchor A.Calmorin and Laurentina (p.230).

$$S_s = \frac{N z^2 p (1-p)}{(Se)^2}$$

$$N = \frac{(Se)^2}{z^2 p (1-p)}$$

Where; N = Total number of population

Z = standard value (2.58) for 99% reliability

Se = Sampling Error- 0.01

P = Largest possible proportion – 0.50

Therefore by utilizing the above formula, the calculated sample size was 148. Thus the sample was distributed to 148 respondents proportionally under the sample frame. Questionnaires were distributed personally to the respondents. Of the 148 questionnaires distributed, 147(99%) were collected and used for data analysis purpose.

### **3.2.2 Sampling Design**

#### **3.2.2.1 Sampling Method**

Respondents are diversified in terms of educational qualification, job's variety and other parameters, the participants' perceptions of job satisfaction on issues like reward practice has expected to be varied accordingly. Thus, stratified random sampling method applied to avoid such heterogeneity of the population.

The following explanation by Kothari (2004, p.62), in his research methodology book, complements the above rationale of this study for adopting the stratified sampling design. If a population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample. Under stratified sampling the population is divided into several sub-populations that are individually more homogeneous than the total population (the different sub-populations are called ‘strata’) and then we select items from each stratum to constitute a sample. Since each stratum is more homogeneous than the total population, we are able to get more precise estimates for each stratum and by estimating more accurately each of the component parts, we get a better estimate of the whole.

### 3.2.2.2 Sampling Frame

The study was used descriptive correlation research method through the stratified random sampling method that engaged from both Managerial and Non-Managerial staffs. The Management staff members include all permanent employees in the Bank such as senior executives, directors, Division Managers and Non-Managerial includes: senior officers/CSM, Officers and Junior Staffs’. In short, the following detailed sampling frame used to designate the subtotal of the population and the number of participants to be sampled proportionally from the total 148 samples of the study.

<b>Population</b>	<b>Population Size</b>	<b>Sample Size</b>
<b>Senior Executive</b>	1	0
<b>Directors</b>	6	3
<b>Division Managers</b>	18	9
<b>Branch Managers/Section Heads</b>	32	16
<b>Senior Officers/CSM</b>	43	20
<b>Officers</b>	79	37
<b>Junior Staffs</b>	134	63
<b>Total</b>	313	148

*Table 3.1 Sample Size Determination*

### **3.3 Data Collection Procedures**

Generally, the study has both primary and secondary sources. The Primary data was collected from the responses overall representatively sampled participants in the company using structured questionnaire quantitatively measured on a five point Likert scale. Secondary data was collected through document review from existing information available in books, company magazines, organizational reports, brochures, journals, published and unpublished researches, internet and other materials.

### **3.4 Study Variables and instruments**

#### **3.4.1 Study Variables**

The study has two variables namely independent variables of extrinsic (Pay & benefits, promotion, Recognition and the working Condition) and intrinsic rewards (Working relation, Task Autonomy and Accomplishment) and dependent variable: job satisfaction is used in the study.

#### **3.4.2 Instruments**

The study is done with the help of self administered questionnaires which is prepared according to the MSQ. The questionnaires were distributed personally to every Executive, Managerial and Non Managerial employees in the sample.

According to the manual for the Minnesota Satisfaction Questionnaire (MSQ) by Weiss, Dawis, England, and Lofquist (1967, p. vi), “the MSQ is an instrument that measures job satisfaction with several different aspects of the work environment”. The several different aspects of the work environment refer to the intrinsic and extrinsic factors that can lead to job satisfaction. The intrinsic and extrinsic factors can be assumed as motivators and hygiene factors in Herzberg’s Two-Factor Theory of Motivation.

To measure the motivators and hygiene factors as the independent variables and general job satisfaction as the dependent variable, the long-form MSQ was used because Weiss, et al (1967) strongly recommended that the long-form MSQ provided much more information for the very short additional time that it additionally required than the short-form MSQ. More importantly, the reliability and validity of the long-form MSQ were reported to be stronger than those of the short-form MSQ (Weiss, et al., 1967).

The first part of the long-form MSQ asked about the demographic information of the participants. The second part measured three different dimensions such as: intrinsic (motivator factors), extrinsic (hygiene factors), and Overall Job satisfaction. All items were anchored on a 5-point satisfaction scale (1 = very dissatisfied to 5 = very satisfied).

### **3.5 Method of Data Analysis**

After the primary and secondary data gathering procedures completed, the collected data checked throughout the different phases (editing, coding, data entry and data analysis). Quantitative data analysis techniques employed. The SPSS statistical package was going to be used to analyze the data gathered using the questionnaire quantitatively. To confirm the collinear problem of constructs, the study used Pearson's correlation analysis and descriptive statistics (Tabachnick, Barbara, & Fidell, 2001; Yaacob, 2008) and then multiple regression analysis was applied to assess the magnitude and direction of each independent variable, and measure the effect of the mediating variable in the relationship between many predictor variables and one measured variable (Foster, Stine & Waterman, 1998) cited by Warokka et al., (2012, p. 12). Finally, the results triangulated and presented using tables.

**Descriptive Analysis:** Descriptive Statistics allows the researcher to give explanation of different pieces of data with a few indices. Descriptive statistics such as standard Deviation and means were obtained for the independent and dependent variables.

**Correlation Analysis:** Correlation is a statistical technique that tests the “Interdependency” of the variables. According to (creative research systems, 2011) correlation analysis can tell the correlation among variables but it doesn't tell which relation is stronger.

**Regression Analysis:** was used to measure the relative strength of independent variables on Dependent variable.

#### **Model for Regression Analysis**

The multiple regression models have written with Seven independent variables as:  $Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \epsilon_i$ ; Where  $y$ =dependent variables,  $x_1, x_2, x_3, x_4, x_5, x_6, x_7$ =independent variables,  $\alpha$  is the intercept,  $\beta_1$  measures of change in  $y$  with respect to  $x_1$ , holding other factor fixed,  $\beta_2$  measures of change in  $y$  with respect to  $x_2$ , holding other factor fixed,  $\beta_3$  measures of change in  $y$  with respect to  $x_3$ ,  $\beta_4$  measures of change in  $y$  with respect to  $x_4$ ,  $\beta_5$  measures of change in  $y$  with respect to  $x_5$ ,  $\beta_6$  measures of change in  $y$  with

respect to  $x_6$ ,  $\beta_7$  measures of change in  $y$  with respect to  $x_7$  holding other factor fixed and  $e_i$  is error term.

### **3.6 Research Ethics**

According to Creswell (2003, p. 64) “as the researchers’ anticipate data collectors, they need to respect the participants and sites for the research”. In the study there should be maintain objectivity, courtesy and high professional standards through scientific process and no falsification, alteration or misrepresentation of data for political or other purposes. And it also kept or protected the confidentiality of the research subjects and research sponsors.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

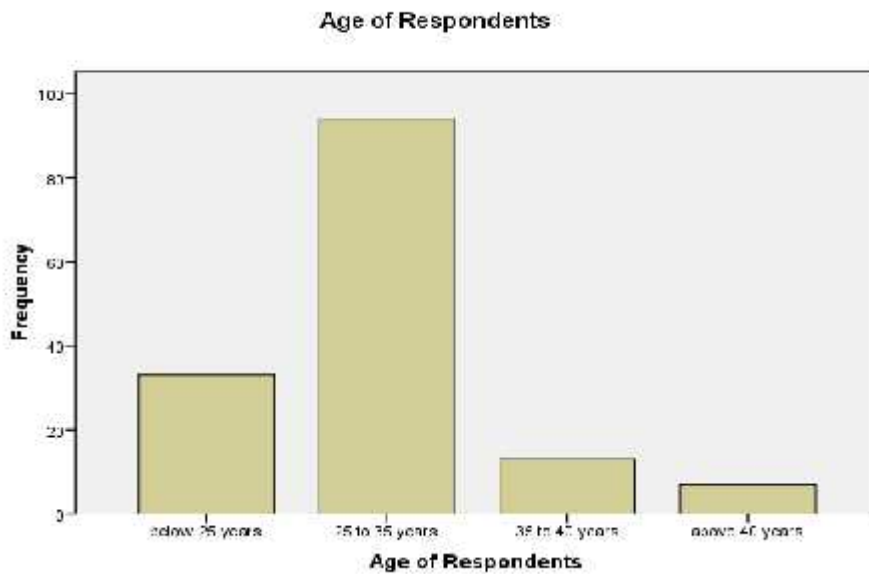
#### 4.1 Demographic Information of Respondents

The first part of the questionnaire consists of seven items about demographic information of the respondents. It covers the personal data of respondents such as: Gender, Marital Status, Age, Educational Background, and Year of Service in the Bank, Current Job Position and their Salary. The following subsequent tables will indicate the total demographic characteristics of the respondents.

*Table 4.1 Biographical Information of Respondents*

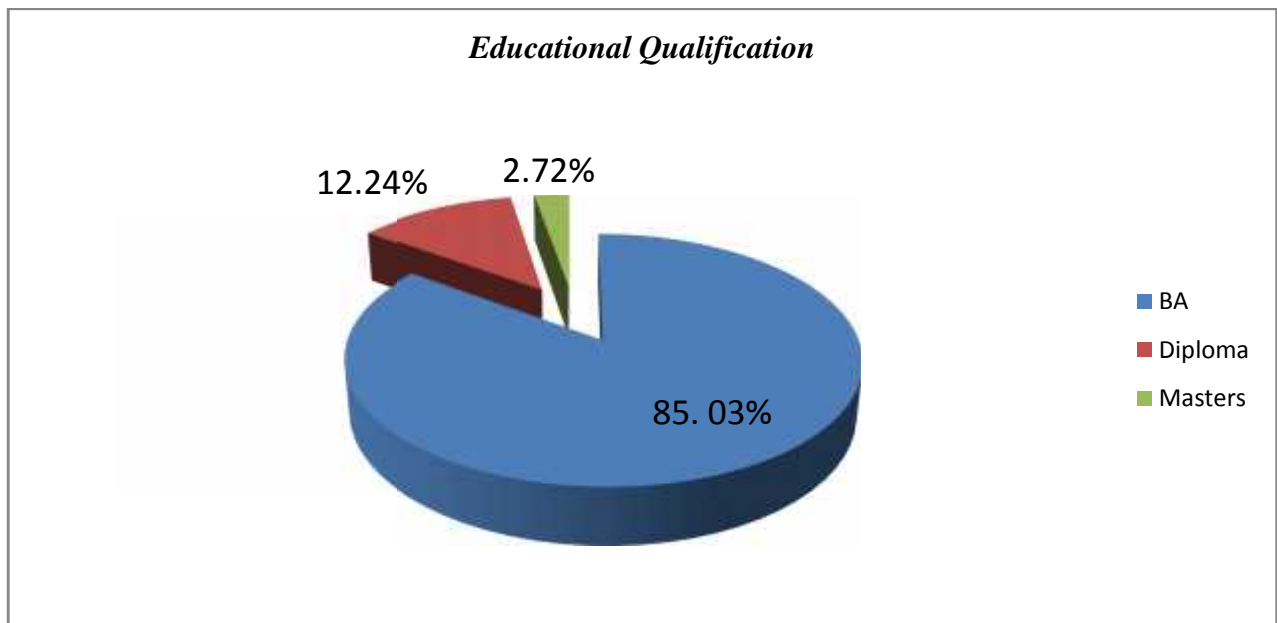
Item	Scale	Frequency	Percent
Gender	Female	49	33.3
	Male	98	66.7
<b>Total</b>		147	100.0
Marital Status	Single	104	70.7
	Married	43	29.3
<b>Total</b>		147	100.0

As shown in table 4-1, of the total respondents 66.7% (98) were male and the remaining 33.3% (49) were female. This indicates that the number of proportions between male and female employees in the company is not proportional. With regard to respondents' marital status, 70.7% (104) of the respondents are single and 29.3 % ( 43) of the respondents are Married. This implies that most of the respondents are single, therefore the Company is said to have an employee's mobility problem due to singles are more sensitive to mobility than Job Security.



**Fig 4.1 Ages of Respondents**

With regard to respondents' age category, the highest group of respondents i.e. 94(63.9%) fall under age category of 25-35. The next higher group 33 (22.4%) fall under age category below 25. This implies that about 86.3% of the respondents are below 35 years of age. Therefore, most of LIB employees are youngsters. The remaining group of respondents is between ages 35 to 40 and above 40 years is 13 (8.8%) and 7 (4.8%) respectively.



**Fig 4.2 Educational Qualification of Respondents**

In relation to employee level of qualification the above chart clearly indicates that majority of the workforces (85.03%) acquired their first degree. Diploma Holders constitutes of 12.24% and 2.72% master holders are found from the total respondents. This implies that employees of Lion international Bank are fairly educated.

**Table 4.2: Length of Service of Respondents**

	Service Year	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	more than year	43	29.3	29.3	29.3
	2 up to 3 years	27	18.4	18.4	47.6
	3 up to 4 years	23	15.6	15.6	63.3
	4 up to 5 years	8	5.4	5.4	68.7
	5 up to 6 years	13	8.8	8.8	77.6
	more than 6 years	33	22.4	22.4	100.0
	Total	147	100.0	100.0	

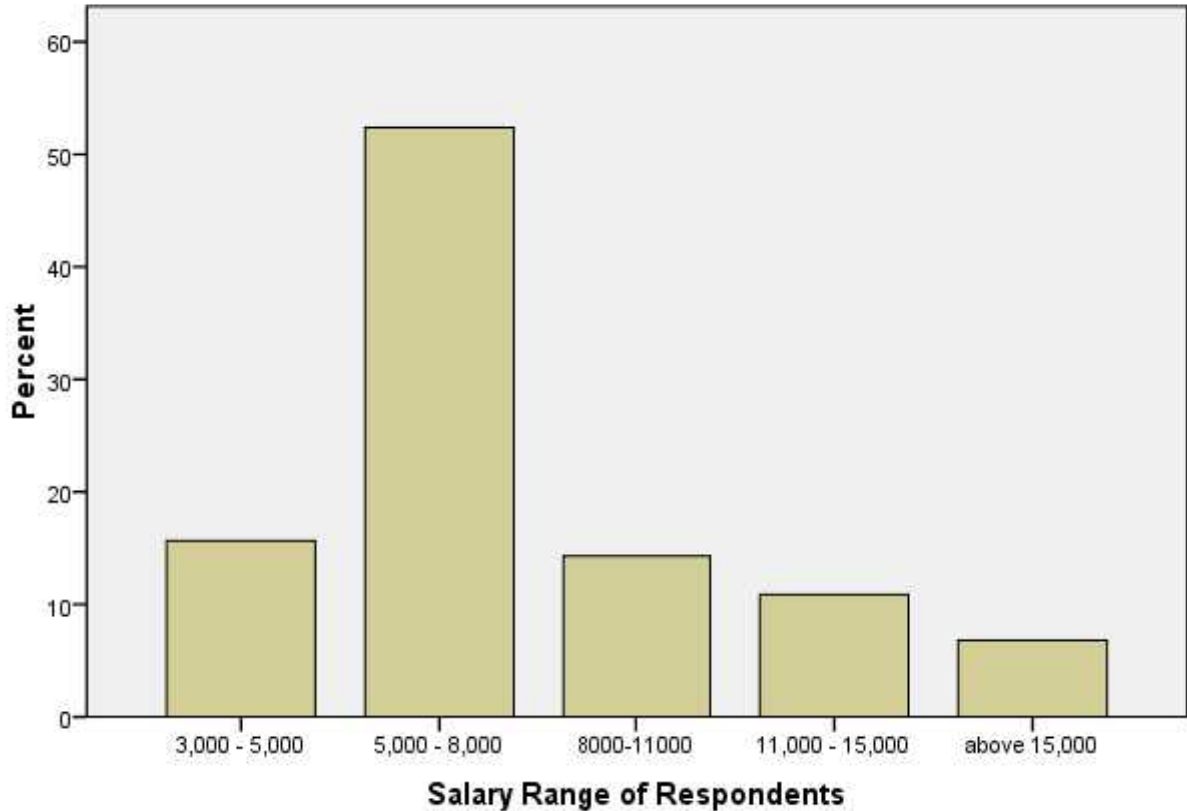
Out 147 respondents, 29.3% had worked for a period of more than a year, 18.4% for a period of between 2 and 3 years, 15.6% had been employed for 3 to 4 years while a few, 5.4% had been in service of between 5 to 6 years and 22.4% of respondents had been working more than 6 years. It may be concluded that majority of the employees had been with the banks for less than 2 years which implies there is a problem in retaining junior staffs for longer period of time, however 22.4% of employees had worked more than 6 years, and this implies that senior staff are sensitive to Job Security. All respondents despite the period of service at the bank had useful knowledge required for the study.

**Table 4.3: Current Position of Respondents**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Directors	3	2.0	2.0	2.0
	Division Managers	8	5.4	5.4	7.5
	Branch Managers/Section Heads	16	10.9	10.9	18.4
	Senior Officers/CSM	20	13.6	13.6	32.0
	Officers	37	25.2	25.2	57.1
	Junior Staffs	63	42.9	42.9	100.0
	Total	147			

Under job classification, the participants were classified into categories based on the Job Grades in the company. Table 4.3 illustrates that majority, 42.9% of participants, were drawn from the junior staff of the organization. The other categories were Officers, 25.2%, Senior Officers/CSM, 13.6%, Branch Managers/Section heads Constitutes 10.9%, and Division Managers and Directors which constitutes 5.4% and 2% respectively. Top level employees include those with responsible leadership positions at the banks' Head Offices and branch level such as Directors, Division Managers, and Branch Managers. Middle level employees are Senior Officers/Customer Service Managers, officers and supervisors at the bank while Operational level employees include Junior Officers and clerks.

### Salary Range of Respondents



*Fig 4.3: Salary Range of Respondents*

Under salary classification, the participants were classified into five categories based on the salaries held at the time of the study. Fig 4.3 illustrates that majority, 52.4% of participants, were categorized under 5,000 to 8,000. The second higher categories were 3,000 to 5,000, 15.6%. The third categories were classified as 8,000 to 11,000, 14.3%. The other categories were 11,000 to 15,000 which constitutes 10.9%, and finally salary categorized above 15,000 constitutes 6.8%.

### Employee Retention

I also sought seek? To find out some insights about the employee commitment as depicted by the Length of Service and the employee's age. Table 4.4 shows that people joining employment in the bank are mainly drawn from a younger population aged below 25 years; while majority of those who stayed with the bank for up to 3 years were aged between 25-35 years. Most of employees aged 35-45 years have been employed in banks for up to 6 years and above.

**Table 4.4: Cross tabulation of Years of Service in LIB \* Age of Respondents**

		Age of Respondents				Total
		below 25 years	25 to 35 years	35 to 45 years	above 40 years	
Years of Service in LIB	More than a year	17	23	2	1	43
	2 up to 3 years	11	15	1	0	27
	3 up to 4 years	4	18	1	0	23
	4 up to 5 years	1	6	1	0	8
	5 up to 6 years	0	13	0	0	13
	More than 6 years	0	19	8	6	33
	<b>Total</b>		<b>33</b>	<b>94</b>	<b>13</b>	<b>7</b>

## 4.2 Data Analysis

The data collected from Employees of Lion International Bank Share Company through questionnaire is analyzed and presented in the below sections with the help of tables. The descriptive statistics on the data analysis and procedures are presented on the basis of questions included in the job satisfaction among factors of the independent variable i.e. rewards.

### 4.2.1 Data Analysis of Reward Variables and Job Satisfaction

In section two of the questionnaire, Research related questions were covered such as: Intrinsic Rewards, Extrinsic rewards and job satisfaction. In order to assess reward effects on employee’s job satisfaction seven variables were selected and included in the questionnaires; 32 questions in seven sub sections from Rewards and one question to assess job satisfaction. Accordingly, the analysis of each reward variables and job satisfaction is as follows:

Survey scale: 1=Very Dissatisfied, 2= Dissatisfied, 3=I don’t know, 4 = Satisfied and 5=Very Satisfied.

Response Category: Very Dissatisfied (1.50 or less), dissatisfied (1.51-2.50), I don't know (2.51-3.49), Satisfied (3.50-4.49) and Very Satisfied.

(4.5 or greater).source: developed for this study

#### 4.2.1.1 Employees Rating of Extrinsic Reward Variables

Extrinsic rewards provided by employers in the form of pay will help to attract and retain employees and, for limited periods, may increase effort and minimize dissatisfaction. Under this category Pay and Benefits, Promotion and Career Advancement, Recognition and Working Conditions are included in this study due to their familiarity in the banking industry. The following Tables present summarized results of the Respondents related to Job satisfaction and extrinsic reward variables.

##### 4.2.1.1.1 Data analysis of questions directly related to Pay and Benefits

<i>Table: 4.5 Cross tabulation of Pay and Benefits * overall satisfaction on the Job</i>						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Pay and Benefits * Your overall satisfaction on the Job.	130	88.4%	17	11.6%	147	100.0%
	Your overall satisfaction on the Job.					
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	22	17	77	8	130

In the above table 4:5 the sample respondents indicate the level of job satisfaction in terms of the existed Pay and Benefits in the company. As a result, 85 employees out of 130 respondents', representing 65.4% were indicate satisfied with the current pay and Benefits in the company, while 17 respondents signifying 13.08 % could not determine their level of satisfaction with regards to the pay and Benefits they get from the company. On the other hand 28 respondents denoting 21.54%

are dissatisfied with the existing Pay and Benefits. Accordingly, pay and Benefits in the company is rated as satisfied by the majority of the respondents.

#### 4.2.1.1.2 Data analysis of questions directly related to Promotion and Career Advancement

*Table: 4.6 Cross tabulation of Promotion and Career Advancement \* overall satisfaction on the Job*

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Promotion and Career Advancement * Your overall satisfaction on the Job.	131	89.1%	16	10.9%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	21	16	80	8	131

In the above table 4:6 the sample respondents indicate the level of job satisfaction in terms of the promotion and career advancement opportunities in the company. Analysis of results showed that out of the total 130 respondents' 88 of them representing 67.18% were satisfied with the company's promotion and career advancement opportunities, While 16 respondents signifying 12.21 % could not determine their level of satisfaction with regards to the promotion and career advancement opportunities in the company. On the other hand 27 respondents denoting 20.61% are dissatisfied with the existing promotion and career advancement opportunities. Accordingly, promotions and career advancement opportunities in the company are rated as satisfied by the majority of the respondents.

**4.2.1.1.3 Data analysis of questions directly related to Recognition for the Work Done**

*Table 4.7 Cross tabulation of Recognition \* overall satisfaction on the Job*

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Recognition * Your overall satisfaction on the Job.	138	93.9%	9	6.1%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	24	18	82	8	138

In the above table 4:7 the sample respondents indicate the level of job satisfaction in terms of the recognition they get from the management in their achievements. Analysis of results showed that out of the total 138 respondents’ 90 of them representing 65.22% were satisfied with the recognitions they received for the work they do, While 18 respondents signifying 13.04 % could not determine their level of satisfaction with regards to the recognition they get for the work they do. On the other hand 30 respondents denoting 21.04% are dissatisfied with the recognition they get for the work they do. Accordingly, the recognition they get for the work they do in the company is rated as satisfied by the majority of the respondents.

#### 4.2.1.1.4 Data analysis of questions directly related to Working Conditions

<i>Table 4.8 Cross tabulation of Working Conditions * overall satisfaction on the Job</i>						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Working Conditions * Your overall satisfaction on the Job.	131	89.1%	16	10.9%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	21	18	77	9	131

In the above table 4:8 the sample respondents indicate the level of job satisfaction in terms of the Working Condition existed in the company. Analysis of results showed that out of the total 131 respondents' 86 of them representing 67.18% were satisfied with the Working Condition existed in the company, While 18 respondents signifying 13.74 % could not determine their level of satisfaction with regards to the Working Condition existed in the company. On the other hand 27 respondents denoting 20.61% are dissatisfied with the Working Condition existed in the company. Accordingly, the Working Condition existed in the company is rated as satisfied by the majority of the respondents.

#### 4.2.1.2 Employees Rating of Intrinsic Reward Variables

Intrinsic Rewards are invisible rewards that can be directly gained from the job itself. Under this category Task Autonomy, Accomplishment and Working Relations are included. The following Tables present summarized results of the respondents against Intrinsic Rewards i.e. Task Autonomy, Accomplishments and Working Relations. The following Tables present summarized results of the Respondents related to Job satisfaction and intrinsic reward variables.

#### 4.2.1.2.1 Data analysis of questions directly related to Task Autonomy

**Table: 4.9 Cross tabulation of Task Autonomy \* satisfaction on the Job**

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Task Autonomy * Your overall satisfaction on the Job.	132	89.8%	15	10.2%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	23	18	77	8	132

In the above table 4:9 the sample respondents indicate the level of job satisfaction in terms of the Task Autonomy. Analysis of results showed that out of the total 132 respondents' 85 of them representing 64.39% were satisfied with the chance to work alone on the job, While 18 respondents signifying 13.64% could not determine their level of satisfaction with regards to the chance to work alone on the job. On the other hand 29 respondents denoting 21.97% are dissatisfied with the chance to work alone on the job. Accordingly, the chance to work alone on the job (Task Autonomy) is rated as satisfied by the majority of the respondents.

#### 4.2.1.2.2 Data analysis of questions directly related to Accomplishment

**Table: 4.10 Cross tabulation of Accomplishment \* overall satisfaction on the Job**

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Accomplishment * Your overall satisfaction on the Job.	134	91.2%	13	8.8%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	23	18	79	8	134

In the above table 4:10 the sample respondents indicate the level of job satisfaction in terms of the feeling of accomplishment they get from the job. Analysis of results showed that out of the total 134 respondents' 87 of them representing 64.93% were satisfied with the feeling of

accomplishment they get from the job, While 18 respondents signifying 13.43% could not determine their level of satisfaction with regards to the feeling of accomplishment they get from the job. On the other hand 29 respondents denoting 21.64% are dissatisfied with the feeling of accomplishment they get from the job. Accordingly, the feeling of accomplishment they get from the job is rated as satisfied by the majority of the respondents.

#### 4.2.2.2.3 Data analysis of questions directly related to Working Relation

**Table: 4.11 Cross tabulation of Working Relation \* overall satisfaction on the Job**

	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Working Relation * Your overall satisfaction on the Job.	138	93.9%	9	6.1%	147	100.0%
	Very Dissatisfied	Dissatisfied	I Don't Know	Satisfied	Very Satisfied	
Total	6	23	18	82	9	138

In the above table 4:11 the sample respondents indicate the level of job satisfaction in terms of the Working Relation existed with their supervisors and co-workers. Analysis of results showed that out of the total 138 respondents' 91 of them representing 65.94% were satisfied with the Working Relation existed with their supervisors and co-workers, While 18 respondents signifying 13.04% could not determine their level of satisfaction with regards to the Working Relation existed with their supervisors and co-workers. On the other hand 29 respondents denoting 21.01% are dissatisfied with the Working Relation existed with their supervisors and co-workers. It is clear from the finding that majority of the respondents rated working relationship as satisfied.

Accordingly, working condition, Promotion and Career Advancement take the lead by frequently rated by employees as satisfied, followed by other variables such as; Working Relation 65.94%, Recognition 65.22%, Pay and Benefits 65.4%, Accomplishment 64.93% and finally Task Autonomy 64.39%. Generally, as we can infer from the result is that all reward variables were rated as satisfied by sample respondents. However, According to Zedatol (2008) Mean score value and the findings in the study only working relation (Mean =3.88, SD = .763) were considered as high satisfaction level of respondents.

### 4.2.1.3. Data analysis of question directly related to Job Satisfaction

The respondents were requested to rate job satisfaction level in a five point likert scale with one question which is “what is your satisfaction level on the overall job”. Accordingly, the finding reveal that 93 respondents, representing 65.96% were satisfied in the overall job, while 18 respondents, representing 12.77% did not decide whether they are satisfied or not. It was also revealed that 30 respondents, representing 21.28% were dissatisfied with overall satisfaction on the job. Generally, overall job satisfaction is rated to be satisfied by majority of the respondents. The summary of the response related to overall job satisfaction was showed in table 4.12 below.

**Table : 4.12 Employees Overall satisfaction on the Job**

		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	Very Dissatisfied	6	4.1	4.3	4.3
	Dissatisfied	24	16.3	17.0	21.3
	I Don't Know	18	12.2	12.8	34.0
	Satisfied	84	57.1	59.6	93.6
	Total	141	95.9	100.0	

## 4.3 Descriptive Statistics

The major objective of this study was to examine the effect of rewards on employee job satisfaction in Lion International Bank. This objective was guided by the research question: To what extent is reward affects employee’s job satisfaction? The dependent variable is job satisfaction while the independent variables are Rewards. According to Zedatol (2008) mean score 3.80 is consider high, 3.40-3.79 is moderate and below 3.39 is low satisfaction cited by Oumer Mohammed (2012, p. 44). Therefore, the reward practices in the study considered by the above thresholds.

### 4.3.1. Univariate Analysis:

In this Section Descriptive Statistics in the form of Mean & Standard Deviation for the various components of Rewards and Job Satisfaction is computed.

**Table 4.13: Descriptive Statistics for the components of Rewards and Job Satisfaction**

Variables	N	Mean	Std. Deviation
Pay and Benefits	135	3.15	.657
Promotion and Career Advancement	137	3.40	.817
Recognition	144	3.18	.916
Task Autonomy	138	3.46	.911
Accomplishment	140	3.76	.910
Working Relation	144	3.88	.763
Working Conditions	135	3.28	.952
Overall satisfaction on the Job.	141	3.47	.990
Valid N (list wise)	104		

Table 4.13: Shows the Mean and Standard Deviation of reward variables such as; pay and benefits, promotion and career advancement, recognition, task autonomy, accomplishment, working relation and working conditions rated by respondents. The Result indicates that the level of job satisfaction among LIB employees are 3.47 Mean with 0.99 SD. Based on the fact that a mean of 3 is indicative of the average level of satisfaction on this scale, it can be concluded that respondents are moderately satisfied with the overall job.

According to Zedatol (2008) mean score, the result from this study shows that high Mean result for Working Relation (M=3.88, SD=.763), and Moderate for variables such as: Accomplishment (M=3.76, SD=.910), Task Autonomy (M=3.46, SD =.911), and Promotion and Career Advancement (M=3.40, SD=.817) to the less Mean scoring variables such as; Working Condition (M=3.28, SD =.952), Recognition (M=3.18, SD=.916) and Pay and Benefits (M=3.15, SD=.657). The low SD indicates that the mean value is representative of the rate given by the majority of respondents. Moreover, the mean and standard deviation of all rewards are presented on the appendix part.

Extrinsic reward question on this research has a Mean value ranging from 2.68 to 3.69. Among all questions in the pay and benefit Variables: item no 3 has the lowest mean value (M = 2.68, SD = 0.923). It shows that most of the respondents are not satisfied with; “how their pay compared with that for similar jobs in other companies”. It could be due to the existing competitiveness in the

Banking industries market price that competitor Banks are always strive to change their Pay and Benefit packages that are good enough to attract, satisfy and retain potential employees.

Intrinsic reward question on this research has a Mean value ranging from 3.44 to 4.12. The lowest mean results was perceived by questions in the Task Autonomy variables (M=3.44, SD=1.033). This result implies that employees in the company do not give attention to the chance to work alone on the job. Hence the highest Mean scoring item from Intrinsic Rewards are found on working relation variables which are “the chance to develop close friendship with their coworkers” (M=4.12, SD =0.947) which implies that employees relationship with their colleagues helps in boosting employee’s satisfaction.

## **4.4 Inferential Statistics**

### **4.4.1. Bivariate Analysis**

The bivariate analysis includes the correlation and regression analysis which was used to investigate the effect of Intrinsic and extrinsic rewards on job satisfaction, and the relationship between rewards and job satisfaction. Using Pearson correlation with two tailed test of significance, the correlation analysis was made to investigate the relationships. Using the regression analysis, the impact of the variables was investigated.

#### **4.4.1.1 Correlation Analysis**

Correlation analysis was applied to test the “Interdependency” of the variables. In this section, the direction and degree of the strength of the relationship among the variables were determined by Multicollinearity test (table 4:14) below, it is possible to examine the correlation among all dimensions of the independent variables of distributive, informational, interpersonal and procedural fairness with the dependent variables of satisfaction on the performance appraisal practices. These correlation results provide initial evidences for further analysis of the hypotheses of study.

**Table 4.14: Correlation coefficient Results of Relationships between Rewards and Job Satisfaction**

	<b>Job satisfaction.</b>	<b>Pay and Benefits</b>	<b>Promotion and Career Advancement</b>	<b>Recognition</b>	<b>Task Autonomy</b>	<b>Accomplishment</b>	<b>Working Relation</b>	<b>Working Condition</b>
<b>Job satisfaction</b>	<b>1</b>							
<b>Pay&amp; Benefits</b>	<b>.548**</b>	1						
	<b>.000</b>							
<b>Promotion &amp; Career Advancement</b>	<b>.507**</b>	<b>.440**</b>	1					
	<b>.000</b>	.000						
<b>Recognition</b>	<b>.510**</b>	<b>.530**</b>	<b>.427**</b>	1				
	<b>.000</b>	.000	.000					
<b>Task Autonomy</b>	<b>.374**</b>	<b>.224*</b>	<b>.351**</b>	<b>.369**</b>	1			
	<b>.000</b>	.011	.000	.000				
<b>Accomplishment</b>	<b>.392**</b>	<b>.343**</b>	<b>.275**</b>	<b>.302**</b>	<b>.353**</b>	1		
	<b>.000</b>	.000	.001	.000	.000			
<b>Working Relation</b>	<b>.407**</b>	<b>.317**</b>	<b>.360**</b>	<b>.375**</b>	<b>.376**</b>	<b>.316**</b>	1	
	<b>.000</b>	.000	.000	.000	.000	.000		
<b>Working Conditions</b>	<b>.500**</b>	<b>.492**</b>	<b>.366**</b>	<b>.505**</b>	<b>.365**</b>	<b>.347**</b>	<b>.432**</b>	1
	<b>.000</b>	.000	.000	.000	.000	.000	.000	

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

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

The above table 4.14 shows that Pay and Benefits ( $r=.548^{**}$ ,  $p<0.01$ ), Recognition ( $r=.510^{**}$ ,  $p<0.01$ ), Promotion and Career Advancement ( $r=.507^{**}$ ,  $p<0.01$ ) and Working Conditions ( $r=.500^{**}$ ,  $p<0.01$ ) have high degree of positive relationship with job satisfaction of employees. Whereas, Working relation ( $r=.407^{**}$ ,  $p<0.01$ ), Accomplishment ( $r=.392^{**}$ ,  $p<0.01$ ), and Task Autonomy (.374) have moderate Correlation with Job Satisfaction. According to Cohen (1998) cited by Warokka et al. (2012, p. 12) the correlation coefficient ( $r$ ) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation,  $r$  ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, and  $r$  ranging from 0.50 to 1.00 may be regarded as a high degree of correlation.

Hence, correlation analysis only shows the existence of positive and significant relationship between the Independent and Dependent Variables. Based on the above preliminary test results, the assumptions of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below.

#### **4.4.1.2 Multiple Regression Analysis**

Multiple Regressions analysis helps in order to measure the relative strength of independent variables on dependent variables i.e. to determine the impact of rewards on Job satisfaction of LIB employees as depicted in table 4.23 below, the result revealed  $R^2$  value of .561. This indicates that 56.1% of variance that explained the job satisfaction of LIB employees in terms of pay and benefits, promotion and career advancement, recognition, task autonomy, accomplishment, working relation and working condition.

**Table: 4.15 Multiple Regression Analysis Results between Rewards and Job Satisfaction**

<b>R</b>	<b>.749</b>			
<b>R square</b>	<b>.561</b>			
<b>Adjusted R Square</b>	<b>.529</b>			
<b>Standard Error</b>	<b>.676</b>			
<b>F-Ratio</b>	<b>17.493</b>			
<b>Sign F</b>	<b>.000</b>			
<b>Variables</b>	<b>Unstandardized Coefficient(B)</b>	<b>Beta( )</b>	<b>T</b>	<b>Sig T</b>
<b>(Constant)</b>	<b>-.639</b>		<b>-1.509</b>	<b>.135</b>
<b>Pay and Benefits</b>	<b>.415</b>	<b>.285</b>	<b>3.032</b>	<b>.003</b>
<b>Promotion and Career Advancement</b>	<b>.271</b>	<b>.225</b>	<b>2.724</b>	<b>.008</b>
<b>Recognition</b>	<b>.087</b>	<b>.080</b>	<b>.868</b>	<b>.387</b>
<b>Task Autonomy</b>	<b>.077</b>	<b>.071</b>	<b>.894</b>	<b>.373</b>
<b>Accomplishment</b>	<b>.058</b>	<b>.054</b>	<b>.689</b>	<b>.492</b>
<b>Working Relation</b>	<b>.016</b>	<b>.013</b>	<b>.157</b>	<b>.875</b>
<b>Working Condition</b>	<b>.329</b>	<b>.278</b>	<b>3.102</b>	<b>.003</b>

*a. Predictors; (Constant), Pay and Benefits, Promotion and Career Advancement, Recognition, Task Autonomy, Accomplishment, Working Relation and Working Condition*

*b. Dependent Variable; Job Satisfaction*

In the above table 4:15: the value  $R^2$  (.561) can be interpreted as the model is fit since it is greater than the acceptable value. The variation of  $R^2$  and Adjusted  $R^2$  (.529): (0.32%) implies that there is insignificant change which in turn tell us that the results can be generalized beyond the sample, i.e., to the population.

**Table: 4.16 Linear Regression Analysis Results of Rewards and Job Satisfaction**

Variables	R	R <sup>2</sup>	t-value	F-value	P-value
<b>Pay &amp; Benefits</b>	.415	.300	2.410	54.796	.000
<b>Promotion and Career Advancement</b>	.271	.257	6.680	44.617	.000
<b>Recognition</b>	.087	.260	6.913	47.788	.000
<b>Task Autonomy</b>	.077	.140	4.604	21.197	.000
<b>Accomplishment</b>	.058	.154	4.899	24.005	.000
<b>Working Relation</b>	.016	.166	5.202	27.057	.000
<b>Working Condition</b>	.329	.250	6.549	42.895	.000

- a. *Predictors; (Constant), Pay and Benefits, Promotion and Career Advancement, Recognition, Task Autonomy, Accomplishment, Working Relation and Working Condition*
- b. *Dependent Variable; Job Satisfaction*

## 4.5 Testing Hypothesis

### Hypothesis No 1

**H 1 There is positive and significant relationships exist between working relationship and employee’s Job Satisfaction.**

Regarding the first Hypothesis, the p-value is less than 0.01 and the value of R<sup>2</sup> is .166 which shows that 16.6 % variance in employee job satisfaction is due to Working Relationship. F value is 27.057 at p = 0.000 showing that model is good fit. The t-value as shown in the table (5.202) should be greater than +2 thus making it a useful predictor and thus concludes that working relationships among employees have significant relationships with employee’s job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 2**

**H 2 There is positive and significant relationships exist between Pay & Benefits and employee's Job Satisfaction.**

Hypothesis Number two is also accepted because the p-value is less than 0.01 and the value of  $R^2$  is .300 which shows that 30.0% change in employee job satisfaction is due to Pay and Benefits. F value is 54.796 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (2.410) should be greater than +2 thus making it a useful predictor and thus concludes Pay and Benefits have significant relationships with employee's job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 3**

**H 3 There is positive and significant relationships exist between Promotion & Career Advancement and employee's Job Satisfaction.**

Similarly, Hypothesis no three is accepted because the p-value is less than 0.01 and the value of  $R^2$  is .257 which shows that 25.7% change in employee job satisfaction is due to organizational policy and strategy. F value is 44.617 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (6.680) should be greater than +2 thus making it a useful predictor and thus concludes that Promotion and Career Advancement have significant relationships with employee's job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 4**

**H 4 There is positive and significant relationships exist between recognition and employee's Job Satisfaction.**

Hypothesis number four is also accepted because the p-value is less than 0.01 and the value of  $R^2$  is .260 which shows that 26.0% change in employee job satisfaction is due to Recognition. F value is 47.788 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (6.913) should be greater than +2 thus making it a useful predictor and thus concludes that Recognitions have significant relationships with employee's job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 5**

**H 5 There is positive and significant relationships exist between task autonomy and employee's Job Satisfaction.**

Hypothesis number five is accepted because the p-value is less than 0.01 and the value of  $R^2$  is .140 which shows that 14.0% change in employee job satisfaction is due to Task Autonomy. F value is 21.197 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (4.604) should be greater than +2 thus making it a useful predictor and thus concludes that Task Autonomy has significant relationships with employee's job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 6**

**H 6 There is positive and significant relationships exist between accomplishment and employee's Job Satisfaction.**

Regarding Hypothesis number six is accepted because the p-value is less than 0.01 and the value of  $R^2$  is .154 which shows that 15.4% change in employee job satisfaction is due to Accomplishment. F value is 24.005 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (4.899) should be greater than +2 thus making it a useful predictor and thus concludes that Accomplishment has significant relationships employee's job satisfaction. Therefore, this hypothesis is accepted.

## **Hypothesis No 7**

**H 7 There is positive and significant relationships exist between working condition and employee's Job Satisfaction.**

Moreover, Hypothesis number seven is also accepted because the p-value is less than 0.01 and the value of  $R^2$  is .250 which shows that 25.0% change in employee job satisfaction is due to Working Condition. F value is 42.895 at  $p = 0.000$  showing that model is good fit. The t-value as shown in the table (6.549) should be greater than +2 thus making it a useful predictor and thus concludes that working condition have significant relationships with employee's job satisfaction. Therefore, this hypothesis is accepted.

## Hypothesis No 8

**H 8 There is positive and Significant relationship between Intrinsic and Extrinsic Rewards with employee's Job Satisfaction.**

The analysis result of the last hypothesis with Pearson correlation and Regression analysis, were examined and presented on the following tables.

Overall Job Satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
Extrinsic Rewards	Pearson Correlation	.665**
	Sig. (2-tailed)	.000
<b>**.</b> <i>Correlation is significant at the 0.01 level (2-tailed).</i>		

**Note:** *\*\*p<0.01, independent variable; Extrinsic rewards, dependent variable job satisfaction*

Table 4.16 shows the result obtained from the correlation analysis and all the variables were identified to be significantly and positively inter-correlated. Accordingly, we can infer from the data that Extrinsic rewards with employee's job satisfaction ( $r = 0.665^{**}$ ,  $p < 0.01$ ). That is, the more Extrinsic rewards given, the more positive would be the perception of the employees towards job satisfaction. Thus, hypothesis number eight "There is positive and significant relationships between intrinsic rewards, extrinsic rewards with employee's job satisfaction" is also accepted.

**Table: 4. 17 Correlations of the Job Satisfaction and Intrinsic Rewards**

Overall Job Satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	
Intrinsic Rewards	Pearson Correlation	.529**
	Sig. (2-tailed)	.000
** <i>. Correlation is significant at the 0.01 level (2-tailed).</i>		

*Note: \*\*p<0.01, independent variable; Intrinsic rewards, dependent variable job satisfaction*

Table 4 17 shows that the correlation between Intrinsic rewards and job satisfaction are positively and significantly related ( $r = 0.529^{**}$ ,  $p < 0.01$ ). This implies that when there is an increase in intrinsic rewards, there is also a corresponding increase in job satisfaction.

According to Zikmund (2000) Standard multiple regression analysis measures the simultaneous investigation of the effect of the independent variables and dependent variable. In this study, Intrinsic and Extrinsic rewards are the independent variables while job satisfaction is the dependent variable. The effects of rewards on employees' job satisfaction level were examined using linear regression analysis.

**Table: 4 18: Regression Analysis of Intrinsic, Extrinsic Rewards and Job Satisfaction**

Dependent Variable	Independent Variable	R <sup>2</sup>	Adjusted R	F Value	Sig.		Standard Error	t	Sig.
Job Satisfaction	Intrinsic Rewards	.279	.274	48.842	.000	.529	.116	6.989	.000
	Extrinsic Rewards	.442	.437	86.990	.000	.665	.109	9.327	.000

a. *Predictors; (Constant), Extrinsic, Intrinsic Rewards*

b. *Dependent Variable; Job Satisfaction*

The results shown in the above table 4.18 indicates a relatively high percentage of job satisfaction which can be described by the variables of extrinsic rewards. The coefficient of relationship illustrates that the value of  $R^2$  for Intrinsic Reward is .279; which means 28% of the variance in job satisfaction was described by intrinsic rewards. Whereas  $R^2$  for Extrinsic Reward is .442; which implies that 44% of the Variance in job satisfaction was described by Extrinsic Rewards.

The column labeled Beta (  $\beta$  ) value of standardized coefficients indicates the variables that contribute to the dependent variable. 'Standardized' means the value for each of the different variables have been converted to the same scale in order to make comparison (pall ant, 2001). Thus the Regression analysis for this study indicates that job satisfaction is positively and significantly related with Extrinsic rewards (  $\beta = .665, p < 0.01$  ). Consistent with theoretical framework significant positive relationship between Intrinsic rewards and Job satisfaction has also existed as it is shown in Table (  $\beta = .529, p < 0.01$  ).

Summary of the above, results indicates that all hypothesis in this research formulated are in agreement with their respective theories. However in some variables there exist positive but less significant relationships which require other researchers to re-check it in different sectors.

# **CHAPTER FIVE**

## **FINDINGS, CONCLUSIONS, DISCUSSIONS AND RECOMMENDATIONS**

### **5.1 SUMMARY OF FINDINGS**

Descriptive statistics in the form of arithmetic means and standard deviations for the respondents were computed for the multiple dimensions that have been assessed through the questionnaire are presented in Table 4.13. With respect to the dimensions of job satisfaction assessed by the questionnaire, Table 4.13 indicates that the mean values for the, pay and benefits, promotion and career advancement, recognition, task autonomy, accomplishment, working relation and working conditions rated by respondents with their job satisfaction level ranged from a low of 3.15 to a high of 3.88.

It therefore appears that respondents in the given sample are moderately satisfied; however, the mean values for recognition, work condition and pay and benefits are the lowest. The following mean values indicating those areas where employees were most likely to be dissatisfied. Table 4.13 thus showing that staff in the current sample is most likely to be satisfied with their working relations, promotion and career advancement, task autonomy and accomplishment. But they are least satisfied by pay and benefits.

The Pearson's Product Moment Correlation Coefficient was computed for the purposes of determining the relationships: (a) The relationship between the different dimensions of the reward variables and employee's job satisfaction and (b) The relationship between rewards and job satisfaction. In order to delineate the relationship between the various facets of rewards on job satisfaction, the sub-dimensions of the questionnaire were correlated and are presented in table 4.14. Table 4.14 shows that there is statistically positive and significant relationship exist between all variables of rewards and employees job satisfaction. However, extrinsic reward variables have high degree of positive relationship with job satisfaction of employee's than intrinsic reward variables in this study. The values of correlation coefficient in case of significant relationship vary from lowest (0.374\*\*) to highest (0.548\*\*). The lowest value corresponds with task autonomy while highest value is Pay and benefits. Promotion and Career advancement, recognition and good working condition are also important variables in this study.

### **Pay and Benefits**

The results presented in Table 4.14 indicates that pay and benefits correlates highly and significantly with job satisfaction ( $r = .548^{**}$ ,  $p < 0.01$ ). 65.4% of employees rated pay benefits satisfied but the mean value for the variable ( $M= 3.15$ ) indicates that employees satisfaction level with pay and Benefits is not satisfactory. Therefore, pay and benefits is the major area needs immense attention.

### **Promotion and Career Advancements**

The results presented in Table 4.14 indicates that promotion and career advancement opportunities correlates highly & significantly with job satisfaction ( $r = .507^{**}$ ,  $p < 0.01$ ). 67.18% of employees rated promotion & career advancement satisfied but the mean value for the variable ( $M= 3.40$ ) indicates that employees satisfaction level with promotion & career advancement is moderate. As a result, promotion & career advancement is also the dimension that needs attention.

### **Working Conditions**

A significant correlation is shown to exist between working conditions and job satisfaction ( $r = 0.500^{**}$ ,  $p < 0.01$ ). 67.18% of employees rated working condition satisfied but the mean value for the variable ( $M= 3.28$ ) indicates that employees satisfaction level with working condition is less. Accordingly, working condition is also a major area needs attention.

### **Recognition**

A significant correlation also exists between recognition and job satisfaction ( $0.510^{**}$ ,  $p < 0.01$ ), supporting that recognition is significant in explaining the variance in job satisfaction. 67.18% of employees rated Recognition satisfied but the mean value for the variable ( $M= 3.18$ ) indicates that employees satisfaction level with recognizing for the work done is less. Thus, the culture to praise/ recognition for the work done in the company is poor.

### **Working Relation**

There was also a significant relationship exist between working relation and job satisfaction ( $r = 0.407^{**}$ ,  $p < 0.01$ ). 65.94% of employees rated working relation with coworkers satisfied and also the mean value for the variable ( $M= 3.88$ ) indicates that employees satisfaction level with working relation in the company is satisfactory.

### **Task Autonomy and Accomplishment**

There was a significant relationship between task autonomy and accomplishment and job satisfaction ( $r = 0.374^{**}$ ,  $p < 0.01$ ) and ( $r = 0.392^{**}$ ,  $p < 0.01$ ) respectively but at a low level. Hence, the hypothesis that there is a relationship between task autonomy, accomplishment and job satisfaction is supported. 64.39% & 64.93% of employees rated task autonomy and accomplishment relatively satisfied and the mean value for the variables ( $M = 3.28$ ), ( $M = 3.376$ ) indicates that employees satisfaction level with Accomplishments & Autonomous tasks are higher than other variables following Working relations.

### **Extrinsic and Intrinsic Rewards**

There is a statistically direct significant, and positive relationship between extrinsic rewards and job satisfaction ( $r = 0.665^{**}$ ,  $p < 0.01$ ). Hence, if rewards being offered to employees were to be altered, then there would be a corresponding change in job satisfaction. The results also indicate that there is a statistically positive significant and direct existing relationship between intrinsic rewards and job satisfaction ( $r = 0.529^{**}$ ,  $p < 0.01$ ) but this relationship is less as compared to the extrinsic rewards. However, if the change in intrinsic rewards accorded to employees is experienced, then there would be a corresponding change in work job satisfaction.

Generally, the Regression Analysis for this study confirmed that Extrinsic Rewards and Intrinsic rewards have influential factor on job satisfaction of employees among LIB employee's.

## 5.2 CONCLUSIONS

Based on the findings the following main conclusions are drawn.

The aim of the study was to explore the effect of rewards on job satisfaction. Analysis has shown a close relationship between all dimensions of reward variables and employee job satisfaction. The result of this study suggests that both Intrinsic and Extrinsic rewards are important factors that banks need to focus to keep employees satisfied. Unsatisfied employees are subject to lower performance or even worse to leave organizations. As the employees stated, most of the factors they considered to leave the banks are for the reason of reward they are not satisfied with or for better reward offer from another organization. Even though majority of employees rate reward variables as satisfied, the mean value for the variables indicates employees are unsatisfied with the reward they currently getting and may leave the organization any time for better reward.

The Annual report of the LIB shows that there is a salary increment once a year, however, there is a need to further assesses and analyze the requirements of employees and adopt a reward system that fits with the requirements of his employees. The study affirms previous researches on the importance of reward for job satisfaction as the feelings confirms that the loss of the potential human capital the bank are currently suffering from are the result of unsatisfied employees with the return they get for the job they perform. This shows a gap in the strategic link between the reward system and output of the workforce as Lalita K. (2013) stated that for the organization, job satisfaction of its workers means a workforce that is motivated and committed to high quality performance this will have an effect on increased productivity; the quantity and quality of output per hour worked which seem to be byproduct of improved quality of working life.

In Conclusion, the major findings of this research shows that reward is considered important factor for job satisfaction of bank employees.

### 5.3 DISCUSSIONS

The purpose of study was to investigate the effect of rewards on employee job satisfaction. The results are quite according to our hypotheses. Although all dimensions of rewards and job satisfaction are related but pay benefits, recognition, working condition have low mean values as compared to other dimensions. This shows that employees are less satisfied with their salaries and benefits, the working environment and neglecting the aspects of recognition. On the other hand, when they have sufficient promotional opportunities their relationship with co-workers are friendly, they are paid for what they work, and they find their job secured, their supervisors are cooperative and they feel that they can grow living within the organizations, than their level of satisfaction is very high.

The mean value of working Relation ( $M=3.88$ ) is higher than the other values This means that, if an employee does have good working relation at job then he will expects his satisfaction level remains high. When Pearson Product Moment Coefficient Correlation was calculated purposely for determining the relationship between different dimensions of rewards along its relationship with job satisfaction it was found very interesting results. Although the relationship is strong in case of Pay and Benefits, Recognition, Promotion and Career Advancement and Working Conditions but the relationship between Working relations, Task Autonomy, accomplishment and job satisfaction has less significance. Even if working relation has higher mean value, which implies employee's satisfaction was highly due to their relationships between coworkers and supervisors but it is moderately correlated with job satisfaction.

The values of Correlation Coefficient in case of significant relationship vary from lowest 0.374\*\* to highest 0.548\*\*. The lowest value corresponds with Task Autonomy while highest value is for Pay and Benefits. This is due to the fact that there are socio-cultural issues that hinder in the way of employees productive aspects of life and they feel difficulty in performing duties alone or away from others. A very strong reason complimenting that pay and benefits are highly related with job satisfaction of employees was the cost of living is quite high that's why most employees give much attention towards attractive pay and benefit packages.

## 5.4 RECOMMENDATIONS

Recommendations towards establishment of an improved reward system were made based on the findings and conclusions. Employees expect return for their contribution while employers expect from their employees return for their pay and this forms the starting point of reward. Therefore, balance should be ensured when designing rewards so that each party attains majority of their expectations in terms of ability to pay and value for money for employers and employees respectively. If rewards offered are not competitive, it will be difficult to recruit staff since potential employees can obtain better rewards from competitors. Existing staff may also be tempted to leave the organization if they are aware that their reward system is uncompetitive. High staff turnover can lead to higher costs of recruitment and training of new staff. Losing existing employees may also mean that some of the organization's accumulated knowledge is lost forever. The conclusion to be gained from this is that:

- ❖ Go beyond Compensation and Benefits to a Total Reward Mindset- Rewards go far beyond cash compensation and benefits. Monetary rewards alone are insufficient to satisfy employees. Other factors such as giving greater recognition and greater responsibility may be equally important, for example giving praise at company meetings, promoting staff, and involving staff more in decision making have the greatest impact on employee satisfaction.
- ❖ Bank shall continuously conduct analysis on the inflation and rewarding system competitiveness and make corresponding decisions taking into consideration market change trends and financial capacity of the Bank.
- ❖ A salary system should be designed to promote internal salary equity as well as external salary equity (based upon salary comparisons among individuals in similar positions from similar Banks). On the other hand, two shifts or three shifts is a way to reduce the workload of employees.
- ❖ Banks should specifically work to improve reward strategies by considering welfare of employees, goals and values, allowing employees to learn with an acceptable degree of learning errors and allow flexibility in the recognition process and involving employees in recognition process.

- ❖ Measure Satisfaction Survey and Take Action on Survey Results: There is a saying that “what gets measured gets managed” and employee surveys are important tools for monitoring and managing employee satisfaction.
- ❖ Career Management plan to exploit the potential of employees and provide opportunities to develop their abilities and careers is also another important factor to sustain the human capital.
- ❖ Conducive Work environment – Banks must try to create supportive, pleasant full working environment internally, in order to satisfy the staff and work with efficiency.
- ❖ Recognize Small and Large Accomplishments - Employees should be rewarded when they meet large goals as well as smaller milestones.
- ❖ Reward Teamwork and Cooperation - Team-based incentives were found to be more effective at increasing performance than individual incentives. This could have a significant impact on cooperation, employee cohesiveness and the company’s bottom line.
- ❖ The study also recommends that future research be directed towards investigating how variables like work life balance, organizational commitment, Supervisor’s support and Work itself can influence job satisfaction and to expand the scope to cover other private banks.

If organizations can implement these recommendations, they will reap the benefits of more satisfied employees willing to invest more discretionary effort to make their organizations successful. Coupling this discretionary effort with enabling work environments will provide organizations with an even more competitive edge that will enable them to win in the talent marketplace.

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**APPENDIX A –QUESTIONNAIRE**

Addis Ababa University

School of Commerce

Masters of Arts Program in Human Resource Management

Questionnaires to be filled by Executive Managers, Directors, Division Managers, Branch Managers/Section Heads, Senior Officers/CSM-Managers, Officers and Junior Officers

Dear respondent:

I am conducting a research on “The Effects of Reward on Job Satisfaction: a case in Lion International Bank Share co.” For partial fulfillment of the requirements for masters of Arts Degree in Human Resource Management. The study intends for academic purpose only, besides the outputs of the study will help as input for the companies decision makers.

*Directions for filling the questionnaire*

- there is no right and wrong answer of the options provided. Therefore, you are kindly requested to fill your real opinion regarding each question.
- please put an “✓” mark on your choice in the space provided.
- to make the Satisfaction Survey objective and make your response confidential, please don't mention your name or any other identification.
- Your response is utilized only for the purpose of this Survey.

I would like to appreciate your kind cooperation to fill this questionnaire in advance.

*Novel Solomon*

*1. Bio Data*

1. Gender	Male	<input type="text"/>	Female	<input type="text"/>
2. Marital Status	Single	<input type="text"/>	Married	<input type="text"/>
3. Age Category	Below 25 years	<input type="text"/>	35 to 40 years	<input type="text"/>
	25 to 35 years	<input type="text"/>		<input type="text"/>
	above 40 years	<input type="text"/>		<input type="text"/>
4. Educational qualification	College Diploma	<input type="text"/>	Masters Degree	<input type="text"/>
	First Degree	<input type="text"/>	Other _____	
5. Years of Service in LIB	more than a year	<input type="text"/>	2 up to 3 years	<input type="text"/>
	3 up to 4 years	<input type="text"/>	4 up to 5 years	<input type="text"/>
	5 up to 6 years	<input type="text"/>	More than 6 years	<input type="text"/>
6. Current Position? _____				
7. In which of the following salary ranges fall your salary?				
	3,000 -5,000	<input type="text"/>	5, 000 -8,000	<input type="text"/>
	8,000 – 11,000	<input type="text"/>	11, 000 – 15,000	<input type="text"/>
	Above 15,000	<input type="text"/>		

**Part Two: Research Related Questions:**

The Following Questions are presented on a five point likert Scale. If the item strongly matches with your response choose 5 (Very Satisfied), if you moderately agree on the idea choose 4 (Satisfied), if you can't decide on the point choose 3 (I don't know), if you dissatisfied with the idea choose 2 (Dissatisfied), and if you completely dissatisfied with the point choose 1(Very dissatisfied).

5 = Very Satisfied

4 = Satisfied

3 = I don't know

2 = Dissatisfied

1 = Very Dissatisfied

The purpose of this questionnaire is to give you a chance to tell how you feel about your present job, what things you are satisfied with & what things you are not satisfied with.

**Remember:** Keep the statement in mind when deciding how satisfied you feel about the aspect of your job.

Do this for all statements. **Please answer every item.**

**Be frank and honest.** Give a true picture of your feelings about your present job.

		Very Dissatisfied	Dissatisfied	I don't know	Satisfied	Very Satisfied
<b>A. Pay and Benefits</b>						
1	The amount of pay for the work I do					
2	The Chance to make as much money as my friends					
3	How my pay compares with that for similar jobs in other companies.					
4	My pay and the amount of work I do.					
5	Benefits (Health, Insurance and Education).					
6	How my pay compares with that of other workers.					
<b>B. Promotion and career advancement</b>						
1	The opportunities for advancement on this job.					

		Very Dissatisfied	Dissatisfied	I don't know	Satisfied	Very Satisfied
2	Opportunities for promotion					
3	The Way promotions given out on this job.					
4	The chance for advancement on this job.					
<b>C. Recognition</b>						
1	The way I am noticed when I do a good job.					
2	The way I get full credit for the work I do.					
3	Being able to take pride in a job well done.					
4	The Recognition I get for the work I do.					
5	The praise I get for doing a good job.					
<b>D. Task Autonomy</b>						
1	The chance to work alone on the job.					
2	The chance to work away from others.					
<b>E. Accomplishment</b>						
1	Being able to see the results of the work I do.					
2	The feeling of accomplishment I get from the job.					
<b>F. Working Relation</b>						
1	The way my supervisor and I understand each other.					
2	The way my boss handles his/her employees.					
3	The chance to develop close friendship with my coworkers.					
4	The way my co-workers are easy to make friends with.					
5	The personal relationship between my boss and					

		Very Dissatisfied	Dissatisfied	I don't know	Satisfied	Very Satisfied
	his/her employees.					
6	The way my co-workers get along each other.					
7	The Spirit of cooperation among my co-workers.					
<b>G. Working Conditions</b>						
1	The working conditions (heating, lighting, ventilation, etc) on this job.					
2	The Physical surroundings where I work.					
3	believe I have a good future in this organization.					
4	The pleasantness of the working conditions.					
5	The physical working condition of the job.					
6	Hours worked each week.					
<b>Overall Satisfaction</b>						
	Your overall satisfaction on the Job.					

***Thank You for completing the questionnaire!!!***

***APPENDIX B - Mean and Standard Deviations for Extrinsic and Intrinsic Rewards***

<b>Item No</b>	<b>Description</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>Extrinsic Rewards</b>			
<b>Pay and Benefits (Extrinsic Rewards)</b>			
<b>1</b>	The amount of pay for the work I do	3.29	1.024
<b>2</b>	The Chance to make as much money as my friends	2.97	0.985
<b>3</b>	How my pay compares with that for similar jobs in other companies.	2.68	0.923
<b>4</b>	My pay and the amount of work I do.	2.94	1.052
<b>5</b>	Benefits (Health, Insurance and Education).	3.69	.977
<b>6</b>	How my pay compares with that of other workers.	3.24	.930
<b>Average</b>		3.15	.657
<b>Promotion and career advancement(Extrinsic Rewards)</b>			
<b>1</b>	The opportunities for advancement on this job.	3.48	.973
<b>2</b>	Opportunities for promotion	3.41	1.025
<b>3</b>	The Way promotions given out on this job.	3.36	.991
<b>4</b>	The chance for advancement on this job.	3.41	.957
<b>Average</b>		3.40	.817
<b>Recognition(Extrinsic Rewards)</b>			
<b>1</b>	The way I am noticed when I do a good job.	3.24	1.110
<b>2</b>	The way I get full credit for the work I do.	3.10	1.103
<b>3</b>	Being able to take pride in a job well done.	3.43	1.026
<b>4</b>	The Recognition I get for the work I do.	3.14	1.064

5	The praise I get for doing a good job.	2.99	1.030
<b>Average</b>		3.18	.916
<b>Working Conditions(Extrinsic Rewards)</b>			
1	The working conditions (heating, lighting, ventilation, etc) on this job.	2.84	1.258
2	The Physical surroundings where I work.	3.17	1.084
3	I believe I have a good future in this organization.	3.67	2.672
4	The pleasantness of the working conditions.	3.36	1.033
5	The physical working condition of the job.	3.32	1.055
6	Hours worked each week.	3.14	1.289
<b>Average</b>		3.28	.952
<b>Intrinsic Rewards</b>			
<b>Task Autonomy(Intrinsic Rewards)</b>			
1	The chance to work alone on the job.	3.44	1.033
2	The chance to work away from others.	3.47	1.010
<b>Average</b>		3.46	.817
<b>Accomplishment (Intrinsic Rewards)</b>			
1	Being able to see the results of the work I do.	3.73	0.970
2	The feeling of accomplishment I get from the job.	3.80	0.987
<b>Average</b>		3.76	.910
<b>Working Relation(Intrinsic Rewards)</b>			
1	The way my supervisor and I understand each other.	3.65	1.154
2	The way my boss handles his/her employees.	3.56	1.250

<b>3</b>	The chance to develop close friendship with my coworkers.	4.12	0.947
<b>4</b>	The way my co-workers are easy to make friends with.	4.07	0.899
<b>5</b>	The personal relationship between my boss and his/her employees.	3.68	1.135
<b>6</b>	The way my co-workers get along each other.	3.91	0.862
<b>7</b>	The Spirit of cooperation among my co-workers.	4.10	0.858
<b>Average</b>		3.88	.763
<b>Overall Satisfaction</b>			
<b>1</b>	Your overall satisfaction on the Job.	3.47	.990

**Note: Scale range from “1=strongly Disagree” to “5=strongly Agree”**

***APPENDIX C. List of Department, Divisions and Branches covered in the study***

No	Departments	. No	Divisions	. No	Branches
	<u>Finance</u>	<u>1</u>	<u>HRD</u>	<u>1</u>	<u>Arada</u>
	<u>IBD</u>	<u>2</u>	<u>Property and General Service</u>	<u>2</u>	<u>Athelet Haile G/Silassie</u>
	<u>Internal Audit</u>	<u>3</u>	<u>Engineering Service</u>	<u>3</u>	<u>Berbera Tera</u>
	<u>Business Development and Corporate Planning</u>	<u>4</u>	<u>risk and Compliance Management</u>	<u>4</u>	<u>Bethel</u>
	<u>Credit</u>			<u>5</u>	<u>Bole</u>
	<u>Domestic Banking Services</u>			<u>6</u>	<u>CMC</u>
				<u>7</u>	<u>Churchill</u>
				<u>8</u>	<u>Gerji</u>
				<u>9</u>	<u>Gofa</u>
				<u>10</u>	<u>Gotera</u>
				<u>11</u>	<u>Gurdsholla</u>
				<u>12</u>	<u>Imperial Area</u>
				<u>13</u>	<u>Kality</u>
				<u>14</u>	<u>Kality Gumruk</u>
				<u>15</u>	<u>Kazanchis</u>
				<u>16</u>	<u>Lafto</u>
				<u>17</u>	<u>Lideta</u>
				<u>18</u>	<u>MegenagnaAthelet Derartu</u>
				<u>19</u>	<u>Merkato</u>
				<u>20</u>	<u>Mesalemiya</u>
				<u>21</u>	<u>Mexico</u>
				<u>22</u>	<u>Raguel</u>
				<u>23</u>	<u>Sarbet</u>
				<u>24</u>	<u>Saris</u>
				<u>25</u>	<u>Sengatera</u>
				<u>26</u>	<u>Sheger</u>
				<u>27</u>	<u>Stadium</u>
				<u>28</u>	<u>Teklehaymanot</u>
				<u>29</u>	<u>Yeka</u>

**NB: - Questionnaires were distributed to each department, division and branch randomly.**