



**SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION**

**ASSESSMENT OF REWARD PRACTICES AT COMMERCIAL
BANK OF ETHIOPIA**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL
OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

**BY:
HAILEYESUS TAMIRE**

**JUNE, 2018
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STATEMENT OF DECLARATION

I, HAILEYESUS TAMIRE, declare that this thesis work entitled “assessment of reward practices in Commercial Bank of Ethiopia (CBE): West Addis Ababa District(WAAD)” is my own original work. I have carried out it independently with the guidance and suggestions of the research advisor. And it has not been presented in St. Marry or any other University.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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St. Mary's University, Addis Ababa

June, 2018 GC.

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ACRONYMS/ ABBREVIATION

CBE: Commercial Bank of Ethiopia

CSO: Customer Service Officer

HRM: Human Resource Management

KSA: Knowledge, Skills and Ability

NBE- National Bank of Ethiopia

WAAD: West Addis Ababa District

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Abstract

This thesis was designed to assess financial and non-financial reward practice in commercial bank of Ethiopia (CBE WEST ADDS ABABA DISTRICT(WAAD). Data were collected through questionnaire prepared based on various scholar's work. The validity of the instrument was checked by the organization's HR professionals. Besides, internal consistency of the instrument was measured using Cronbach Alpha and the result was 83.2%. 125 questionnaires were distributed to the sample respondents who are working in west Addis Ababa district in the 15 branches. Of the total distributed questionnaires 122 usable questionnaires were returned which is about 97.6% response rate. Descriptive statistics and frequencies were utilized to analyze the data. Interpretation is made on the mean, frequency, and percentage of the data. The study's result has implied that employees of the bank are not motivated by the bank's reward practice. The bank's reward practice mainly consists of financial rewards. Besides results have shown that respondents have felt unfair and injustice in the bank's reward practice. Employees like to be consulted what they need most when they perform better. Finally, the researcher's lack of prior experience in conducting systematized research, lack of awareness among our society to fill out questionnaires with due care and return on time and absence of prior works on the subject matter in Ethiopian context would have some impact on the results of the study that will call up for other researchers to prove the reliability of this study.

Key words: Financial rewards, Non-financial reward, Reward practice, Employee performance

CHAPTER ONE

1.1. Background of the Study

Rewarding employees is related with the inspiration of the labor force of business for well performance. However, what kind and mix of rewarding tools to apply is dare for the organizations. Numerous studies have confirmed rewards have progressive impact on the employee's health and work place safety. It is one of the factors that sought increase employee's engagement in the work place, which is the key element in the work performance (Furtado, et al. 2009).

Currently, business societies operate in a difficult as well as volatile environment that significantly affect their growing and productivity. The continuous changes happening in the world, particularly regarding technology and innovation put in force organizations to review the method in which they link to both their employees and their customers. To stay in line with these volatile environment organizations need to use their resource effectively. Their resource may be obtainable in human and non-human aspect. Undoubtedly, the most important factor is human in organizations (Armstrong 2005). Well, the concept of reward is extremely rooted in all culture and society. Any organization, whether it is involved in manufacturing or delivery of service, desires human resource to attain its goals. Between other things, workers usually think through the attractiveness of the reward package that an organization compromises during employment as Kunango and Mendonca(1994,p.51)

In general, reward practices are intended to draw and preserve skilled employees, to stimulate explicit job behaviors suitable for grater performance and motivate employees to work strengthen in return to help the organization achieve its strategic goals (Gomez-Mejia, Balkin & Cardy, 2005; Kunango & Mendonca, 1994, p. 50; Hume, 2000, p. 5-6). Since the time of scientific management, almost all administrators have strained to relate effort and reward. During this time, they arrange criterions of performance, observe the behavior of workers to monitor to what extent these standards are met, achieved or adhered, and assign rewards and punishments depending on the observation of the performance (Singh, 2005). However, because it assumes that money is the only motivator to encouragement of high performance work manners, approach was criticized. According to this approach, employees work performance rise only when there is better payment in the organization.

However, the value of a given reward provided to an employee greatly differs from individual to individual and society to society. As noted by Atchison (2003), this bias does not stem from reality but are rather rooted in myths surrounding employee satisfaction. Research has however shown that such monetary incentives do not motivate workers and may in certain circumstances become de-motivators. Shanks (2007:32) asserts that monetary reward ‘motivates only to a point; that is, when compensation isn’t high enough or is considered to be inequitable, it’s a de-motivator’. Prokopenko (1987, p.208) supports this indication and states that to ensure collaborations of workers is the only way to stake with them the advantages from efficiency both in financial and non-financial terms. Most organizations have developed their own reward system contextual to their environment and based on their organizational culture. A reward practice comprises both monetary and non-monetary rewards.

According to behavioral scientists, it’s because of the need to attain a number of goals or to satisfy certain needs or motives that people work (Adelabu, 2003). To maintain the accomplishment of the organization’s goals and objectives by helping the organization to ensure that it has the skilled, committed and well-motivated work force it needs is the overall aim of reward practice. In a banking industry, it is essential for the management to formulate the most appropriate incentives and good reward practice which could be monetary and non-monetary.

Background of the organization

The Commercial Bank of Ethiopia is a government owned bank that has been playing significant roles in the economic progress and development of the country since its establishment in April 15, 1942. During its establishment the bank use to perform both dual activities, i.e. commercial banking and central banking. Then because of commercial law declared in 1963 the proclamation assigns commercial activities to commercial bank of Ethiopia (CBE), and administrative, regulation, the supply, availability to National Bank of Ethiopia (NBE).

CBE is the leading African bank with assets of 495.4 billion Birr as on June 30th 2017. It has more than 1,235 branches stretched across the country with more than 16.6 million account holders and more than 1,280,000 Mobile and Internet Banking users as of September 30th 2017. The bank strives to best serve its customers that it sets around 1,660 ATM machines as well as over 7,240 POS terminals all over the country.

The bank is pioneer to introduce modern banking to Ethiopia and play great role in economic development of the country. It is also the first bank to introduce ATM and western union money transfer service for local users. CBE Currently working with more than 20 money transfer agents like, bole Atlantic, money gram, x-press money etc.

It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank and a SWIFT bilateral arrangement with more than 700 others banks across the world (www.cbe.combank.net.et).

The Commercial Bank of Ethiopia has a vision to become a world class commercial bank by 2025.GC which means seven years left to the vision accomplishment period. The bank also has a mission to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities with state-of-the-art technology. It combines a wide capital base with around 33,365 talented employees committed to the organization's mission (www.cbe.combank.net.et).

1.2. Statement of the Problem

A problem raised by Nilsson & Ovle (2013) is when employees that accomplish the job appropriately get unfairly punished. For example, imagine an accountant who may have to work overtime when an account that must be adjusted in the month end, and cannot be postponed for tomorrow. This causes to indirect punishment if the accountant is not getting paid for overtime. This can result in an employee losing motivation to perform their job & leading to customer dissatisfaction which affects the organization negatively.

According to Hume (2000, p. 74) an unwell designed reward practice is prospective to noticeable itself in the recruitment of poor quality staff, undesirable level of employee performance and motivation, and high level of employee turnover. Among these features some of them are already started to be reflected in commercial bank of Ethiopia. According to HR department of WEST ADDIS district, starting from January up to December 2017 a total of 103 employees resigned from the bank and other 314 employees submitted their request of work experience confirmation. (WAAD 2017; p.18) But under the current condition, the district personnel are unable to serve

answer the employees request give confirmation for their work experience that the employees are waiting their turn.

And also according to my pre-research survey provided in close-ended questionnaire in five among 15 selected branches, the employee's response indicate that the current reward practice is not as good as with other similar banks and is not adequate to resist the present inflationary condition. Moreover, there are impractical and at the same time highly bureaucratic to apply lists of benefits, but they are stated in the bank's personnel policy. Some employees further claim that they are not rewarded based on their performance. Employees are resigning from the organization due to the predominant reward practice. In addition to this, the labor union of CBE is debating with the bank's higher officials regarding the current reward practice of CBE. The union officials entail according to the current inflationary condition as well as the reward practice amendment applied by other banks it is difficult to recruit a fresh graduate employee with a gross salary of 2,935. Moreover, the union officials also ask that employees should compensate which could be correspondent to the risk they take. However, instead of assessing and making further investigation on what is wrong on the organization reward practice as well as claiming it as the main cause of turnover, the higher officials could not take any action.

Because of this, it is important to conduct an assessment of the bank's overall reward practice before things get worse. Therefore, the purpose of this study is to assess the reward practice implemented in CBE clerical employees.

1.3. Research Questions

Based on the above stated problem, the following basic research questions are considered with a view to provide possible solutions.

1. What are financial and non-financial reward practices implemented currently in CBE?
2. How do employees perceive the procedural and distributive justice of the financial and non-financial reward?
3. To what extent the financial and non-financial reward are enough to retain skilled and experienced employees?
4. To what extent performance appraisal result influence rewards?
5. What are the need assessment programs that taken to identify the type of financial reward employees' need?

1.4. Objectives of the Study

This study has the following general and specific objectives.

1.4.1. General Objective

The general objective of the study was to assess reward practice in Commercial Bank of Ethiopia

1.4.2. Specific Objectives

From the general objectives, the following specific objectives are derived as indicated below.

- To recognize the type of reward practice implemented in CBE.
- To find out whether the existing reward practice is adequate to maintain skilled employees.
- To assess implementation of procedural and distributive justice in the reward practice.
- To find out whether the organization conducts need assessment program to identify the needs of its employees.
- To assess employees' perception on the existing performance appraisal system

1.5 Significance of the Study

The study was expected to generate the following four benefits.

- The findings of the study would help the planners of Human Resource rewarding practice on how to implement appropriate and sufficient reward strategies within the organization to enhance work performance. In particular, this study would have greater importance to commercial bank of Ethiopia.
- The research study would also be significant in further adding to the literature review relating to improving the performance level of the employees. From the point of practical implication, the study shall also be used to derive valuable recommendations for CBE, who are currently looking to improve their employee performance standards through the use of a better reward structure.
- The findings of this study can be used by researchers to further explore different dimensions of reward practices; such as fairness, complexity, etc. to examine their impact on employee performance, employee satisfaction and motivation. The findings would also be useful for CBE and other similar organizations in the banking industry as well as other industries and they would be able to use the insights from this study to improve their existing reward practices.

- Since this research was carried out to partially fulfill the requirements for the award of Masters of Arts in business administration, the researcher has benefited from the challenges of research work.

1.6 Delimitation of the Study

The crucial emphasis of this research was to study the financial rewards like base pay, benefit, performance based bonus, and non-financial rewards like medical and insurance practices in commercial bank of Ethiopia. Conducting research on the effectiveness of all reward practices implemented and their effect on employees' performance throughout Ethiopia was very complex, especially for beginners, and time consuming. As a result, the researcher was focus on one government owned commercial bank namely; Commercial Bank of Ethiopia. The Bank has 1,235 branches throughout the country, of these 410 are located at Addis Ababa divided in four districts. Hence, the study was carried out in 15 out of 62 city branches found in west Addis district. Moreover, the study focuses on clerical employees as the target population. This is mainly due to their level of awareness in filling questionnaire and understanding items in the questionnaire. Moreover, these employees are major source of income for the organization that involve in the day-to-day banking operation

1.7 Limitation of the Study

This study was faced some limitations. Researcher's lack of prior experience in conducting systematized research was one of the limitation. The second major problem was employees, particularly CBE clerical employees was not satisfied to fill out questionnaires, because the outcome of such research questionnaire always doesn't apply in practice. The other major problem was un awareness of employees to fill out questionnaires with responsible manner and return the questionnaire on time.

The problems, stated above, was have some impact on the results of the study that was call up for other researchers to prove the reliability of this study. Furthermore, this study was conducted on a single organization. Therefore, the results were hard to make generalizations.

1.8 Organization of the Paper

The research thesis is organized as follows: Chapter one deals with the background, problems, Objective, purpose, significance, limitation and scope of the study. Chapter two contains some theoretical background and review of literature. And Chapter three presents the methodology part of the study. Analysis of the research data is presented in Chapter four. Chapter five presents the summary of major findings, conclusion and recommendations. Finally, the questionnaire, pre-research survey questionnaire that was used for the data collection, the reliability test processed using SPSS, and list of selected branch for the study are attached to this document as an appendix

1.9 Operational Meanings of Basic Terms

- **Human resources:** refers to people who make up the workforce of an organization or business sector, or economy. "Human capital" is sometimes used synonymously with "human resources", although human capital typically refers to a narrower view (i.e., the knowledge the individuals embody and economic growth).
- **Reward:** in this context, refers to both financial and non-financial rewards that are provided to employees in return of their contribution.
- **A rewards system:** refers to a planned and structured approach to reward one or more persons who act in a desirable way.
- **Financial rewards:** are termed as monetary incentives that an employee earns as a result of good performance.
- **Non-financial reward:** refers to programs structured to motivate positive behavior change through means other than money.
- **Performance:** termed as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed.
- **Employee's performance:** is defined as whether a person executes their job duties and responsibilities well.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

The objective of this chapter is to provide the theoretical background on the total reward practice and to understand the effectiveness of total reward practice. The chapter begins by providing theoretical literature review about reward and total reward system. The literature review examined various scholars' work on the significance of total reward system. The second section of the chapter discussed about empirical reviews which addresses journalized articles from 1990s up to the present. Relatively old publications were only revised as bird's eye view but recent articles (2013-2016) were reviewed deeply. The third part which is conceptual framework was review the independent and dependent variables in this study.

2.1. Theoretical literature

2.1.1. Definition of Total Reward

In earlier times, the current reward had different names such as wage, pay, remuneration, and compensation. However, now days the word reward is replacing those names and becoming common to many books. Stredwick (2005) stated that in recent years, the expression 'reward' has started to replace 'pay' in the human resources vocabulary indicating a much broader approach, including elements of non-cash awards and presupposes that employees need to actually achieve something to receive their wages or salaries, unlike the more mechanistic attachment that pay indicates.

Despite slight wording differences all authors agree that a total reward includes both financial and non-financial rewards provided to employees by their employer (Armstrong, 2006, p. 627; Armstrong, 2005, p.7; Cascio, 2003, p. 416; Torrington, Hall, & Taylor, 2008, p. 635). The financial reward comprises direct payments such as salary, bonus, and other cash payments and indirect payments are provided to employees in the form of benefits. On the other hand, non-financial rewards refer to the intangible or intrinsic rewards such as work autonomy, recognition, challenging assignments, conducive work environments and so on. According to Armstrong (2005, p.6) reward system contains all elements of reward such as policies, practices, processes, procedures and structures.

2.1.2. Significance of Total Reward

The concept of total reward encompasses both financial and non-financial rewards. Hence, its significance to both the organizations and employees emanate from its comprehensiveness. According to Armstrong & Stephens (2005, p. 27) total reward can be used as a means of influencing behavior, enhancing employment relationship, flexibility to meet individual needs and winning the war for talent. Companies that want to foster high performance work system will reward employees based on their performance. Hence, the reward is utilized as a means of influencing behavior.

In addition, Stredwick (2005, p. 332-333) stated that total reward that is aligned with the organization's business strategy will help to achieve competitive advantage, emphasize performance, encourage flexibility in working practices, oil the wheels of change, support key competencies and encourage local decision taking. Alignment of business strategy with each of the functional strategies will help to achieve organizational objectives. One of the functional strategies in organization is human resource strategy. Within the human resource strategy, if the reward strategy supports performance it is possible to achieve competitive advantage through people.

Likewise, Torrington, Hall, & Taylor (2008, p.639) have identified that a reward system which is aligned with the business strategy will help to motivate staff, use as driving for change, attract skilled employees and retain high performers. As observed from various scholars' work, reward is one of human resource management tools that are employed to employees for higher performance.

2.1.3 Components of Total Reward

Different authors agree on the classification of total reward in to two broad categories. However, the naming differs from author to author with similar connotation. To mention some of the classifications, financial and non-financial, monetary and non-monetary, extrinsic and intrinsic, tangible and intangible, transactional and relational etc. Regardless of the minor difference, all categories discuss about the same thing. As a result, this study adopts the classification of financial and non-financial rewards. The table 2-1 is adopted with some adjustment from Armstrong (2009, p. 745) to indicate the components of total reward.

Table: 2.1 Components of Total reward

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

Source: Armstrong (2009, p. 745)

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

2.1.4 Reward Composition

How is the pay package made up? The growing complexity and sophistication of payment arrangements raises all sorts of questions about pay composition (Torrington, Hall, & Taylor, 2008, p.598). According to the expectancy theory, which is discussed under section 3.12.1 below, individual needs and wants vary. Therefore, reward management requires proper composition between financial and nonfinancial rewards. As stated in Chapman & Kelleher (2011) the owners of organization usually want to ascertain that employees direct their work effort in line with the owners' best interests. Jensen and Meckling, (1976, quoted in Chapman and Kelliher, 2011, p.122) further stated that, owners' interest can be achieved through adjusting the reward mix, in particular the balance between fixed and variable rewards, to ensure that appropriate incentives are in place for the employee to act in the owners' interest.

According to Patricia & Jay (2000, p. 49) if the organization is weak in one component its needs to boost up another. Torrington, Hall, & Taylor (2008, p. 598) suggest the following four points as important part of conventional wisdom in designing reward system. The first one is younger

employees are more interested in high direct earnings at the expense of indirect benefits, such as pensions, which will be of more interest to older employees. Second, incentive, or performance-related payment arrangements are likely to interest employees who either see a reliable prospect of enhancing earnings through the ability to control their own activities, or see the incentive scheme as an opportunity to wrest control of their personal activities away from management by regulating their earnings. Third, women with children are less interested in payment arrangements that depend on overtime than men often are. And the fourth is overtime is used by many employees to produce an acceptable level of purchasing power particularly among the lower-paid.

In fact, there is no conventional wisdom. Preferences differ according to the value, norms, background, economic status etc. of individuals. Despite this fact, Bowen (2000, p.33-34) argues that rewards for entry level employees, usually youngsters, need be more cash based whereas employees with longer service or higher in the compensation scheme may be influenced by cash equivalent or non-cash rewards such as education, extra-time off and the like. All of the above points suggest that there should be both financial and non-financial rewards so as to reward employees according to their needs and values.

2.1.5 Factors that Influence an organization's Reward Systems

A given reward system is affected by various internal and external factors. Only some of the factors that are directly relevant to the study will be briefly discussed; mainly the internal factors. Source of internal factors are within the organization. These are the organization's reward philosophy, organizational culture, organization's financial performance, employees' perception, and others. External factors are beyond the control of the organization. These are the labor market, level of competition, economic condition etc. and will not be covered under this study.

2.1.6 Reward Philosophy

Reward strategy is founded based on organization's reward philosophy. It expresses what the organization believes the basis upon which people are valued and rewarded. Patricia & Jay (2000, p.15) described that an organization's total reward philosophy defines the basic principles and parameters for designing rewards throughout the organization. According to anonymous writer (pp. 418-419), there are two basic reward philosophies. These are entitlement oriented philosophy and performance-oriented philosophy.

2.1.7 Entitlement Orientation

The entitlement philosophy can be seen in many organizations that traditionally have given automatic increases to their employees every year. Further, most of those employees receive the same or nearly the same percentage increase each year. Employees and managers who subscribe to the entitlement philosophy believe that individuals who have worked another year are entitled to a raise in base pay, and that all incentives and benefit programs should continue and be increased, regardless of changing industry or economic conditions.

Commonly, in organizations following an entitlement philosophy, pay increases are referred to as cost of living raises, whether or not they are tied specifically to economic indicators. Following an entitlement philosophy ultimately means that as employees continue their employment lives, employer costs increase, regardless of employee performance or other organizational competitive pressures.

Market comparisons tend to be made within an industry, rather than more broadly considering compensation in firms of all types. Bonuses in many entitlement-oriented organizations are determined very paternalistically and often do not reflect operating results. Instead, the CEO or owner acts as Santa Claus at the end of the year, passing out bonus checks that generally do not vary from year to year. Therefore, employees expect to receive the bonuses as another form of entitlement.

2.1.8 Performance Orientation

Where a performance-oriented philosophy is followed, no one is guaranteed compensation just for adding another year to organizational service. Instead, pay and incentives are based on performance differences among employees. Employees who perform well get larger compensation increases; those who do not perform satisfactorily receive little or no increase in compensation. Thus, employees who perform satisfactorily should keep up or advance in relation to a broad view of the labor market for their jobs, whereas poor or marginal performers should fall behind. Bonuses are paid based on individual, group, and/or organizational performance results.

2.1.9 Organizational Culture

According to Armstrong (2009, p. 384), organizational culture is defined as “the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done”. Similarly, Torrington, Hall & Taylor

(2008, p. 860) defined organizational culture as “the beliefs, conventions, and general patterns of behavior that characterize a particular organization.” This implied that the norms and beliefs that shaped the people of the organization affects their decision in designing the reward practice of an organization.

Companies design strategies at three levels: corporate, business and functional levels. All of these strategies should have to fit one another. Development of Human Resource (HR) strategies is among the various functional strategies. According to Armstrong (2006, p. 133) the development of any HR strategy starts by aligning the HR strategy to the business strategy and the organizational culture. He further stated that organizational culture is among the many factors that influence the design of a reward practice.

Bowen (2000, p. 35) also stated that the culture of any organization is reflected in its reward and recognition system. He further identifies three major types of cultures. These are constructive, restrictive, and aggressive cultures. Constructive culture focuses on performance and encourages managers to take actions to reinforce behavior that lead to high individual, group, and organizational performance. In this type of culture, employees feel less apprehensive about taking prudent risks. Instead, they will strive to achieve increasingly high levels of performance.

A restrictive (passive) culture is the one that punishes mistakes or demands compliance and tends to discourage organizational members from taking initiatives. This type of culture further focuses more on people than results. They are generally non-constructive because they require conformity ironically. Besides, employee’s creativity is discouraged rather require them to be dependent upon other people specifically authority figures. The third type of culture i.e. an aggressive culture values competition and power. It is prone to focus on results at the expense of human value.

Bowen(2000,p.37) finally concludes that constructive cultures enable employees to strive to achieve high levels of performance. This type of culture rewards and recognizes excellence. Hence, according to the author companies that adopt constructive organizational culture will design a reward system that will recognize and reward employees’ performance.

2.1.10 Organizational Performance

An organization which is involved in provision of service, would incur huge amount of money in the form of salaries and benefits. However, if the organization’s overall performance is poor, its capacity to pay will also decline.

“The resulting business performance and/or the financial circumstances of the organization will influence the amount it can afford to pay and its pay policies ...” (Armstrong & Murlis, 2004, p.75). Hence, the organization’s paying capacity also dictates or affects its reward system. It should be noted that organizations can perform well or poorly due to various external forces, such as the state of competition in the marketplace, long-term weather patterns, legal restrictions or the level of interest rates and taxation (Stredwick, 2005, p. 288). However, the author argued that the biggest influence on organizational performance is the quality of the labor force at all levels of the business.

2.1.11 Employees’ Perception

Behavioral factors affect all types of rewards. Most employees are working in order to gain rewards for their efforts. They expect to receive fair value in the form of reward for their efforts. It could be in the form of salary, variable pay, or benefits, the extent to which employees perceive they are receiving fair value often affects their performance, and how they view their jobs and employers. In relation to this Armstrong & Murlis (2004, p. 338) explained that experience has shown that the communication of employee schemes greatly affects the employees’ perception of the scheme and its value. They added further equity and fairness –the ‘felt-fair’ principle applies to levels of pay in comparison with others in accordance with what people believe to be the relative size or importance of jobs and their perceptions of relative levels of performance or contribution. Employees’ perception was further discussed under equity theory.

2.1.12 Reward and Employees Performance

As markets become more competitive on a global scale it is increasingly crucial to maximize the performance of the workforce to maintain the market position (Winfield, Bishop, & Porter, 2004, p. 118). Performance improvement can be obtained by identifying a shared vision of where the organizations want to be and clarifying the role of each employee in that process.

However, even though there is goal clarity if individuals are not rewarded based on their performance, their performance would not be consistent. Reward and performance are the two sides of a single coin. Gomez-Mejia, Balkin, & Cardy (2005) outlined that the main objectives of any compensation and performance system is to motivate employees to work harden and help managers to decide who should be paid more based on individual contribution respectively.

From the mid of 1980s there was a big growth in pay systems linked to individual performance, particularly performance related pay (Winfield, Bishop, & Porter, 2004, p. 133). The introduction

of Performance Related Pay (PRP) further strengthen the relationship between the two. In relation to this, Hume (2000) stated that under a system of performance related reward, the level of employee remuneration is directly related to the level of work accomplished (performance).

He further explains that performance planning gives the means for determining by what measures people will be rewarded. On the other hand, Spangenberg (1994; quoted in Williams, 2002) described that in the integrated model of performance management system, the last step is rewarding performance. Besides the expectancy theory argues that linking incentives to performance motivates employees to increase their effort and performance (Stringer, Didham, & Theivanathampillai, 2011, p. 162).

A reward system that is given for high performance is more effective in inducing high performance in the future than a reward that is not dependent on performance (Kanungo & Mendonca, 1994). Based on an empirical study Prokopenko (1987) stated that “a survey conducted in some Asian countries indicated that, with proper motivation of worker’s productivity can easily be raised as high as 90% in small and medium enterprise”. All of the above scholars agree that there is interrelationship between reward and employee performance.

2.1.13 Motivation Theories

Human motivation is much more complex and diverse than is suggested by the economic, security, working conditions approach (Mamoria & Gankar, 2001, p. 607). Employees work motivation is important in order to achieve organizational objectives. The general motivation theory, according to Hume (2000, p. 10-33), can be categorized in to three schools of thought.

These are the physiological, cognitive and social/behavioral schools of thought. The physiological needs are based on the assumption that humans have a set of innate needs or drives and that these needs constitute the biological determinants of our behavior. The notable scholars from this school of thought are A. H. Maslow (Maslow’s Hierarchy of needs), F.W.Herzberg (Herzberg’s two factor model), D.McGregor (Theory of X and Y), C. P Alderfer (ERG model) and D.S. McClelland (theory of needs). The cognitive school of thought, on the other hand, suggests that motivation is an active response by humans to factors both inside and outside the individual. Some of the major prominent scholars in this school are, Edwin Locke (Goal Setting theory), V. H. Vroom (Expectancy theory) and others. The third school of thought, i.e. the social/behaviorist theories, draw together from two approaches to motivation i.e. social theory and behaviorist theory. This school of thought is concerned about the effect of the environment on behavior of

individuals and place specific emphasis on the effect of social interactions. J. Stacy Adam (Equity theory), Thorndike (Reinforcement theory), Ivan Pavlov (Classical conditioning) and B.F. Skinner (Operant Conditioning) are some of the proponents of this school.

This study, however, is largely based on the theories of Vroom's expectancy theory, reinforcement theory and equity theory.

2.1.14 Vroom's Expectancy, Valence and Instrumentality Theory

This theory explains how the goals of individuals influence their effort and the behaviors. Individual's selection depends up on their assessment of the probability that the behavior will successfully lead to the goal (Mamoria & Gankar, 2001, p.620). The basics for Vroom's theory is that individuals will behave in a specific way when there is high expectancy that such behavior will result in a desired outcome. The second aspect in Vroom's theory is valence which essentially refers to the value of outcomes or goals. The third point in this theory is instrumentality. This concept suggests that the behavior of individual is influenced by the degree to which additional desired goals can be attained as the direct result of such behavior (Hume, 2000, p. 24).

Expectancy has an impact on motivation. Vroom's expectancy theory of motivation recognizes that in the process of motivation the extent to which the individual feels he or she can realistically achieve the target will have an influence on whether he or she is motivated.

Different people are motivated by different things. Expectancy theory, also identifies that different individuals value different things and hence have different motivational needs. In the process of motivation, only those things that the individual values will spur them to act (Torrington, Hall, & Taylor, 2008 p, 263).

The main idea that can be extracted from this theory is, motivation is the product of three variables: Expectancy, Valence and Instrumentality. For instance, expectancy, which is the degree to which employees believe that, having achieved a goal will lead to a secondary action, namely a reward. Valiancy, which is the value they put on that reward and instrumentality, which is the degree of an employee's self-belief in their ability to achieve a goal.

The implication for employers is that incentive schemes will not work with everybody, that considerable care has to be taken with the rewards to ensure a reasonable degree of valence and that honesty and trust must prevail with both the level of targets and the application of the rewards (Stredwick, 2005, p. 210). Scholars like, Torrington, Hall, & Taylor (2008 p, 678) also suggest that incentives are not universally applicable, but can play a role in enhancing individual effort or

performance where the conditions and scheme design are right. Problems occur when the wrong system is imposed, on the wrong people, in the wrong circumstances or for the wrong reasons.

2.1.15 Reinforcement Theory

Reinforcement theory considers the use of positive or negative reinforces to motivate or to create an environment of motivation. According to this theory, based on Thorndike's law of effect, behavior that results in pleasing outcome will likely be repeated; however, behavior that results in unpleasant outcome is not likely to be repeated (Singh, 2005, p. 169).

Reinforcement theory was further experimented by Pavlov and Skinner. Finally, they draw a conclusion rewarding pleasant behavior's and punishing un pleasant one immediately will enable to repeat the pleasant and deter the unpleasant one respectively.

2.1.16 Equity Theory

The notion of fair play is never far away from reward considerations and equity is an important factor in motivation. According to Singh (2005, p. 171) the main theme of any system is maintenance of equity or fairness. Equity theory states that equitable treatment of people will enhance their motivation otherwise the reverse will happen. (Armstrong & Stephens, 2005, p. 77). This theory suggests that motivation can be maintained through the concepts of distributive justice, where pay is seen to be fairly distributed in line with employee's worth and output, and procedural justice, where the methods of arriving at these judgements are seen to be fair. These methods include employee participation, accurate measurement, fair appraisal and appeals processes (Stredwick, 2005, p.211). People want to be treated fairly in all facets of compensation, including base pay, incentives, and benefits. This is the concept of equity, which is the perceived fairness of the relation between what a person does (inputs) and what the person receives (outcomes). Inputs are what a person brings to the organization and include educational level, age, experience, productivity, and other skills or efforts. What a person receives from the organization, or outcomes, are the rewards obtained in exchange for inputs. Outcomes include pay, benefits, recognition, achievement, prestige, and any tangible or intangible reward received. Individuals judge equity in compensation by comparing the effort and performance they give with the effort and performance of others and the rewards those others receive. But it must be stressed that these comparisons are personal and based on individual perceptions, not just facts. A sense of inequity occurs when the comparison process results in an imbalance between input and outcomes (Anonymous, P. 426-427).

2.1.16.1 Procedural and Distributive Justice in Reward

Internally, equity means that employees receive compensation in relation to the knowledge, skills, and abilities (KSAs) they use in their jobs as well as their responsibilities and accomplishments.

Two key issues that relate to internal equity are procedural justice and distributive justice.

Procedural justice is the perceived fairness of the process and procedures used to make decisions about employees, including their pay. Procedural fairness is viewed in terms of both the policies and procedures and the actions of supervisors and managers who implement the policies and procedures. As it applies to compensation, the process of determining the base pay for jobs, the allocation of pay increases, and the measurement of performance must be perceived as fair. Two critical issues are (1) how appropriate and fair is the process used to assign jobs to pay grades? And (2) how are the pay ranges for those jobs established?

Another related issue that must be considered is distributive justice, which refers to the perceived fairness of the amounts given for performance. This facet of equity refers to how pay relates to performance. For instance, if a hard-working employee whose performance is outstanding receives the same across the board raise as an employee with attendance problems and mediocre performance, then greater inequity may be perceived. Likewise, if two employees have similar performance records but one receives a significantly greater pay raise, the other one may perceive that the inequity is due to supervisory favoritism or other factors not related to the job. To address concerns about justice, some organizations establish appeals procedures.

2.1.16.2 Pay Openness

Another equity issue concerns the degree of openness or secrecy that organizations allow regarding their pay systems. Pay information kept secret in “closed” systems include how much others make, what raises others have received, and even what pay grades and ranges exist in the organization. A growing number of organizations are opening up their pay systems to some degree by informing employees of compensation policies, providing a general description of the basis for the compensation system, and indicating where an individual’s pay is within a pay grade. Such information allows employees to make more accurate equity comparisons. It is crucial in an open pay system that managers are able to explain satisfactorily any pay differences that exist.

2.1.16.3 External Equity

Externally, the organization must provide compensation that is seen as equitable in relation to the compensation provided employees performing similar jobs in other organizations. If an employer

does not provide compensation that is viewed as fair by its employees, that organization may have higher turnover of employees, may have more difficulty recruiting qualified and scarce-skill employees, and may attract and retain individuals with less knowledge, skills, and abilities, resulting in lower overall organizational productivity.

2.1.16.4 Importance of Equity and Compensation Activities

It is important for HR professionals and managers to develop, administer, and maintain compensation programs that are perceived equitably by employees. The consequence of an equitable compensation program is that individuals are more likely to be attracted to and take jobs in organizations where employees do not voice widespread concerns about equity.

Greater loyalty, less turnover, and higher commitment to achieve organizational performance objectives are more likely if employees believe they are compensated fairly. Also, the organization must have policies, procedures, and administrative support systems that are viewed as job-related and are not manipulated by favoritism or personality preferences of managers and supervisors. Finally, external equity is crucial if the organization is going to compete effectively in the labor market. Increasingly in many labor markets, some employers are finding it difficult to attract and retain a workforce with the necessary capabilities to compete in a global marketplace. Regularly tracking external pay data and updating pay structures are integral to ensuring external equity in any organization (Armstrong & Stephens, 2005, p. 230; Bowen, 2000, p. 46; Hume, 2000, p. 62; Patricia & Jay, 2000, p. 99).

A recent study conducted by Stringer, Didham, & 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.

2.2 Empirical Literature Review

There were a number of scholars who conducted research studies on an employee performance in the workplace. According to most of these theorists, such performance can actually be predicted, explained and influenced. One of these scholars is Nelson (1997) who established different reward way and relates with employee satisfaction and employee performance. The better satisfied employee expected to perform well.

Danish & Usman (2010) suggested that a firm that fulfills both financial and non-financial rewards could be the best one. Moreover, they investigated the influence of financial motivators on the performance of employee. And the study results showed that better performance was best foreseen by the job reward; and job commitment was best forecasted by a combination of cost values, rewards, and the amount of investment. Indeed, the financial and non-financial rewards motivate the employees; and this motivation leads to realize a higher performance level

According to Gerhart & Milkovich (1990) claims that reward system should be carried out by the simplification of the connection between the given reward and the additional performance. Moreover, they suggested that to achieve positive effect, reward practices have to be performance-dependent. Indeed, managers who attempt to run a fair rewarding system seem to be more prosperous in performance rather than those who reward in an unfair manner. The important relationships between employee performance and pay satisfaction have been well established in studies by Heneman, Kochan & Locke (1995). They showed that monetary compensation is one of the most significant variables in explaining better employee performance and job satisfaction. In addition, Hofrichter & Platten (1996) found financial rewards to have a significant impact on employee performance. According to Artz (2008) suggests overall, fringe benefits play a significant role in determining employee performance.

A research by (Pinar Güngör, 2011) focuses on the relationship between the reward management system applications and employee performance of bank employees on global banks in Istanbul. He concludes that employee performance effectiveness is determined on reward systems. In addition, (Madhuri K., 2014) remark that perceived level of rewards and motivation has significant relationship among the private sector employees and the monetary rewards have a significant effect on employee motivation than the non-monetary rewards.

Abdul Hameed (2014) conducted a research on impact of compensation on employee performance in the banking sector of Pakistani. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, indirect compensation and employee performance. A study conducted by Sheila & Josephat (2015) with objective of finding the influence of compensation and reward on performance of employees at Nakuru county government. Stratified random sampling technique was used. Primary data was collected using questionnaires and interview schedules with a combination of open and closed questions. The findings indicated that

there was a strong relationship compensation and reward on employee performance in the county government of Nakuru.

Nnaji & Nnadozie (2015) find out the Effect of Rewards on Employee Performance in selected bank Organizations in Awka Metropolis. The main objective of this study is to determine whether a relationship exists between rewards system and employee performance. More specifically, the study intends to address the relationship between intrinsic (non-financial) and extrinsic (financial) rewards on employee performance.

Findings: The empirical results indicated the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance. More over a study by Ayesha Aslam, Amna Gaffer, Tahleel Talha and Hina Mushtaq (2015) examine the effect of reward and Compensation system on the performance of employees. The first variable was compensation. Second was incentive. The finding shows that the most significant variable in the research is reward and compensation. It shows a great effect on the performance of employees. It boosts up the efficiency of employees. On the contrary the variables motivation and incentives contribute least to the employee performance.

Nazir, Quan, Akhtar, Shafi and Nadia (2015) conduct a study about the financial rewards climate and its impact on employee performance in the retail organizations. From the analysis, it was found that financial rewards like rates of pay and fringe benefits affect employee performance but it was not the only factor. The job itself and the amount of work expected were the major influence up on those which were considered as low performers.

A study conducted by Erratul Shela Eshak, Nur Faithzah Jamian, Munirah Mohd Jidi & Norlida Zakirai (2016) explained factors that influence employees' performance in Islamic Religious Council. The objective of the study was to identify if there's any relationship between Intrinsic Reward and Employees Performance and to determine if there is any relationship between Extrinsic Reward and Employees Performance. The founding was there is positive and significant relationship between financial and non-financial reward with Employees' Performance. However, the findings also indicate that non-financial factors have more influence toward employees' performance on employees rather than financial reward factors.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

This study was adopted descriptive research design. This was involve collecting data in order to answer the research question raised. Using descriptive design, the study was tried to describe the general reward practice of the organization under study, employees' perception on the existing reward practice, the level of reward composition, employees' view on the procedural and distributive justice of the organization's reward practice, immediacy of the reward and about the organization's culture.

3.2 Research Participants

The WEST ADDIS district (WAAD) which the study was be conducted has a total of 1,640 employees as of CBE`s human resource department 2017 data. In this district, there are a total of 111 branches having their own grade depending on their performance – Grade four(IV), Grade three (III), Grade two (II) and Grade one (I). 66 among 111 branches are found in addis ababa and the rest of 45 are located in outlet. But according to unavailability of Grade one (I) branch in addis ababa city the study excluded 151 clerical & non-clerical employees working in Grade one (I). From the rest of 1,489 employees, 1,254 are clerical and the rest of 235 are non- clerical. This study was target on clerical employees only. This is mainly due to their level of awareness in filling questionnaire and understanding items in the questionnaire. Moreover, these employees are major source of income for the organization that involve in the day-to-day banking operation. This was determined the total population size as 1,254.

3.3 Sample Size and Sampling Methods

3.3.1 Sample Size

Among the different methods of the sample size determination, the one which developed by Carvalh (1984) was used by the researcher to determine the number of respondents to be include in the study for employees. Accordingly, due to time and budget constraints, the study was use the medium sample size.

Table 3.1 Carvalh sample size determination

Population	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	125
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-45000	200	500	800

Source: Carvalh 1984

As indicated in the table, the total population which is 1,254 falls between 1,201 and 3,200 which 125 is the medium sample size for the study. As stated by Singh (2006, p.6) “descriptive research typically uses larger samples; it is sometimes suggested that one should select 10-20 percent of the accessible population for the sample.” Accordingly, this study has select 15 from 66 city branches located in addis ababa utilized above maximum which is 25% of the population size.

3.3.2 Sampling Methods

In order to give equal chance to all employees, questionnaires were distributed to 15 branches among 66 city branches in west Addis district, using simple random sampling method.

3.4 Method of Data Collection, Sources and Research Instruments

In order to get direct employees’ view on the existing reward practice of the bank, it is imperative to collect data only from them. Hence, employees of the bank have served as the main source of primary data.

Accordingly, demographic variables such as sex, age, year of service, educational background and the like was directly collected from employees through questionnaire. Besides, variables such as salary, bonus, recognition, conducive work environment, carrier development opportunities, financial and non-financial, reward immediacy, constructive organizational culture, procedural justice, and distributive justice was collected mainly through questionnaire.

Data on previous works conducted in the subject matter was reviewed from related literature mainly from books, journals, bulletins, and the bank's personnel policy. Questionnaires was administered by the researcher.

The main research instrument utilized in this study was questionnaire. The questionnaire was contained two parts. The first part was about demographic characteristics of respondents. This part consists of 7 items such as sex, age, educational background, year of service in CBE, current position, salary ranges and job grade.

The second part was related to the research questions. 37 items were developed on a five-point Likert Scale. Respondents was requested to choose their level of agreement on a given item as follows. 5 "Strongly Agree," 4 "Agree," 3 "I do not know", 2 "Disagree" and 1 "Strongly Disagree". The items were divided in to categories and sub categories. These are general questions about the organization's reward practice, employee's perception of the performance appraisal practice, reward composition; under this category there are three sub categories such as financial, non-financial and appropriate composition; reward immediacy, procedural and distributive justice, customized rewards and supportive organizational cultures.

3.5 Data Quality Assurance

3.5.1 Validity

Validity is the extent to which the research findings accurately represent what is really happening in the situation (Hughey and Mussnug, 1997). Validity is the most important attribute of assessment system. It is concerned with the extent to the evaluation measures the performance it is intended to measure. As stated earlier, the questionnaire was developed with due care containing 44 items, 7 of which are demographic items. Reward assessment measurements was adopted from various scholar works. Items in the questionnaire was prepared using a five Point-Likert scale except the demographic items. Maximum effort was exerted to create logical link between the items in the questionnaire and the objectives of the study.

Besides, the instrument was given to my advisor and my friend who is a former MBA student in St. Marry comment on it. Accordingly, based on their comments the questionnaires were distributed to the sample population.

3.5.2 Reliability

Internal consistency of items incorporated in the instrument was checked by using Cronbach Alpha. Means of each variable was computed and then the reliability was checked based on the

means. To assure this, questions regarding the methods, process, standards, problems and responsible organs have been asked both in the questionnaire and the interview Was presented to employees as well as senior human resource personnel.

Reliability Statistics

Table:3.2 Reliability statistics of the instruments

Cronbach's alpha		N of items	
.832		37	
		N	%
Cases	Valid	122	100.0
	Excluded ^a	0	.0
Total		122	100.0

Source: SPSS,2018

3.6 Ethical consideration

First of all, willingness of CBE employees' and management was asked to conduct the research. After the researcher got consent respondents was confirmed that the information gathered was used only for academic purpose. And also, the researcher was guarantee anonymity and confidentiality of information collected from the individual participants and the organization data obtained in the form of documents and operational manuals through both data collection instrument.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter covers the analysis and interpretation of the various data collected through the use of questionnaires as per objectives of the study. The crucial emphasis of the research was to study the financial rewards like base pay(salary), benefit, performance based bonus, and non-financial rewards like medical and insurance incorporated in CBE. Primary data was collected from the employees of the bank using questionnaire and secondary data was collected through reviewing, journals, articles, books and the banks HR policy, procedure, annual reports and exit interview. The collected data were described and analyzed using statistical tools: Descriptive and inferential statistics with the help of SPSS.

The total number of employees at WAAD is one thousand six hundred forty (1640) and employees those fit for this study are 1254. The sample of 125 employees which selected using Carvalh sample size determination were collected. A total of 125 questionnaires were printed and distributed to respondents/employees for the purpose of collecting data. Among 125 questionnaires three (3) questionnaires were not returned. That makes the total sample one hundred twenty-two (122) which implies response rate of 97.6%.

4.1 demographic information of the respondents

In this section, the general background of the respondents of the study is summarized by focusing their gender, age group, experience, marital status and position title of the respondents were analyzed and interpreted.

Table:4.1 Demographic information of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	76	62.3	62.3	62.3
	Female	46	37.7	37.7	100.0
	Total	122	100.0	100.0	
Age in years	18 - 25	39	32.0	32.0	32.0
	26 - 30	55	45.1	45.1	77.0
	31 - 35	15	12.3	12.3	89.3
	36 - 40	10	8.2	8.2	97.5
	41 - 45	3	2.5	2.5	100.0
	Total	122	100.0	100.0	

Year of service		Frequency	Percent	Valid Percent	Cumulative Percent
	<1	28	23.0	23.0	23.0
	1 - 3	30	24.6	24.6	47.6
	4 - 6	52	42.6	42.6	90.2
	7 - 9	10	8.2	8.2	98.4
	>10	2	1.6	1.6	100.0
	Total	122	100.0	100.0	
Marital status	single	91	74.6	74.6	74.6
	married	31	25.4	25.4	100.0
	Total	122	100.0	100.0	
Monthly salary	<3500	8	6.6	6.6	6.6
	3501 – 6000	21	17.2	17.2	23.8
	6001 – 8500	19	15.6	15.6	39.4
	8501 – 10500	44	36.7	36.7	76.1
	10501 - 13500	22	18.2	18.2	94.3
	>13500	7	5.7	5.7	100.0
	Total	122	100.0	100.0	
Current position	Grade 7	21	17.2	17.2	17.2
	Grade 9	67	54.9	54.9	72.1
	Grade 10	12	9.8	9.8	82.0
	Grade 11	13	10.7	10.7	92.6
	Gr 12& above	9	7.4	7.4	100.0
	Total	122	100.0	100.0	

Source: SPSS,2018

As table 4.1 indicates that 76 of 122 (62.3%) of respondents are male and the rest of 46 (41.5%) are female. These results suggest that the sample is reasonably representative. With regards to respondents age category, the highest group of respondents 55 (45.10%) fall under the age category of 26 -30 which followed by 39 (32%) of 18-25, 15 (12.3%) of 31-35, 10 (8.2%) of 36-40 and 3 (2.5%) of 41-45. This indicates that the largest share of the respondents 94 (77.04%) are youngsters and at productive stage of below 30.

Regarding year of service in CBE, the largest portion of the respondents 52 (42.6%) fall under the category of 4-6 years of work experience followed by 30 (24.6%) which fall in 1-3 years of

experience, 28 (23%) less than a year, 10(8.2%) under 7-9 years and 2(1.6%) greater than 10 years of banking experience.

From the above table we can observe that comparatively the majority 44 of the respondents are earning 8501-10500 birr per month which accounts for 36.7% of the sample. The second largest or 22 respondents of the study are between 10501-13500 salary groups which is 18.2% of the sample followed by 21 (17.2%) between 3501-6000, and 19(15.6%) between 6001-8500. The rest 12.3% of the respondent salary are the sum of 8(6.6%) less than 3500 and 7(5.7%) greater than 13500 birr. This implies that all salary group of the bank has been included and the researcher was not face difficulties to generalize its study for all salary groups.

The respondents current position is shown in the table that indicate the largest portion is grade 9 which have 67(54.9%) of the total respondent. Grade 7 is the second largest containing 21(17.2%) and followed by grade 11 having 13(10.7%), grade 10 having 12(9.8%) and the rest of 9(7.4%) are grade 12 and above.

4.2. Descriptive Analysis

Table:4.2: Respondents’ Reflection on Incorporation of Financial and Non-Financial Rewards with the Banks Total Reward Practice.

financial and non-financial rewards are incorporated in the total reward practice of the bank		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	3	2.5	2.5	2.5
	Disagree	6	4.9	4.9	7.4
	I don't know	10	8.2	8.2	15.6
	Agree	44	36.1	36.1	51.6
	Strongly agree	59	48.4	48.4	100.0
	Total	122	100.0	100.0	Mean=4.23
In organization’s total reward practice, financial rewards are greater than non-financial rewards		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	9	7.4	7.4	7.4
	Disagree	10	8.2	8.2	15.6
	I don't know	17	13.9	13.9	29.5
	Agree	40	32.8	32.8	62.3
	Strongly agree	46	37.7	37.7	100.0
	Total	122	100.0	100.0	Mean=3.85

The organization's total reward package is competitive with other banks		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	59	48.4	48.4	48.4
	Disagree	38	31.1	31.1	79.5
	I don't know	21	17.2	17.2	96.7
	Agree	4	3.3	3.3	100.0
	Total	122	100.0	100.0	Mean=1.75

Source: Own survey, 2018

103 (84.4%) of the respondents agree that Both financial and non-financial reward types are incorporated in the total reward practice of the organization. 10 of the respondent which contributes 8.2% have no idea about the issue and sum of 9(7.4%) of the respondents disagree on the incorporation of the financial and non-financial rewards in the organization's total reward practice. The general implication of the response is the largest share, 84.4% of the respondents have knowledge of inclusion of financial and non-financial reward types in the organization's total reward practice. The total mean which is 4.23 also agree that both rewards are incorporated.

While in the previous table, the respondents assure that both financial and non-financial rewards exist in CBE. In this table the researcher tried to find out which reward practice takes the large portion. A total of 86 respondents which cover 70.4% of the total respondents agree that financial reward takes a larger share in the organizations reward practice. However, 19(15.5%) of the respondents does not agree with this idea and 17(13.9%) have no idea about the issue at all. The mean (3.85) also indicates that the financial rewards are greater. From the above information the researcher can conclude that financial reward types are greater than non-financial reward types. It is obvious that employees character varies among employees, a given employee may give more value to financial reward than the non-financial one. What is valued more by one individual will not be valued similarly by others.

Today's market is becoming more competitive than ever. organizations are fighting to get skilled and experienced personnel. Service giving organizations, like banks, mainly depend on the skills and abilities of their human resources. One way of keeping and attracting skilled employees is by designing a reward practice that is competitive to the external market mainly to the industry.

Otherwise, employees will leave the organization in search of better pay and the remaining employees' motivation will be lower.

When we back to the respondents' view on the competitiveness of the organization's reward practice compared with other banks, we find that 97(79.5%) of the respondent claim that the organization's total reward package is not competitive with other banks. Contrary to this, only 4 (3.3%) of the respondent agree on the competitiveness of the reward package. Whereas, 21 (17.2%) of the employees do not have any idea on the point. The mean result (1.75) also shows that majority of the respondents disagree on the organization's reward package competitiveness.

It is vital for an organization to know what its competitors are rewarding their employees. Apart from internal relativities employees also look for external relativities. The above response calls the bank once again to look what its reward package is and to compare it with other similar organizations within the industry. The existing lucrative profit in the banking industry is attracting new entrants. Currently, there are about 12 private banks and 5 are on the way to join the industry. All these banks snatch experienced employees with higher salary from the exiting banks. Hence, the organization should take timely correction or revision of the total reward practice.

Table: 4.3 Respondents reflection on the banks communication about reward with employees

The organization clearly communicates its reward package to all employees		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	17	13.9	13.9	13.9
	Disagree	56	45.9	45.9	59.8
	I don't know	35	28.7	28.7	88.5
	Agree	10	8.2	8.2	96.7
	Strongly agree	4	3.3	3.3	100.0
	Total	122	100.0	100.0	Mean=2.41
I am satisfied with the benefits I receive		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	62	50.8	50.8	50.8
	Disagree	50	41.0	41.0	91.8
	I don't know	3	2.5	2.5	94.3
	Agree	7	5.7	5.7	100.0
	Total	122	100.0	100.0	Mean=1.63

The benefit package of the bank is equitable.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	55	45.1	45.1	45.1
	Disagree	50	41.0	41.0	86.1
	I don't know	10	8.2	8.2	94.3
	Agree	7	5.7	5.7	100.0
	Total	122	100.0	100.0	Mean=1.75
I receive positive recognition for what I perform better		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	43	35.2	35.2	35.2
	Disagree	44	36.1	36.1	71.3
	I don't know	18	14.8	14.8	86.1
	Agree	9	7.4	7.4	93.4
	Strongly agree	8	6.6	6.6	100.0
	Total	122	100.0	100.0	Mean=2.14

Source: Own survey, 2018

In any organization, communication matters for all things. If the organization fails to communicate its mission, it will fail to accomplish the same. A given reward practice is designed for the organization's community. Therefore, it should be communicated on time what is available for them. If the organization fails to communicate the given reward practice, the level of employees' motivation will be lower. This is mainly because they do not know the reward for good performance.

In this regard as indicated under table 4-5, 73 (59.8%) respondents, from the organization under study, claim that the organization did not clearly communicate its reward package for all employees. Further 35 (28.7%) of the do not have any idea on the point. However, only 14 (11.4%) of the respondents are clearly communicated about the reward package. The mean value (2.41) clearly indicates that either the organization's communication practice is poor or the organization is not willing to communicate what it has designed. However, communicating what is available helps the organization to win the psychology of employees to motivate them for better performance.

As anyone know, it is form a satisfied employee that is expected a satisfactory result. An employee who is not satisfied with the benefits he/she got from his/her work may deliberately or unwillingly unproductive regarding his/her work. Returning to the respondent's reflection, 112 of the total

respondents which contribute 91.8% of the total, are not satisfied with the benefit they receive from the organization. This means almost all but 10 of the respondents are not satisfied. Only seven or 5.7% of the respondents are satisfied and 3 (2.5%) are unaware of the issue. Moreover, 1.63 of mean value indicates that, in this competitive business of banking industry, without a corrective action regarding employee's satisfaction, it might be impossible to survive.

Fairness and equitability is the other issue that must be raised when dealing with the employee's reward practice. An employee who think that his/her payment is unfair is most probably doing nothing but searching for a better and equitable job.

105 respondents of the organization declare with their response that their benefit package is not equitable. These respondents cover 86.1% of the total respondents and only 7 of respondents which cover only 5.7% of the total sample agree that there is equitable benefit package. And 10(8.2%) of the respondent does not have any idea regarding the issue. But the mean value of 1.75 indicate the larger respondents disagree with the equitability of the benefit package.

Recognition is an important and effective way to win employees psychology. This time, many organizations whether they are government or private, profitable or not, regardless of these matters they use recognition as a basic tool to initiate their good performing employees to win their psychology.

Coming in to CBE employee's response regarding this issue, the majority of the respondents a total of 87 contributing 71.3% of the total respondents does not receive any recognition while they perform better. However, 17 or 13.9% of the respondents receive recognition. And only 9(7.4%) are unaware of the issue. Although the mean value indicates a result of 2.14 which means the majority of the respondents does not receive recognition for their better performance.

Distributive justice which refers to the perceived fairness of the amounts given for performance. This facet of equity refers to how pay relates to performance.

Table: 4.4 Respondents attitude on sufficiency of salary in relation to their performance

My salary is sufficient in relation to what I perform		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	46	37.7	37.7	37.7
	Disagree	58	47.5	47.5	85.2
	I don't know	13	10.7	10.7	95.9
	Agree	5	4.1	4.1	100.0
	Total	122	100.0	100.0	Mean=1.81
Salary increments are made based on employee performance.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	58	47.5	47.5	47.5
	Disagree	35	28.7	28.7	76.2
	I don't know	21	17.2	17.2	93.4
	Agree	5	4.1	4.1	97.5
	Strongly agree	3	2.5	2.5	100.0
Total	122	100.0	100.0	Mean=1.85	
Salary increment made for high performer would encourage others to perform better.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	3	2.5	2.5	2.5
	Disagree	8	6.5	6.5	9.0
	I don't know	19	15.6	15.6	24.7
	Agree	52	42.6	42.6	67.3
	Strongly agree	40	32.8	32.8	100.0
Total	122	100.0	100.0	Mean=3.89	
Fair and equitable reward practice enhances employee's performance		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	4	3.3	3.3	3.3
	Disagree	7	5.7	5.7	9.0
	I don't know	12	9.8	9.8	18.9
	Agree	50	41.0	41.0	59.8
	Strongly agree	49	40.2	40.2	100.0
Total	122	100.0	100.0	Mean= 4.09	

Source: Own survey, 2018

This is the main issue that raised by employees in CBE. Every employee agrees that if they perform, their salary must be equivalent. But as we can see from the employee's response, the maximum of respondents 104 which have a share of 85.2% of the total respondents reflect that their salary is not sufficient in relation to what they perform. 13 of the respondents that have 10.7% of the total respondents have no idea regarding this issue and only 5 out of 122 agree that their salary is enough and equivalent to what they perform. Moreover, the mean value 1.81 shows the majority of the respondents disagree.

If an employee performs well, his/her salary should be moderately greater than those who perform less. It will be unfair to accept in one office both the good performers and poor performers to receive the same amount of salary in the same scale.

Back to the respondents, 93 of the total respondents having 76.2% of the total sample disagree that Salary increments are made based on employee performance. 8(6.6%) of the respondents agree with this idea and 21 of them have no idea with the question. The mean value also assures that most of the respondents are not agree.

It is obvious that recognition and salary increment for high performer always encourage other employees to perform well and achieve what best performers achieved before. There is a trend that high performers in the organization seen as a role model. The result of the respondents also indicates that if high performers paid moderately higher salary the rest of the employees will be encouraged. 92 out of 122 respondents which contribute 75.4% of the sample agree that they will be encourage if high performers get paid more. On the contrary, 11 of the respondents disagree which have 9.1% of the sample. And 19(15.6%) are unaware of the issue. To assure the conclusion looking up the mean value is important. It indicates that 3.89 which means the largest number of the respondents agree.

In business every little thing has its own positive and negative effect on the business. If an organization offer fair and equitable reward practice, it has a positive impact on the employee's performance. As indicated in the above table 99 (81.1%) of the respondents agree and 11 respondents which cover 9% of the total respondents indicate that employee's performance would not be enhanced by fair and equitable reward practice. 12(9.8%) of the respondents does not have clue with the issue. Whereas according to the mean value that result 4.09, the majority of the respondents agree with the issue.

Table: 4.5 Respondents reflection on The bonus plan encourages to perform better

The bones plan encourages to perform better		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	21	17.2	17.2	16.4
	Disagree	10	8.2	8.2	45.1
	I don't know	24	19.7	19.7	64.8
	Agree	42	34.5	34.5	82.8
	Strongly agree	25	20.4	20.4	100.0
	Total	122	100.0	100.0	Mean= 3.92
If I perform well, I am certain that amount of bonus increase		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	12	9.8	9.8	9.8
	Disagree	12	9.8	9.8	19.7
	I don't know	10	8.2	8.2	27.9
	Agree	44	36.1	36.1	63.9
	Strongly agree	44	36.1	36.1	100.0
	Total	122	100.0	100.0	Mean= 3.79

Source: Own survey, 2018

According to the response of the respondents a total of 67 (54.9%) of the respondents agree that the bonus plan have significant positive effect on the employees to perform better. 31 of the respondents which contain 25.4% of the respondents declare that the bonus plan has no effect on better performance. The mean value declares with the result of 3.92 that the bonus plan encourages to perform better.

Every employee in the organization agree that if a given employees perform well, the effect is not only in the increment of the employee's performance, but also there is increment in the performance of the organization. 88 out of 122 which contribute 72.1% of the total respondents agree that they are certain in the increment of bonus in line with good performance. And only 44 (36.1%) of the employees disagree with this idea. The rest of 10 (8.1%) does not know the relationship between bonus increment and individual performance. Whereas the mean value indicates 3.79 which means the majority of the respondents agree that if they perform well they are certain the bonus amount will increase.

Procedural justice: As we discuss earlier in literature review, Procedural justice is the perceived fairness of the process and procedures used to make decisions about employees, including their pay. Procedural fairness is viewed in terms of both the policies and procedures and the actions of supervisors and managers who implement the policies and procedures.

Table: 4.6 respondent’s reflection on organization’s procedure on how to implement the reward policy

The organization has clear procedure on how to implement the reward policy		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	14	11.5	11.5	11.5
	Disagree	16	13.1	13.1	24.6
	I don't know	24	19.7	19.7	44.3
	Agree	38	31.1	31.1	75.4
	Strongly agree	30	24.6	24.6	100.0
	Total	122	100.0	100.0	Mean=3.88
Reward policies and procedures of the organization equally and consistently apply to all employees		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	3	2.5	2.5	2.5
	Disagree	6	4.9	4.9	7.4
	I don't know	13	10.7	10.7	18.0
	Agree	45	36.9	36.9	54.9
	Strongly agree	55	45.1	45.1	100.0
	Total	122	100.0	100.0	Mean=4.17
Employees of the organization know where to appeal when the reward policy and procedure are violated		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	11	9.1	9.1	9.1
	Disagree	10	8.2	8.2	17.3
	I don't know	33	27.0	27.0	44.3
	Agree	48	39.3	39.3	83.6
	Strongly agree	20	16.4	16.4	100.0
	Total	122	100.0	100.0	Mean=3.79

The organization's total reward practice is just and fair		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	50	41.0	41.0	41.0
	Disagree	47	38.5	38.5	79.5
	I don't know	14	11.5	11.5	91.0
	Agree	8	6.6	6.6	97.5
	Strongly agree	3	2.5	2.5	100.0
	Total	122	100.0	100.0	Mean=1.91
The organization's reward practice equally rewards for works with equal values		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	40	32.8	32.8	32.8
	Disagree	46	37.7	37.7	70.5
	I don't know	22	18.0	18.0	88.5
	Agree	10	8.2	8.2	96.7
	Strongly agree	4	3.3	3.3	100
	Total	122	100.0	100.0	Mean=2.02
I am rewarded fairly enough compared with my fellow employees		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	15	12.3	12.3	12.3
	Disagree	15	12.3	12.3	24.6
	I don't know	27	22.1	22.1	46.7
	Agree	29	23.8	23.8	70.5
	Strongly agree	36	29.5	29.5	100.0
	Total	122	100.0	100.0	Mean=3.29

Source: Own survey, 2018

Many organizations have clear procedure on how to implement the reward policy in the organization. These procedures are one way for the employees to measure and compare the organization from other competitors.

From the above table, we can conclude that 68(55.7%) of the respondents agree that the organization has clear procedure on how to implement the reward policy. However, 30(24.6%) of the respondents disagree with this issue. Only 24(19.7%) of the samples has no clue regarding the issue. The mean score of 3.88 indicate that the majority of the respondents agree.

regarding procedure, organizations should have clear procedure on how to implement the reward policy among employees. Employees should not be doubted about the implementation of reward. In this issue, 100 of the total employees which cover 81.9% of the total respondents agree. Whereas, only 9(7.4%) of the respondents declare that there is no clear procedure regarding the implementation of reward policy. The mean score of 4.17 also shows that the majority of respondents agree with the question.

Sometimes the reward policy of the organization violated deliberately or by mistake. Professional organizations have their own department of compliance for related issues. When summarizing the respondent's response 68(55.7%) out of 122 declare that they know where to appeal when the reward policy and procedures are violated. 21 out of 122 which have 17.2% of the respondents does not know where to appeal procedural violations. 33(27%) of the respondents are unaware of the issue. The mean result of 3.79 shows that the majority of the respondents agree on issue.

In an organization Just and fair reward practice is a significant important factor that retain skilled employees. unjust reward practice that discourage the employees motive and unfair reward that differentiate the employees from other competitive organizations' employees result a negative impact. The largest number of the respondents 97(79.5%) does not accept the idea that the organizations total reward practice is just and fair. Only 11(9%) of the respondents agree on the fairness of reward practice. 14(11.5%) of the respondents have no idea about the issue. The result of mean (1.91) indicates the majority of the respondents think that there is unjust and unfair reward practice in the organization.

A total of 86(70.5%) respondents out of 122 disagree that the organizations reward practice does equally rewards for works with the same value. This indicate that there are differentiations regards to reward between employees with in the same work with equal values. Whereas, 14(11.5%) of the respondents agree with the idea. And 22(18%) of the respondents are unaware of the issue. The mean score (2.02) also indicate the majority of the respondents disagree.

In the organization, regardless of the job position employees should get paid fairly enough compared to their fellow employees. Volatile reward practice compared with other staffs would be unfair and it creates biasedness among employees. Majority of the respondents 65(53.3%) agree that their reward is comparatively fair with other employees. However, 30(24.6%) disagree and they reflect they are rewarded unfairly compared to other employees. The rest of 27(22.1%) respondents are unaware of the issue. The general implication of the response is more than 50%

of the respondents agree that they rewarded fairly. However, the mean result indicated that majority of the respondents do not have knowledge about the issue.

To what extent did the reward practice enough to retain skilled and experienced employees?

Table: 4.7 Respondents reflection on knowledge skills and ability (KSA)consideration of financial and non-financial reward

My financial reward considers my knowledge skills and ability (KSA)		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	55	45.1	45.1	45.1
	Disagree	44	36.1	36.1	81.1
	I don't know	11	9.0	9.0	90.2
	Agree	11	9.0	9.0	99.2
	Strongly agree	1	.8	.8	100.0
	Total	122	100.0	100.0	Mean=1.84
My non-financial reward considers my knowledge skills and ability		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	70	57.4	57.4	57.4
	Disagree	42	34.4	34.4	91.8
	I don't know	10	8.2	8.2	100.0
	Total	122	100.0	100.0	Mean=1.51
The existing reward practice is sufficient to retain skilled and experienced employees.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	52	42.6	42.6	42.6
	Disagree	47	38.5	38.5	81.1
	I don't know	8	6.6	6.6	87.7
	Agree	14	11.5	11.5	99.2
	Strongly agree	1	.8	.8	100.0
	Total	122	100.0	100.0	Mean=1.89
I'm still in CBE because the reward practice is sufficient to stay in the organization.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	52	42.6	42.6	42.6
	Disagree	50	41.0	41.0	83.6
	I don't know	18	14.8	14.8	98.4
	Agree	2	1.6	1.6	100.0
	Total	122	100.0	100.0	Mean= 1.75

According to my information, there is low rate of employee turnover.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	46	37.7	37.7	37.7
	Disagree	56	45.9	45.9	83.6
	I don't know	6	4.9	4.9	88.5
	Agree	13	10.7	10.7	99.2
	Strongly agree	1	.8	.8	100.0
	Total	122	100.0	100.0	Mean=1.91

Source: Own survey, 2018

Organizations always should consider their financial reward to take in account the knowledge, skills and abilities of the employees. 99 out of 122 which cover 81.4% of the total respondents disagree and reflect their idea that their financial reward does not consider their knowledge, skills and abilities. Only 12 respondents having 9.8% of the total respondents agree that the financial reward considers their KSA. The rest of 11(9%) respondents have unaware of the issue at all. While the mean value of the respondents concludes that the financial reward does not consider the employee's knowledge, skills and abilities.

The non-financial rewards should also not be forgotten because health care, insurance and other non-financial rewards have significant effect employee's performance. 112 respondents which have 91.8% of the total respondents disagree that the non-financial reward of the organization does not consider the employee's knowledge skills and abilities. The rest of 10 employees have no idea about the issue at all. Finally, the mean value (1.51) also indicates that the majority of the respondents disagree with the idea.

Organizations must consider the reward practice that can potentially hold and retain skilled and experienced employees. 99 (81.1%) respondents out of 122 disagree that the organization reward practice could not hold and retain skilled and experienced employees in the organization. On the other hand, this means there are employees those who left the organization because of insufficient reward incomparable with their skill and experience. However, only 15(12.3%) respondents agree and the rest of 8 (6.6%) are unaware of the issue at all. The mean score of the respondents also indicate with a result of 1.89 that the existing reward practice could not retain experienced and skilled employees.

102 (83.6%) of the respondents disagree and declare their response that the reward practice is not the reason for them to stay in the organization. The real reasons might be other things but not the

reward practice. Only 2(1.6%) agree and say that they are in CBE because the reward practice is sufficient to stay in the organization. The rest of 18 respondents which have 14.8% share of the total samples have no idea about the issue. The mean score of 1.75 also indicates that the majority of the respondent's reason is not the reward practice of the organization.

This question is intended to get information about the turnover rate beside the data of the district and get directly from the employees. If there is low rate of employee's turnover, the reward practice would not be a factor here. But according to the respondent's reflection, 102(83.6%) of the total employees disagree and indicate that there is high rate of employee turnover. Only 14(11.5%) of the total respondents agree that there is low rate of employee's turnover. The rest of 6(4.9%) of the respondents have no idea about the issue. The mean score of 1.91 also indicates most of the respondents declare that there is high employee turnover.

How do employees perceive the existing performance evaluation system?

Table: 4.8 Respondents reflection on periodic employee's performance evaluation program in the organization.

There is periodic employee's performance evaluation program in the organization		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	2	1.6	1.6	1.6
	Disagree	8	6.6	6.6	8.2
	I don't know	15	12.3	12.3	20.5
	Agree	59	48.4	48.4	68.9
	Strongly agree	38	31.1	31.1	100.0
	Total	122	100.0	100.0	Mean=4.01
Job related contents are fairly included in the employee's performance evaluation form		Frequency	Percent	Valid Percent	Cumulative Percent
	Disagree	22	18.0	18.0	18.0
	I don't know	12	9.8	9.8	27.8
	Agree	45	36.9	36.9	64.7
	Strongly Agree	43	35.3	35.3	100.0
	Total	122	100.0	100.0	Mean= 3.84

I believe the performance evaluation report reflects my true performance		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	44	36.1	36.1	36.1
	Disagree	37	30.3	30.3	66.4
	I don't know	9	7.3	7.3	73.7
	Agree	17	13.9	13.9	87.7
	Strongly agree	15	12.4	12.4	100.0
	Total	122	100.0	100.0	Mean=2.01
The organization's employee's performance evaluation system is dependable.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	40	32.8	32.8	32.8
	Disagree	52	42.6	42.6	75.4
	I don't know	7	5.8	5.8	81.2
	Agree	13	10.6	10.6	91.8
	Strongly agree	10	8.2	8.2	100.0
	Total	122	100.0	100.0	Mean=1.82
There are clear standards to be called high performer		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	14	11.5	11.5	11.5
	Disagree	14	11.5	11.5	23.0
	I don't know	5	4.1	4.1	27.0
	Agree	48	39.3	39.3	66.4
	Strongly agree	41	33.6	33.6	100.0
	Total	122	100.0	100.0	Mean=3.72
Even if someone gets the highest performance evaluation score, s/he may not be entitled for additional pay		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	6	4.9	4.9	4.9
	Disagree	4	3.3	3.3	8.2
	I don't know	12	9.8	9.8	18.0
	Agree	60	49.2	49.2	67.2
	Strongly agree	40	32.8	32.8	100.0
	Total	122	100.0	100.0	Mean=4.02

Source: Own survey, 2018

In order to check whether employees are giving what is expected of them for their organization or to gain the necessary competitive advantage organizations need to conduct performance appraisal. Performance appraisal is one of the most important human resource practices and it is one part-but an important part of the larger system of performance management. When we come to the respondents' answer, 97(79.5%) of the respondents agree that there is a periodic employee's performance evaluation program in the organization. On the other hand, 10(8.2%) of the respondents disagree and the rest of 15 are unaware of the issue at all. But according to the mean value which shows 4.01, the majority of the respondents agree with the existence of the evaluation program.

As per Armstrong (2009) the criteria for reviewing performance should be balanced between achievements in relation to Objectives, the level of knowledge and skills possessed and applied (competences or technical competencies), behavior in the job as it affects performance(competencies), the degree to which behavior upholds the core values of the organization and day-to-day effectiveness. The criteria should not be limited to a few quantified objectives as has often been the case in traditional appraisal schemes. In many cases the most important consideration will be the job holders' day-to-day effectiveness in meeting the continuing performance standards associated with their key tasks. Returning to the respondents' answer, the majority 88(72.1%) of the respondents agree that the performance evaluation form contains job related contents. Although 22(18%) of the respondents disagree and the rest of 12(9.8%) respondents have no idea regarding the issue. Finally, the mean score of 3.84 indicates the majority of the respondents agree.

Realistic, measurable, clearly understood performance standards benefit both the organization and the employee. It is important to establish standards before the work is performed so that all involved will understand the level of accomplishment expected (Mathis and Jackson 1994). The respondent's response indicates that the majority 81(66.4%) of the respondents disagree that their true performance is not the one stated on the performance evaluation report. On the contrary, 32(26.2%) of the respondents agree that the performance evaluation report reflects their true performance. The rest of 9(7.2%) respondents does not have any idea about the issue at all. The mean value 2.01 also indicates that the majority of the respondents disagree with the issue.

The performance appraisal system in the organization must be dependable to the result of the performers. The result stated in the performance appraisal report and the actual result of the performers should not be varied. Which means the evaluation result must be derived directly from the actual performance of the employees. Returning to the respondent's response, the majority 92(75.4%) of the respondents disagree that the evaluation system is not based on the actual performance of the employees. However, 23(18.8%) of the respondents agree that the evaluation system is dependable to their performance. The rest of 7(5.8%) of the respondents are unaware of the issue. The mean score of 3.82 also indicate the majority of the respondents disagree.

performance standards should also be clear and objective enough to be understood and measured. A supervisor's expectations of employee work performance must be clear enough in her mind so that she will be able to, at some later date, communicate these expectations to her employees, mutually agree to specific job performance measures, and appraise their performance against these established standards (DeCenzo2010). According to the respondents answer, 89(72.9%) which cover the largest share agree that there are clear standards in the performance management system to be called a high performer. Although, 28(23%) of the respondents disagree with the issue and the rest of 5(4.1%) of the respondents have no idea at all. Finally, the mean score of 3.72 shows the majority of the respondents agree.

Organizations usually compare their employees and rank to identify the best performers. Then the best will get additional pay as a recognition and encouragement for other employees. Here the largest share 100(82%) of respondent's answer indicate that Even if someone gets the highest performance evaluation score, s/he is not entitled for additional pay. And only 10(8.2%) of the respondents agree and declare there is additional pay for best performers. The rest 12(9.8%) of the respondents are unaware of the issue at all. The score of 4.02 also indicates the majority of the respondents agree.

What are the need assessment programs that taken to identify the type of reward employees' need?

Table: 4.9 Respondents reflection on need assessment program in the organization on how to reward employees

There is need assessment program in the organization on how to reward employees		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	46	37.7	37.7	37.7
	Disagree	57	46.7	46.7	84.4
	I don't know	19	15.6	15.6	100.0
	total	122	100.0	100.0	Mean= 1.78
Employees have the chance to choose the way they like to be rewarded		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	41	33.6	33.6	33.6
	Disagree	67	54.9	54.9	88.5
	I don't know	14	11.5	11.5	100.0
	total	122	100.0	100.0	Mean= 1.78
I will be happier, if the organization consults me what I need most when I perform better.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	1	.8	.8	.8
	Disagree	3	2.5	2.5	3.3
	I don't know	18	14.8	14.8	18.0
	Agree	49	40.2	40.2	58.2
	Strongly agree	51	41.8	41.8	100.0
	Total	122	100.0	100.0	Mean=4.20
I like to be rewarded only direct financial rewards like salary increment and bonus when I perform better		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	6	4.9	4.9	4.9
	Disagree	5	4.1	4.1	9.0
	I don't know	21	17.2	17.2	26.2
	Agree	48	39.3	39.3	65.6
	Strongly agree	42	34.4	34.4	100.0
	Total	122	100.0	100.0	Mean=3.94

I like to be rewarded only indirect financial rewards like; education, medical, better housing loan package etc. when I perform better.		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	34	27.9	27.9	27.9
	Disagree	70	57.4	57.4	85.2
	I don't know	2	1.6	1.6	86.9
	Agree	13	10.7	10.7	97.5
	Strongly agree	3	2.5	2.5	100.0
	Total	122	100.0	100.0	Mean=2.02
I like to be rewarded only non-financial rewards when I perform better		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	48	39.3	39.3	39.3
	Disagree	60	49.2	49.2	88.5
	I don't know	14	11.5	11.5	100.0
	total	122	100.0	100.0	Mean= 1.78
I like to be rewarded appropriate mix of both financial and non-financial rewards when I perform better		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	28	23.0	23.0	23.0
	Disagree	24	19.6	19.6	42.6
	I don't know	10	8.2	8.2	50.8
	Agree	37	30.3	30.3	81.1
	Strongly agree	23	18.9	18.9	100.0
	Total	122	100.0	100.0	Mean=3.12

Source: Own survey, 2018

This question is intended to assess whether there is a need assessment program conducted in the organization to identify the employees need and take corrective action. However, 103(84.4%) of the respondent disagree that there is no program conducted for assessing the employees need. And 19(15.6%) of the respondents does not know issue at all. There is also no respondent who agree that there is need assessment program in the organization. The mean score of 1.78 also indicates that the majority of the respondents agree with the issue.

According to the respondents answer, the majority 103 of the respondents which cover 88.5% of the total, disagree and declare that there is no chance for employees to choose the way they like to be rewarded. The rest of 14(11.5%) of the respondents are unaware of the issue and no respondent

agree on the issue. The mean score of 1.77 indicates the majority of the respondents disagree that the organization does not let its employees to choose the way they like to be rewarded.

This question was intended to identify the respondent's opinion whether they will be happier or not, if the organization consults them what they need most when they perform better. The majority of the respondents having 100(82%) of the total, agree with the consultancy of the organization about their need when they perform better. However, only 4(3.3%) of the respondents refuse the consultancy of the organization. The rest of 18(14.8%) of the respondents are unaware of the issue. Finally, the mean value of 4.20 shows the majority of the respondents agree with the issue.

According to the respondents answer, the majority of the respondents agree that they like to be rewarded only direct financial rewards, for example, salary increment, bonus and the like when they perform better. However, 11(9%) of the respondents disagree on the rewarding of only direct financial rewards. The remaining 21(17.2%) of the respondents are unaware of the issue. The mean score of 3.94 also describes the majority of the respondents like to be rewarded only direct financial rewards.

104 of the total respondents which represent 85.2% of the total, disagree that they did not like to be rewarded only indirect financial rewards like; educational support, better medical coverage, better housing loan package etc. when they perform better. However, 16(13.2%) of the total respondents agree to be paid with only indirect financial rewards. The remaining 2(1.6%) of the respondents have no idea about the issue at all. The mean score also describes with the result of 2.02 that the majority of the respondents disagree.

According to the data gathered from the respondents 108 of them having 88.5% of the total sample disagree that they do not want to be rewarded only non-financial rewards such as recognition, special training, career development opportunity etc. when they perform better. The rest of 14(11.5%) of the respondents are unaware of the issue and nobody of the respondents agree to be paid only in non-financial rewards. The mean score of 1.78 also describe that the majority of the respondents are disagree.


Moderately the majority 60(49.2%) of the respondent's reflection indicate that when they perform better, they like to be rewarded appropriate mix of both financial and non-financial rewards. On the other hand, 52(42.6%) of the respondents disagree to be rewarded with the appropriate mix of reward. The remaining 10(8.2%) of the respondents are unaware of the issue. However, the mean result (3.12) indicated that majority of the respondents do not have knowledge about the issue.


CHAPTER FIVE


FINDINGS CONCLUSION AND RECOMMENDATION


In this chapter, major findings are going to be summarized and the subsequent conclusions are made. Based on the conclusion, recommendations are forwarded in relation to literatures reviewed to suggest the better reward practice for commercial bank of Ethiopia.

5.1. Summary of major findings

 The result of demographic information indicates that the respondents age category implies highest group of respondents 55 (45.10%) fall under the age category of 26 -30 which followed by 39 (32%) of 18-25, 15 (12.3%) of 31-35, 10 (8.2%) of 36-40 and 3 (2.5%) of 41-45. Which indicates the largest share of the respondents 94 (77.04%) are at productive stage of below 30. Summarizing the result, youngster employees has more probability to turnover regards to financial and other factors.

 Year of service in CBE shows the largest portion of the respondents 52 (42.6%) fall under the category of 4-6 years of work experience followed by 30 (24.6%) which fall in 1-3 years of experience, 28 (23%) less than a year, 10(8.2%) under 7-9 years and 2(1.6%) greater than 10 years of banking experience. This implies, 90.2% of the respondents work in the bank less than six years.

 The respondents answer about the types of reward practice implemented in CBE is that both financial and non-financial rewards are incorporated. Even though, they agree that the financial rewards are greater than non-financial ones, according to their response, the reward package is not competitive with other banks and there is also a communication problem about the reward package with employees. The employees are also not satisfied with the benefit they receive and the banks benefit package is not equitable. Even if they perform better than other employees, there is no positive recognition given for good performers.

 With regards to distributive justice, the employee's salary is not sufficient comparing to their performance and the salary increment is based on year of service rather than employee performance. The respondents answer implies that they would perform well if the bank make increment for best performers because they agree that fair and equitable reward practice enhances employee's performance. On the other hand, they agree that the bonus plan

encourages to perform better. Because they are certain that if they perform well the bonus will significantly increase.

✎ Coming to procedural justice, although it is not good enough, the bank has clear procedure on how to implement the reward policy and it is applied equally and consistently among employees. And if there is any violation of policy and procedures they know where to request. The respondents paid fairly enough compared with their staff members, however, the banks reward practice is not just and fair as well as works with equal values got volatile reward.

✎ The other major finding is the employees both financial and non-financial rewards do not consider their knowledge, skills and ability. In retaining skilled and experienced employees, the reward practice is not sufficient. They also declare that they are still in CBE not because of interesting reward rather lack of opportunity. They witnessed that in the past few years the employees turnover rate is increasing.

✎ The respondents agree on the existence of periodic employee's performance evaluation program and job related contents are fairly included. There are also clear standards to be called high performer, however the evaluation report does not reflect the employee's true performance and the evaluation report result varies from the real performance of employee's.

✎ Finally, the researcher found that there is no need assessment program taken how to reward employees and the bank doesn't let the employees to choose they like to be rewarded. But employee's wish if the bank consults them what they need when they perform better. If employee's got the chance to choose the way the like to be rewarded, most of them will choose direct financial rewards or, appropriate mix of both financial and non-financial rewards.

5.2. Conclusion

Based on the data presented in the previous chapter the following main conclusions are drawn.

The findings obtained confirmed that both financial and non-financial rewards are unwell designed, unsatisfactory and have negative effect on employee's performance. The items used to assess about the general reward practice of the organization revealed that employees of the organization are not happy and motivated with the reward practice. This is mainly because one type of reward, specifically financial reward, dominates the total reward practice. Besides, employees have felt that the reward practice is not competitive with other banks, not well communicated and it cannot differentiate between high and low performers

On the other hand, the employee's salary is not sufficient comparing to their performance and the salary increment is based on year of service rather than employee performance. They also agree that the bonus plan encourages to perform better. Because they are certain that if they perform well the bonus will significantly increase. The banks reward practice is not just and fair as well as works with equal values got volatile reward.

There is unfair reward practice that doesn't consider the employee's knowledge, skills and ability and the existing reward practice is unable to retain skilled and experienced employee's. if there is no amendment in the current reward practice' the remaining employees are also waiting their chance to leave the organization.

Even though, the organization conducts periodic employees' performance evaluation program, high scorers may not be rewarded based on their performance. This will develop negative perception among employees about performance evaluation program. They may ask why we are evaluated if we are not rewarded.

5.3 Recommendation

The following points are forwarded by the researcher as major areas that the bank should focus to correct the existing problems.

- ✎ The bank should redesign its reward policy in general and its salary scale and payment structure in particular based on the work load of employees, the inflation rate as well as market condition (industry scale). Because the highest influential factor for employee performance were financial reward in the bank. There must be an appropriate, clearly known and visible career path
- ✎ The employee's performance evaluation result should have some meaning to employees in terms of reward and promotion. Hence, the bank should devise a mechanism to attach rewards with performance.
- ✎ As much as possible, the organization should include both financial and non-financial rewards with appropriate mix. As indicated in the data presentation, the organization should work hard in order to answer the existing adverse feelings of employees.
- ✎ The findings of this study shows majority of employees are more concerned with financial rewards. Thus the bank should continually review and adjust the financial rewards given to its employees.

Finally, it is important to bear in mind factors such as the researcher's lack of prior experience in undertaking systematized research and our society's poor attitude in filling out questionnaires with due care and returning it in time that could have some impact on the study's result. Hence, the researcher suggests other scholars also to work in the area of reward which is one of interesting parts of HRM that is deeply rooted in every society.

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Appendices

APPENDIX -I
QUESTIONNAIRE

St. Mary's UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION

A questionnaire to be filled by employees

Dear Respondents,

I am a postgraduate student of St. Mary's university. I am currently undertaking a research thesis on financial and non-financial reward practices in commercial bank of Ethiopia. Please recall that you are selected as a possible participant because you are an employee of CBE. Your participation in the study is completely voluntary. The research work is for academic purpose only. Any information obtained in connection with this study will remain strictly confidential. Your honest and true opinion will be valuable for this research. Thank you in advance for your assistance.

Haileyesus Tamire

Email: *Haileytmr00@gmail.com*

Mobile: +251-912-24-77-65

Part 1: Demographic Information of the research

Instruction: Please fill the answer by putting “√” mark.

1. Gender: Male Female
2. Age in year: 18-25 26-30 31-35 36-40 41-45
>45
3. Year of service in CBE: < 1year 1-3yrs 4 - 6yrs 7-9yrs
>10Yrs
4. Marital Status: Single Married
5. Monthly gross salary in Birr: < 3500 3501-6000 6001-8500
8501-10500 10501-13500 >13500
6. Current position: Grade 7 Gr. 9 Gr. 10 Gr. 11 Gr.12& above

Part 2: Reward and Employee performance.

Using the scale given below, please tick √ the number in each phrase that best represents the extent to which you agree with the given phrase. Before you start, quickly read through the entire list to get a feel for how to rate. Remember there is no right or wrong answers, and your honest opinion is critical to the success of this study.

5 = “Strongly Agree”

4 = “Agree”

3 = “I don’t know”

2 = “Disagree”

1= “Strongly Disagree”

2.1 What type of reward practice is implemented in CBE?

No	Items	5	4	3	2	1
1	Both financial and non-financial reward types are incorporated in the total reward practice of the organization					
2	In organization’s total reward practice, financial rewards are greater than non-financial rewards					
3	The organization’s total reward package is competitive with other banks					
4	The organization clearly communicates its reward package to all employees					
5	I am satisfied with the benefits I receive					
6	The benefit package of the bank is equitable.					
7	I receive positive recognition for what I perform better					

2.2 How do employees perceive the procedural and distributive justice of the reward practice?

➤ distributive justice

No	Items	5	4	3	2	1
1	My salary is sufficient in relation to what I perform					
2	Salary increments are made based on employee performance.					
3	Salary increment made for high performer would encourage others to perform better.					
4	Fair and equitable reward practice enhances employee’s performance					
5	The bones plan encourages to perform better					
6	If I perform well, I am certain that amount of bonus increase.					

➤ **procedural justice**

No	Items	5	4	3	2	1
1	The organization has clear procedure on how to implement the reward policy					
2	Reward policies and procedures of the organization equally and consistently apply to all employees					
3	Employees of the organization know where to appeal when the reward policy and procedure are violated					
4	The organization's total reward practice is just and fair					
5	The organization's reward practice equally rewards for works with equal values					
6	I am rewarded fairly enough compared with my fellow employees					

2.3 To what extent did the reward practice enough to retain skilled and experienced employees?

No	Items	5	4	3	2	1
1	My financial reward considers my knowledge skills and ability (KSA)					
2	My non-financial reward considers my knowledge skills and ability					
3	The existing reward practice is sufficient to retain skilled and experienced employees.					
4	I'm still in CBE because the reward practice is sufficient to stay in the organization.					
5	According to my information, there is low rate of employee turnover.					

2.4 How do employees perceive the existing performance evaluation system?

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

2.5 What are the need assessment programs that taken to identify the type of reward employees' need?

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

THANK YOU FOR YOUR COOPERATION!

APPENDIX –II

Pre-research survey questionnaire

St. Mary's UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MASTERS OF BUSINESS ADMINISTRATION

This pre-research questionnaire is prepared by Haileyesus Tamire, who is Master of Business Administration student at St. Marry university. The purpose of this questionnaire is to gather data in order to ascertain the complain that raised in rumor is actually current issue among the employees of CBE. Please co-operate by filling the questionnaire, because your genuine, frank and on time response is vital for the success of my study. Besides, the data gathered by this questionnaire is purely for academic purpose and your response will be secured anonymously. Thus, I kindly request you to respond each item carefully.

Please fill the answer by putting “√” mark.

1. Gender: Male Female
2. Age in year: 18-25 26-30 31-35 36-40
41-45 >45
3. Marital Status: Single Married
4. Monthly gross salary in Birr 1000- 3500 3501-6000
6001-8500 8501-10500 10501-13500 >13500
5. Do you think the current reward practice is sufficient for employees in commercial bank of Ethiopia? Yes No
6. Do you think the current reward practice is comparable with other banks engaged in similar business? Yes No
7. Do you think the current reward practice is enough to sustain skilled employees?
Yes No
8. Do you think the current financial reward takes in to account the inflationary conditions?
Yes No
9. Do you think insurance, health care and other non-financial rewards are provided to the employees appropriately?
Yes No

10. Do you think no amendment on the current reward practice will have significant effect regarding employee turn-over in the organization?

Yes

No

APPENDIX –III

Reliability test

Questions	Case Processing Summary						Reliability Statistics		
	valid		Excluded		Total		Cronbach's Alpha	N of Items	
	N	%	N	%	N	%			
What type of reward practice is implemented in CBE?	122	100.0	0	0	122	100.0	.788	7	
How do employees perceive the procedural and distributive justice of the reward practice?	Procedural justice	122	100.0	0	0	122			100.0
	Distributive justice	122	100.0	0	0	122	100.0	.855	6
To what extent did the reward practice enough to retain skilled and experienced employees?	122	100.0	0	0	122	100.0	.757	5	
How do employees perceive the existing performance evaluation system?	122	100.0	0	0	122	100.0	.912	6	
What are the need assessment programs that taken to identify the type of reward employees' need?	122	100.0	0	0	122	100.0	.829	7	
Total	122	100.0	0	0	122	100.0	.832	37	

APPENDIX –IV

List of Selected Branch

The researcher selected the below listed branches of commercial bank of Ethiopia in order to conduct the study. The questionnaires are given to the following branches in accordance with their branch grade.

No	Branches	Grade	Samples	Remark
1	Keranyo	3	9	
2	Torhayloch	3	8	
3	Bethel	3	8	
4	Woyra	2	8	
5	Sefere eyor	2	8	
6	Kolfe	4	9	
7	mesalemiya	3	8	
8	18 mazoriya	4	9	
9	3 kutr mazoriya	3	8	
10	Mobil akababi	2	8	
11	Ayer tena	4	9	
12	Eyesus gedam	3	8	
13	Atena tera	4	9	
14	Aba gare	2	8	
15	Alem bank	4	9	
		Sum	125	