SCHOOL OF GRADUATE STUDIES

MASTER OF BUSINESS ADMINISTRATION (MBA)

THE EFFECT OF REWARD ON EMPLOYEE JOB PERFORMANCE: THE CASE OF COMMERCIAL BANK OF ETHIOPIA

BY

HAMDU ABABU

JULY, 2025

ETHIOPIA, ADDIS ABABA

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MBA.

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JULY, 2025

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Declaration

I hereby declare that this thesis entitled 'The Effect of Rewarding on Employee Job Performance: The Case of Commercial Bank of Ethiopia' is my original work, prepared under the guidance and support of my advisor, Professor Shewa Jemal. It has been carried out and submitted in partial fulfillment of the requirement for the Degree of master of Art in Business Administration to the institution /Department of Masters of Business Administrations St Mary's university I also would like to confirm that has not been previously submitted to any diploma or degree to any college or university as well as All sources of materials used in the study is duly acknowledged.

Hamdu Ababu ______________________

Researcher's Name Signature & Date

Endorsement

This thesis, The Effect of Rewarding on Employee Job Performance: The Case of Commercial Bank of Ethiopia, has been submitted to St. Mary's University, School of Graduate Studies, for examination with my approval as a university advisor.

SHEWA JEMAL (Assist.Prof) ___________________

Advisor Signature & Date

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE

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CERTIFICATION (APPROVED BY BOARD OF EXAMINERS)

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Acronyms and Abbreviations

CBE-- Commercial Bank of Ethiopia

FR--- Financial Reward

HR--- Human Resource

HRM--Human Resource Management

NFR--Non financial Reward

SPSS -- Statistical Package for Social Science

Abstract

The primary objective of the study was to analyze The Effect of Rewarding on Employee Job Performance: The Case of Commercial Bank of Ethiopia. To this purpose the researcher has studied the effect of reward on employee performance in CBE., The researcher used an explanatory research design and a quantitative approach. A 212 sample of the population was taken as part of the study. A total of 212 questionnaires were handled by the respondents, and 206 of them were completed and returned their questionnaires. The study's findings were presented in inferential and descriptive analyses, and the result of the descriptive statistics revealed that the impact of reward on employee job performance was significant. This suggests that Supervision, benefit, Promotion, working conditions, payment, recognition, and Working Content have a positive effect on employee job performance. In addition, the result of the multiple linear regression output signals thatone unit increase in Supervision, Benefit, Promotion, Working Condition, payment, recognition, and Working Content lead to an enhancement of the employee performance by 66.6%. From this, the researcher suggested that CBE should emphasize a reward system to enhance its Employee performance.

Keywords: - Employee Performance, Supervision, Benefit, Promotion, Working Conditions, payment, recognition, Working Content.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

In today's dynamic and fiercely competitive global market, organizations across all sectors, be it service-oriented or manufacturing-based, grapple with unprecedented challenges. These challenges encompass intense competition, the imperative of exceeding customer expectations, the relentless pursuit of cost-effectiveness, the delivery of high-quality and timely services, and the paramount importance of ensuring employee well-being. To thrive in this demanding environment, organizations worldwide have recognized the criticality of investing in their human capital. By implementing robust human capital strategies, organizations aim to cultivate a motivated and engaged workforce, foster job satisfaction, and ultimately unlock the full potential of their employees to drive exceptional performance, achieve organizational excellence, and ensure long-term sustainability (Nazir , 2015)).

The significance of employee performance cannot be overstated in the trajectory of an organization's growth and success. Recognizing this, forward-thinking organizations have embraced a paradigm shift, viewing their employees not merely as human resources but as invaluable assets, the very lifeblood of their operations. This shift in perspective underscores the profound impact that employee engagement, motivation, and productivity have on an organization's ability to innovate, adapt, and achieve its strategic objectives (Ong and Teh, 2012).

However, as evidenced by the 2018 Annual Report of the Commercial Bank of Ethiopia, critical aspects of employee engagement and motivation often remain neglected. The report highlights a concerning lack of emphasis on key factors such as employee motivation, meaningful participation in decision-making processes, opportunities for professional growth and development, effective communication and dissemination of the organization's vision and mission, and the empowerment of employees to effectively address challenges and contribute to problem-solving initiatives. This neglect of crucial human factors can have a detrimental impact on employee morale, productivity, and ultimately, the overall performance of the organization.

Addressing these critical gaps requires a proactive and holistic approach to human resource management. Organizations must prioritize initiatives that foster a positive and supportive work environment, empower employees through meaningful participation and decision-making, invest in their professional development through comprehensive training and mentorship programs, and cultivate a strong sense of purpose and belonging by effectively communicating the organization's vision and values. By nurturing a high-performing and engaged workforce, organizations can unlock their full potential, drive innovation, enhance competitiveness, and achieve sustainable success in today's dynamic and challenging business landscape.

1.2. Statement of the Problem

In the world today, most organizations have suffered the consequences of poor performance, low staff morale, and high employee turnover due to poor or lack of ineffective reward management programs (Kirunda, 2010). In developing countries, reward management is a factor that needs to be looked into. This is necessitated by the various murmurs, go slows and strikes that occurs occasionally owing to unequal remuneration packages compared to relevant others.

Various researches have been conducted on the effect of reward system in employees' job performance. According to Nazir, et.al (2015) revealed 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. They concluded that the management must pay attention to study specific indicators of financial rewards which can improve the satisfaction of their employees and improve their performance.

Tausif (2012) conducted a study on the influence of non-financial rewards on employee in educational sector of Pakistan. Structured questionnaire where employed to collect the data from employee job satisfaction or negative relationship with job satisfaction. The independent variable promotion, job enrichment and autonomy and its influence on dependent variable employee performance were his areas of study. The findings of the study reveals that employee performance is positively and considerably associated with non-financial rewards such as promotion, job enrichment and task autonomy. Danish & Usman (2010) studied revealed that financial rewards has significant effect on the performance of employee. Madhuri (2014) study stated 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.

Furthermore, a study conducted by Erratul et.al (2016) revealed that 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 rather than financial reward factors. Nyandema (2014) conducted in Kenyan deposit/ taking micro finance institution, career development management and coaching/mentoring is the greatest component of employee motivation, that good work environment is the most important component of employee motivation and increasing their job performance.

In Ethiopian context, there are various researches conducted on the subject matter, among the researches (Mahlet, 2011, Bhailu 2012, Tamene Hmariam, 2015, Tariku, 2016, Biruk, 2017 and Ermias, 2017) are prominent. According to Mahlet (2011) study conducted in Tikuranbessa and Alert hospitals, reward system (payment, promotion, reorganization, and benefits), work content and condition which positive and significance relationship with employee work motivation/ satisfaction. Tariku, (2016) described total reward accountable for all the ways in which people can be rewarded and obtain satisfaction through their work and increase their job performance.

As the study conducted in Oromia Cooperatives bank of Oromia by Tamene Hmariam (2015), and Biruk Abera (2016) in Dashen bank found that there is positive and significant relationship between rewards (payment, recognition, work content, working condition, supervision, personal feelings, general feelings and work motivation except in the case of benefit as one of the reward elements having insignificant relationship. A study conducted by Ermias (2017) indicated that there was a significant relationship between reward system and employee performance in general and financial and non-financial rewards in particular.

With these understandings, various researches have been conducted in the world as well as in Ethiopia contexts and most of them concentrated on the private banking sector, by ignoring Commercial Bank of Ethiopia, owned by government. It indicates that further attention should be given to the government bank in the specific subject matter. Secondly, most of the previous studies mostly focus on the effect of reward system on the performance of organization, job satisfaction, examined on the relationship between reward system and employee motivation. But this study mainly focusses on the effect of reward system on the employees' job performance. Thirdly, from the researcher knowledge there is no study conducted in Commercial Bank of Ethiopia. Fourthly, there is inconsistency of finding result on the study conducted by the effect of reward system on the job performance.

As result, this study was conducted to observe the effect of reward management on employee job performance. Today, an organization's result is highly dependent on the employee's job performance. Furthermore, it helps organizations to manage their reward management effectively to improve organizational performance. This research is significantly be increasing the understanding and importance of reward management. Its implementation increases the organizational employees' job performance. Therefore, it is evident that the finding of the result fills an empirical gap on the effect of reward systems on employee job performance in the public sector, particularly the Commercial Bank of Ethiopia, and try to give recommendations and suggestions to the agency.

1.3 Research Questions

The study tried to answer the following research questions:

1. To what extent does reward affect employee job performance in CBE?
2. What is the relationship between reward and employee job performance, CBE?
3. How does reward affect employee job performance, CBE?
4. What are the current reading practies of CBE?

1.4 Objectives of the study

1.4.1 General Objectives

The general objective of the study was to assess the effect of reward on employee job performance the case of Commercial Bank of Ethiopia.

1.4.2 Specific Objectives

The specific objectives of this study were:

1. To assess the extent to which reward influences employee job performance (CBE).
2. To examine the relationship between reward and employee job performance within the context of CBE.
3. To analyze how reward mechanisms impact employee job performance in CBE.

4. To evaluate the current reward practices employed in (CBE).

1.5. Significance of the Study

The study has the following significance. In view of the study objectives, findings of this study have some practical relevance. First, is to get Course grade as the instructor commanded second to understanding of the appropriate research steeps. Third, this research proposal is may be The reference for others researchers and student who went to on about the case and this study help Commercial Bank of Ethiopia management to reflect more on the purpose and benefits of rewarding employees in line with work performance. Finally, the findings of this research add to the body of knowledge in the field of reward systems in Commercial Bank of Ethiopia on their suitability and adequacy of reward packages to be introduced to lift employees 'motivation and performance.

1.6. Scope of the study

Due to consideration of resources and budget, the study was delimited into theme, sampling frame, geographical area, and time frame. Considering with theme, the study mainly focuses on the effect of financial and non-financial reward systems on employees' job performance. Regarding with geographical, the study was conducted in Addis Ababa, particularly at the Commercial Bank of Ethiopia's head office. The time frame of the study is from October 2024 to April 2025. Conceptually, the study tries to create a link between the reward system which is applied by the Commercial Bank of Ethiopia and its effect on their performance.

1.7 Limitation of the Study

The study does not include all branches of CBE found in other regions of the country. The reason is, it is difficult and unmanageable from the broad, time, money, and experience constraints point of view. So, this study was limited only to the CBE head office. Therefore, the study did not reflect the overall picture of the impact found in other regions of the organization.

1.8 Organization of the Study

The study is organized as follows: Chapter one deals with the background of the study, the research problem, research objectives, and the research questions. Scope of the study, significance of the study, limitation of the study, and organization of the study are also to be dealt with under the chapter. Chapter two contains a review of the literature on reword and employee performance in detail. Chapter three describes the research methodology and design that was used in this study. Chapter four presented data presentation, analyses and interpretation. Chapter five present summary of finding, conclusions, recommendations anz/d further forward direction.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Framework

2.1.1. Concept of Reward System

Reward is the benefits that arise from performing a task, rendering a service or dis-charging a responsibility." (Colin Pitts, 2012) Pay is the most significant and motivating benefit that is received in return for performing a task or service. It is pay that motivates individuals to go out and seek work. Pay is also one of the few ways to set a mutually acceptable common value to the individual's work contribution. Pay can also be a powerful demotivate, if employees are not satisfied with the reward package, it was hard for the company to recruit and retain good individuals (Armstrong. 2010). There are various things to think about before making decisions about what kind of payment system is most appropriate for an organization. Managers should start by asking what objectives they are seeking to achieve.

There is no one payments system that can achieve all the above-mentioned features for all employees in an organization. Managers are required to weigh up the advantages and disadvantages of each payment system and decide where to put the emphasis on (Torrington, et.al,2009).Armstrong & Murlis (2012) stated that reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. Besides, according to them reward Management deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance. The strategic aim of reward management is to develop and implement the reward policies, processes and practices required to support the achievement of the organization's business goals. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees (Armstrong, 2010). The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility.

A Reward system deals with all about strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals (Armstrong & Stephens, 2009).

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The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies (Armstrong & Brown, 2011).

The benefits of a total reward system are described by Armstrong and Brown, 2011:

- Greater impact – when different types of rewards are combined, they will have a deep and long-lasting effect on the motivation, commitment and engagement of employees.

- Enhancing the employment relationship total reward appeals more to employees due to the fact that it makes the maximum use of relational as well as transnational rewards.

- Enhancing cost-effectiveness because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages.

- Flexibility to meet individual needs: due to the variety of rewards, the total re-ward is able to answer the individual needs of the employees and hence bind them more strongly to the organization.

- Winning the war for talent: because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract and retain talented employees by differentiating their recruitment process and hence becoming “a great place to work.”

The purpose of reward management according to (Armstrong, 2011), includes attracting and retaining good employee, reducing absenteeism, motivating enhanced performance, developing employee skills, facilitating organizational culture and strategic objectives, and defining and reinforcing organizational structure. Among these, the idea of having or attracting and retaining good employee worth further enlightenment as many of the competitive advantage of firms in today’s dynamic business environment lies more on having good pool of human resources than technology, good system in place and other production tools .

The main purpose of reward is to attract the right people and provide interest to motivate by some types of rewards, so that employees are dedicated to maintain high level of performances. Other purpose of reward is acknowledging individuals for their contribution and performances moreover should foster loyalty and pride in so that employee want to stay and strive to do their best (Rose, 2014).

Reward management is based on a well-articulated philosophy a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that if human resource is about investing in human capital from which a reasonable return is required, then it is proper to reward people deferentially according to their contribution (Armstrong, 2010).

Reward systems are also categorized according to organizational practices on reward distribution and the attitudes and preferences of employees on how rewards are distributed, that means, individual rewarding versus group or organizational rewarding (Certo, 2016).This classification is more related to the procedures and practices of rewards in relation with the justice, equity and fairness of reward distribution among employees. Moreover, it is also directly connected to the criteria (organizational culture) used in rewarding depending on performance of individuals or groups against reward distribution according to qualification, tenure or behaviors in work area (Certo, 2016).

All reward systems within agreed budget, have three main objectives. First, rewards should market competitive in order to attract and retain qualified and competent individuals. Second, rewards should be designed to improve performance or productivity while controlling labor costs, nonetheless, what motivates each individual and the relationship between performance and people behavior to perform, is more complex than expected and finally, rewards should comply to regulatory and judiciary procedures (Christina & Gursoy, 2009).

According to Armstrong (2010) reward policies provide guide lines for the implementation of reward strategies and design and management of reward processes. They were influenced strongly by the guiding principles and reward philosophy of the organization. The reward policy was concerned with, the level of rewards, the relative importance attached to market rates and equity, attraction and retention of employees, the match between rewards and business performance, total reward policy, the need to communicate reward policies to employees and managers.

Reward practice consists of the grade and pay structures, techniques such as job evaluation, and schemes such as contingent pay used to implement reward strategy and policy. For example, the policy on pay levels will lead to the practice of collecting and analyzing market rate data, and making pay adjustments that reflect market rate of increase. The reward philosophy advocates that if human resource management (HRM) is about investing in human capital from which a reasonable return is required, then, it is proper to reward people deferentially according to their contribution (Armstrong, 2010). The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy. According to Milkovich, et al, (2009), reward strategy should be assessed from the aspect of its objective, alignment with the business strategy, competitiveness both internally and externally, its contribution, and transparency and openness.

2.1.2 Categories of Reward Systems

Reward systems are the outcomes of reward management system that are actual reward practices in place in organizations. Usually, reward systems are classified into two major classes: financial and non-financial reward systems. Several authors have different nomenclatures to the term rewards such that some call it compensation or total compensation, total remuneration, incentives, benefits others say total reward, all rewards, value proposition still others use total value, total pay system…but, usually they agree on that their meaning is rewards. Similarly, in the categorization of reward systems several terms and vocabularies are used. Terms such as extrinsic vs. intrinsic, tangible versus intangible, financial against non-financial, monetary with non-monetary, transnational versus relational…etc. are used in the literature although conceptually mean similar (Armstrong, 2007)

2.1.2.1 Financial and Non-Financial Rewards

2.1.2.1.1Financial Reward

Financial rewards, usually known as compensation packages, have two divisions; (1) direct pay and (2) indirect pay or benefits the direct pays include base pay, base pay add on (overtime, shift premium and allowances) and contingent or performance pays (bonuses, merit and incentive pays). Base Pay or Salary is the fixed wage an employee receives as per the position or grade of the job and this pay considers only the job title. This pay has an advantage due to objectivity and impersonal but it ignores the individual’s performance, characteristics and behaviors in the job. Contingent/Variable pay also known as performance or result based pay is a financial reward given to employees according to their performances, contributions, competence, behaviors and skills developed in the job. Contingent pays given as bonuses in cash that could be consolidated to base salaries or awarded alone and its timing might vary or could be expected or unexpected by employees depending on rewarding system of organizations. For example, incentive scheme is money tied with performance of employees that is communicated before and during performance while merit pay is award for past outstanding performance, behaviors, skills, tenures, and it is not communicated (Cartwright, 2010).

Indirect pays or Benefits are non-cash services or benefits awarded to employees in which, some are legal obligations of employers whereas others are awarded for employees' well being at the discretion of employers besides, benefits are provided as a commitment and retention means or as performance dependent or merit awards. Benefits are costly part of the remuneration systems that can amount a third of base pays and need careful planning and management. Commonly, benefits can be divided into three major employee benefit systems as personal security, financial assistance and personal needs. Personal security benefits include (1) health care insurance covering cost of permanent health insurance or periodic screening oriental insurance; (2) insurance services (3) cover cost in death occurrences, accident or travel insurance; (4) sick pay full or proportional payment for the period of sickness and after;(5) redundancy pay paid to workers who lost their job as compensation; and (6) personal pension- employers cover some percentage of base pay for continuation of payment after retire, death or leaving of job. Financial assistance is a monetary benefit paid indirectly to employees as low or interest free loans and it includes company loans, season ticket loans mortgage assistance, relocation packages fees to professional bodies and so on. Personal needs are benefits that are improve employees" social life and wellbeing so that personal matters does not interfere with their work life and these benefits attract, retain and commit in the organization. These personal needs include maternity, paternity and personal reasons leaves with better pays; providing day-care services in work place; company discounts that enable employees to use company's outputs with lower prices; retail coupons used for shopping in big stores, counseling services for personal assistance and preparation of employees on before retirement and communal gatherings on social and sports gatherings (Bratton & Gold, 2011).

2.1.2.1.2. Non-Financial Reward

Non-financial or Intrinsic Rewards are those that does not involve money awards and mostly come from the work itself. According to Armstrong (2007), non-financial rewards are termed as relational or intangible rewards and they are classified into two major areas as Learning and development and Work environment and they operate in continuum of intrinsic rewards from individual towards group rewarding respectively. Learning and development is one part of the intangible rewards, in which employees get the opportunity to learn and grow their skill and it consists of workplace learning and development, training, performance management and career development.

Reward package is one of the basic motivating packages that enhances the psychological contracts between managers and their staff through techniques and communication. Career development can be used as rewarding technique by supporting those employees strive to grow their career and it is also used for management of talented employees needed for specialized tasks in the organization (Armstrong, 2010) Supportive Work environment is one of the major drives that enhance employees' wellbeing, satisfaction and commitment, and it comprises many variables considered as enhancing Employee's motivation. The variables of work environment include core values of the organization, leadership, employee voice, recognition, achievement, job design and role development, quality of working life, work-life balance and talent management. Organizations with substantial core values (e.g. people are our main assets) have rewarding work environment and studies show that employees' positive attitude towards HR policies and practices, predict effective operational performance (Bratton & Gold, 2011).

Quality of work life refers to optimally organizing, facilitating and designing of work environment so that employees‟ wellbeing and safety is secured. Acquiring such work environment is a part of the intrinsic rewards to employees that makes them feel safe and enjoy doing their job without burnout. Work-life balance is a means by which organizations create a flexible working schedule, which harmonizes employees on, and out of job life activities and it has rewarding effect on employees. Talent management is not only a process used to attract, retain and commit employees to organizations but also used as a means to identify and developing of workers with talents and special abilities. As a result, organizations, which efficiently strive on talent management, are considered rewarding by their employees (Armstrong, 2010).

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2.1.3 Factors that Affect Reward Systems

Rewards policy and practice are influenced by several factors like internal, environmental or contextual and conceptual factors. The internal factors, which affect reward systems of an organization are the purpose, products and services, processes, sector (public or private) and most importantly the culture of the organization, which is influenced by all other characteristics. Organizational cultures are collective values, norms, attitudes and assumptions that guide people in the firm. Thus, employees that align with the organizational values positively contribute to the organization's goals whereas those against it create different barriers to achieve the goals. In regarding to reward systems, the set of values in an organization are most important in a way that whether these values are acknowledged to all members of the organization or only to high level management members. In the previous case, the organizational culture considers the values, needs and satisfaction of its members, so that employees are well informed and participate in reward system policy and implantation processes. However, in the latter case, employees are ignored about the organization's core values so that this might hamper the achievement of organizational goals (Maurer, 2010).

The external factors that interfere with reward systems policies and practices are globalization, employment and demographic trends, governmental and Job unions intervention. Globalization mean, in which expatriates are privileged in rewards than the local employees. Employment trends and demographic trends are issues related with the rewarding differences among job structures and qualifications, rates of pay in the market-highly competitive labor markets also affects rewarding from basic wages up to benefits and incentives- whereas, governmental and Job unions intervention are in ways they try to set standards on rewarding systems…etc. (Harrington & Ladge, 2009). Conceptual factors that influence in the implementation of reward systems are pay levels mostly dependent on economic theories, motivation and job satisfaction. Either the reward objective is unilaterally to increase productivity or aims to satisfy employees, engagement and commitment. Reward needs in order to engage employees and organizations‟ commitment towards its employees while psychological contracts related to employee’s belief systems, that is, what is expected from the employees in their job and what they expect from their employers and vice versa (Khan, and Farooq, 2010).

2.1.4. Effects of Reward

Reward has multidimensional effect on the general effectiveness of a company through such as attraction and retention of employees, motivation of performance, motivation of skill development and driving changes (Torrington et al, (2009)

Attracting staff: the reward package on offer must be sufficiently attractive to that of an Organization’s labor market competitors to ensure that it is able to secure the services of the staff it needs. The more attractive the package, the more applications was received from potential employees and the more choice the organization will have when filling its vacancies. Similarly, Wills (2010) confirmed the idea as reward is the most critical issue when it comes to attracting and keeping talent. Attractive packages allow the appointment of high caliber people and often mean that organizations are bale to fill vacancies more quickly than is the case with reward offering which is either unattractive or poorly communicated.

- Retaining staff: the costs associated with recruiting and developing people, as well as the growing significance of specialist organizational knowledge in creating value and maintaining competitive advantage, mean that retaining effective performers is a central aim of reward strategy in many organizations, particularly those competing in knowledge intensive industries where highly qualified people are in short supply. This requires strategic aspects of reward package that is attractive enough to prevent people from becoming dissatisfied and looking elsewhere for career development opportunities. Flynn (1998), also added reward and recognition program keep high spirit up and improve the retaining capacity of companies (Terrington et,al, 2009).

- Motivating staff: reward play a vital role in determining the significant performance in job and most commonly, it is positively associated with the process of motivation (Danish & Usman, 2012). Aside from helping to ensure that effective performers are recruited and retained, in more general terms it is necessary that reward package should serves to motivate positively and does not demotivate. Occupational psychologists many of whom accept that the power of monetary reward to motivate is very limited, at least over the longer term, have long debated the question of the extent to which money ever can positively motivate. What is not in doubt, however, is the very considerable power of poorly designed or implemented reward practices demotivate, particularly when they are perceived by staff to be inequitable in some shape or form.

- Driving change: pay can be used specifically as one of a range of tools underpinning change management processes. The approach used is to ties base pay, bonuses or promotion to the development of new behaviors, attitudes or skills gained by employees. Pay works far more effectively than simple exhortation because it provides a material incentive to those whose natural inclination is to resist change. It also sends out a powerful message to employee indicating the seriousness of the employer's intentions as regards proposed or ongoing changes (Torrington et al., 2009).

2.1.4.1. Pay System and Employee Performance

According to Abdul H. (2014) pay System are basic rate systems, where the worker receives a fixed rate per hour/week/month with no additional payment There are systems related in whole or part to individual or group performance or profit. There are systems based in part on the worker gaining and using additional skills or competencies Pay systems provide the bases on which an organization rewards worker for their individual contribution, skill and performance. Pay structures are different they are used to determine specific pay rates for particular jobs, usually based on the nature of the job, its content and requirements. A pay structure provides the framework within which the organization places the pay rates for its various jobs or groups of jobs. Pay systems fall into two main categories: those where pay does not vary in relation to achievements or performance, (basic rate systems), and those where pay, or part pay, does vary in relation to results/profits/performance (Beer & Cannon, 2004).

Why have different types of pay systems?

- Basic rate schemes, while clear, may not offer incentives for increased or improved performance or quality, nor for recruitment and retention of workers
- Incentive schemes may be individual or group based, short or long term
- Productivity or efficiency gains may be required if a scheme is to be 'self-financing'
- Organizations may use a combination of systems to meet their particular requirements
- Basic rate schemes

Basic rate schemes tend to be job-based (i.e. the rate for the job). A grading structure may be developed through a job evaluation scheme which is used to put jobs into an appropriate grade or band in the organization. Pay increases may then depend on moving up a scale, skill development, promotion to another grade, or a general updating of pay levels.

- Incentive schemes

According to (Beer & Cannon, 2004) Incentive schemes may be short- or long-term. Schemes based on individual performance, such as weekly or monthly production bonuses or commission on sales, generally offer a short-term incentive. Longer-term schemes such as profit sharing and share option schemes may not provide as much incentive to individual workers as schemes based on personal performance. They can, however, help to generate in workers a long-term interest in the success of the organization.

Pay is not the only factor that might produces enhanced performance. As well as the job-related factors mentioned earlier, additional payments, non- contributory pension schemes, and non-cash benefits such as cars, life insurance, and assistance towards child care (eg workplace nurseries/crèches) may all play a part. Nevertheless, the prospect of higher pay for increased output/quality often provides an incentive and many schemes are introduced in the clear expectation that performance will thereby be improved. Increases in pay are often linked to productivity or 'self-financing' pay schemes, especially where organizations have no 'new' money to put into the pay rates. In such systems the results of increases in productivity and efficiency can be shared between the employer and workers to their mutual benefit. There is an increasing trend for organizations to build a quality factor into incentive scheme calculations, offering additional payments for reductions in waste, better quality goods or services and increased customer satisfaction.

Productivity and efficiency schemes can be based on individual, group or organization performance dependent upon the needs of the organization and the availability of suitable performance measures. Organizations often use a combination of systems to provide greater flexibility in the pay package to address particular needs. For instance, they may have a basic rate for the job, with a top-up increase that is self-financing, and an element for individual performance. To sum up the both financial and non-financial reward system in previous time adopted in the study conducted organization. As per of the organization report in (2018), the organization adopted good basic salary rate schemes-based job design. The different salary scheme/ grading structure developed in the organization through a job evaluation scheme which is used to put jobs into an appropriate grade or band in the organization. The payment system motivates employees in the organization leads moving up a scale, skill development, promotion to another grade, or a general updating of pay levels. Considering with the above, the study will investigate the effect of payment on employee's performance.

2.1.4.2. Benefits and Employees Performance

The various benefits given to employees in addition to their salary/wage. Such benefits are those monetary and non-monetary benefits given to the employees during and post-employment period which are connected with employment but not to the employee's contribution to the organization. They are also known by the name fringe benefits. Authors like Cascio (2003), claim that fringe benefits cover bonus, social security measures, retirement benefits like provident fund, gratuity, pension workmen's compensation, housing medical, canteen, Co-operative credit, consumer stores educational facilities, recreational facilities financial advice and so on. Employee benefit is one of powerful motivator factors and it is element of remuneration given in addition to the various forms of cash pay. They also include items such as annual holidays, pension sick leave insurance cover, company cars, home, and transportation (Armstrong & Murlis, 2005). It also considering, market stance is that internal rate of pay and compare with market rates.

2.1.4.3. Promotion and Employee Performance

The term promotion in the context of the workplace can be seen most simply as the sequence of work experiences an employee may have over time. Work experiences may involve moving from one job to another, but also the changing nature of work within a single job and the experience of working on different projects. The quality of this process significantly determines the nature and quality of individuals, lives: the kind of people they become, the sense of purpose they have, the income at their disposal. It also determines the social and economic contribution they make to the communities and societies of which they are part.

Career development holds out the possibility of growing critical skills within the organization, which are often not available on the external labor market; of improved deployment of people in jobs where their talents are well used; of an improved ability to attract good people and possibly retain them; and of improved flexibility in the workforce and therefore the ability to respond to business change.By attending employees as people, the nature of the employment relationship shifts to one of higher engagement and higher performance. “Talent management” is high on the agenda of large organizations and tends to focus on very senior people and those with the potential for such roles. Career development is embraced more enthusiastically here, and individuals often receive considerable personal career attention (Robbins, et al., 2009).

- Career advancement normally entails a clearly marked path of progression through the ranks of an organization. It is based on merit without regard for race, gender, age or ethnicity.

- Deserving cases become eligible for advancement. When employees get to know that each one of them has an equal chance of succeeding, it becomes easy for them to put in their best.

Smit, et al, (2007) agree and note that the prospect of career advancement might in itself motivate employees to work hard. Mullins,(2007) also confirm that employees aspire to progress steadily in organizations for which they work. Under common belief, career advancement would involve the existence of alternative career paths based on the individual employee’s and organizational needs. As (Redman T., 2004) point out lack of advancement, for any reason may damage a manager’s chance to ascending the ranks within an organization.

Career advancement is significant to this study and employees involved as it presents them with the opportunity for long term success, higher pay, job security and job satisfaction. A commitment to career advancement will enable steps toward achieving a better motivated workforce and a high performing organization. It also presents employees with opportunities to further their education and undergo training, thus strengthening employees" skill sets to receive consideration for a promotion and advance their career.

2.1.4.4. Recognition and Employee Performance

According to Fred L. (2011), although money receives the most attention as a reinforce and incentive motivator, and is even equated with reward systems by practicing managers, there is increasing evidence that contingently administered recognition can be a powerful reinforce to increase employee performance.

Recognition is the identification or acknowledgement given for something or it can be defined as communication between management and employees which rewards them for reaching specific goals or producing high quality results in the workplace. Recognizing or honoring employees for high level of service is meant to encourage repeat actions, through reinforcing the behavior to see repeated. Recognition considered as one of the most powerful motivators. The recognition processes in an organization can be integrated with financial rewards through performance management and pay-for performance schemes. The importance of recognition can be defined as a key part of the value set of the organization and this would be reinforced by education, training and performance management.

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

2.1.4.5. Working Condition and Employee Performance

Lekha P., & Dr. R. Magesh, (2016) defines working environment as an entirely which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Working environment is the sum of the interrelationship that exists within the employees and the environment in which the employees work Lekha P., & Dr. R. Magesh, (2016) defines working environment is a composite of three major sub-environments: the technical environment, the human environment and the organizational environment. Technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements.

2.1.4.6. Supervision and Employee Performance

Supportive management provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service. Supervisor is also known as a person with an experience leader, a person who can solve problem and also the role model at the first level of organizational management (Nijman, 2004). Therefore, as an experience leader, the supervisors had always being involved in conducting a training program.

The training program that is being conducted are such as establishing the objectives, selecting the trainer, developing a lesson plans, selecting the program method and techniques that is being used, preparing the materials, scheduling the program and also conduct a training needs analysis (Elangovan & Karakowsky 1999). Rabey, (2007) stated that, a supervisor could be a trainer to the employees, as the trainer will assist the employees in getting their job done by guiding employees on the operational process especially when it comes to a new operational procedure. In order to gain the employees performance, both party in between the employees and supervisor needs to play their part which is to commit with the relationship. If full commitment is given, it will leads to positive result to the performance from the employees (Redman and Wilkinson, 2005).

Supervision is to direct and guide as to enlighten the employees' performance. Supervision also helps in order to support the employee's performance.

2.1.4.7. Work Content and Employees Performance

An attractive and supportive working content provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service. In order to gain the employees performance, both party in between the employees and supervisor needs to play their part which is to commit with the relationship. If full commitment is given, it will leads to positive result to the performance from the employees (Blau, 1964). He also stated that based on the results of military analysis, job aid saved money without jeopardizing employees work performance. There are three ways to increase performance based on the job aid (Cavanaugh, 2004).

- Physical Work Environment

Physical working environment can result a person to fit or misfit to the environment of the workplace. A physical work environment can also be known as an ergonomic workplace. Researches on the workplace environment need to be done in order to get an ergonomic workplace for every each of the employees. By having this ergonomic physical workplace at their workplace, it will help employees from not getting the nerve injury (Cooper & Dewe, 2004). Further, Amir (2010) mentions elements that related to the working environment. There are two main elements which are the office layout plan and also the office comfort. Amir (2010) also stated that a physical workplace is an area in an organization that is being arranged so that the goal of the organization could be achieve.

- Workplace Incentives

The organization determines what motivates its employees and sets up formal and informal structures for rewarding employees behaving in the way required. Rewards may consist of a mix of internal rewards, such as challenging assignments, and external rewards, such as higher compensation and peer recognition (Chandrasekar, 2011) Performance of professional employees is poor not only due to working environment factors but also due to lack of human resource management aspect such as recognition of employees who performs well, poor working condition, absence of performance appraisal system and poor feedback on performance outcome. Therefore, significant changes in promotions, compensation and benefits helps in keeping employees satisfied and in turn increases production.

2.2 Empirical 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 (Pınar 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, 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.

Tausif (2012) conducted a study on the influence of non-financial rewards on employee in educational sector of Pakistan. Structured questionnaire were employed to collect the data from the selected respondents. The researcher developed two competing hypothesis on the relationship between non-financial rewards and employee performance. In the study t test, regression and correlation to test hypothesis, whether non-financial rewards have positive relationship with employee job satisfaction or negative relationship with job satisfaction.

The independent variable promotion, job enrichment and autonomy and its influence on dependent variable employee performance were his areas of study. The findings of the study reveal that employee performance is positively and considerably associated with non-financial rewards such as promotion, job enrichment and task autonomy. A study conducted by Payam,et.al.(2013) attempts to review various variables in term of relationships between rewards, job satisfaction, and employee performance. In the study, two types of reward were identified, and they were financial reward and non- financial reward. The finding showed that reward can affect job satisfaction and thereby employee performance. Finally, the study proposes a new framework based on mediating role of job satisfaction.

2.3. Conceptual Framework and Hypothesis of the Study

This study delves into the intricate relationship between reward systems and employee job performance within organizations. The core premise of this investigation revolves around the widely acknowledged understanding that effectively designed and implemented reward systems play a pivotal role in motivating employees and driving desired organizational outcomes. A robust reward system, encompassing a comprehensive array of intrinsic and extrinsic motivators, is hypothesized to have a significant and positive influence on employee engagement, effort, and ultimately, their overall job performance. This study aims to empirically examine this crucial link, exploring the various dimensions of reward systems, such as financial incentives, non-financial recognition, career development opportunities, and work-life balance initiatives, and their potential impact on key performance indicators, including productivity, quality of work, customer satisfaction, and employee retention.

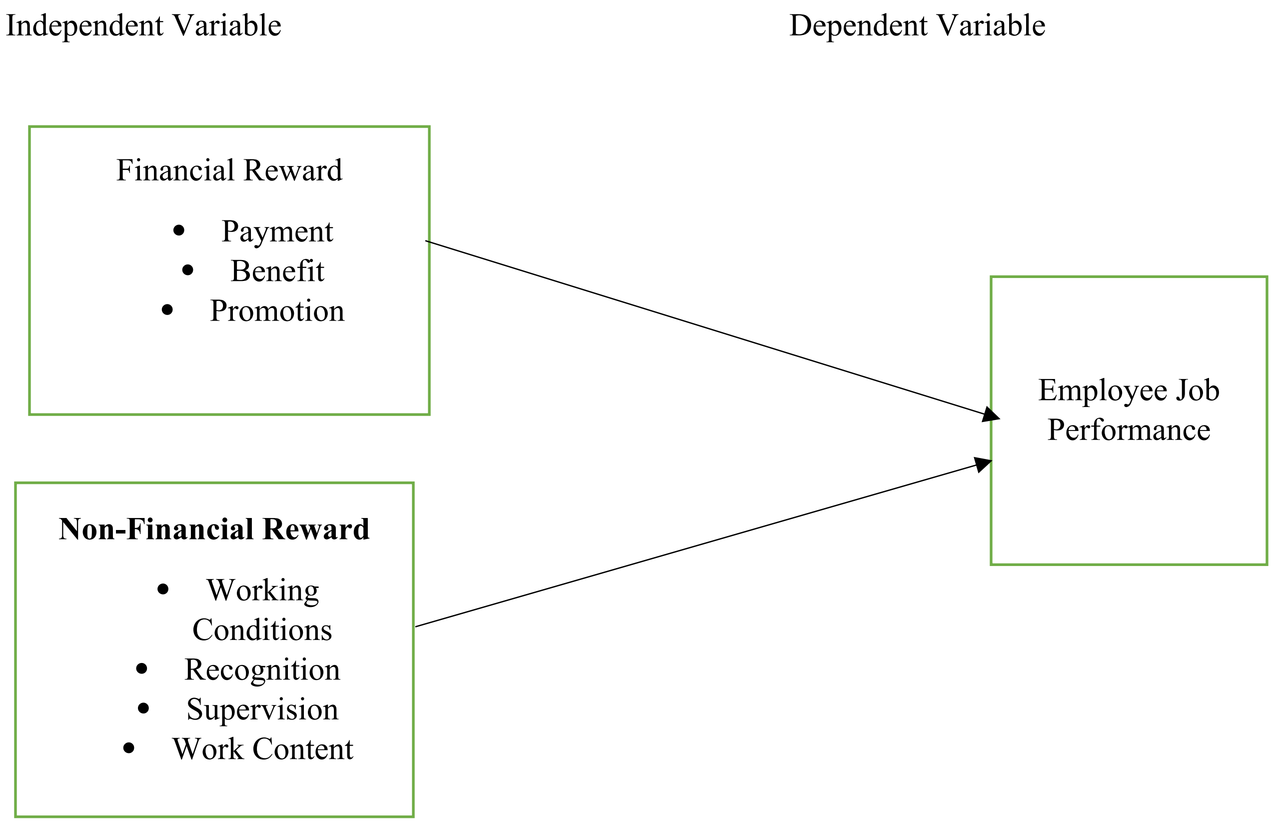

Figure 2.1. Conceptual Framework of the Study

Sources: Review of related literature

2.4 Hypothesis

H1: Payment has a positive and significant effect on employee performance

H2: Benefits have a positive and significant effect on employee performance

H3: Promotion has a positive and significant effect on employee performance

H4: Working Conditions have a positive and significant effect on employee performance

H5: Recognition has a positive and significant effect on employee performance

H6: Supervision has a positive and significant effect on employee performance

H7: Work Content has a positive and significant effect on employee performance

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This study employed an explanatory research design and research constitutes the blueprint for a research study, outlining the procedures and techniques that were used to collect and analyze data. It serves as the roadmap that guides the entire research process, ensuring that the study is conducted in a systematic, rigorous, and efficient manner. According to Creswell (2009), explanatory research designs are particularly valuable when the primary objective is to understand the causal relationships between variables. In this study, the explanatory design was instrumental in examining the relationship between the independent variables (components of the reward system) and the dependent variable (employee job performance).

Specifically, it enables the researcher to investigate the extent to which variations in different aspects of the reward system, such as financial incentives, non-financial recognition, and career development opportunities, influence employee performance outcomes, such as productivity, quality of work, and employee retention Croswell, 2009). By utilizing this design, the researcher was able to collect data on the perceptions and experiences of employees regarding the reward system and their job performance, allowing for a deeper understanding of the factors that drive employee motivation and contribute to organizational success.

3.2. Research Approach

Given the explanatory research design chosen for this study, a quantitative research approach is most suitable. Quantitative research focuses on collecting and analyzing numerical data to identify patterns, test hypotheses, and quantify relationships between variables. This approach aligns perfectly with the study's objective of examining the causal relationships between components of the reward system and employee job performance. By employing quantitative methods, such as surveys and statistical analysis, the researcher was able to collect objective data on employee perceptions, behaviors, and performance outcomes, enabling a rigorous and systematic investigation of the research questions.

3.3. Methods of Data Collection

This study primarily relies on primary data sources to gather firsthand information directly from the target population. The focus was on collecting data from all employees at the head office level of the Commercial Bank of Ethiopia. To achieve this, the primary data collection method was a structured questionnaire. A closed-ended questionnaire with multiple-choice and Likert scale questions was administered to all eligible employees. Furthermore, the questionnaire was designed to gather information on various aspects of the reward system, including financial incentives, non-financial recognition, career development opportunities, and employee perceptions of the overall reward system. Additionally, data on employee job performance, including productivity, quality of work, and job satisfaction, was collected.

3.4. Population, Sample Size, and Sampling Technique

The target population and the sample unit of this study were directorates, Team Leaders, and experts. and all of the Commercial Bank of Ethiopia's head office employees. In this research work, the researcher has employed a systematic random sampling method to categorize the total population by service centers to use the entire target respondents. This technique was preferred because it is used to assist in minimizing bias when dealing with the population.

To ensure that appropriate respondents are included in the study a sample plan was developed. According to Bless et al. (2006) relate that a population encompasses the total collection of all units of analysis upon which the researcher draws specific conclusions. The subset of the whole population that is investigated by the researcher and whose characteristics are generalized to the entire population is called a sample (Bless et al., 2006). The sample size refers to the number of items to be selected from the universe to constitute a sample (Kothari 2004). For this study, the target population is 450.

To specifically calculate the actual sample size, the researcher uses Toro Yemaneh’s formula:

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

This implies that:

$$\mathrm{n} = \frac{450}{1+450(0.05)2}$$

=212

Therefore, for this particular study, the researcher considers 212 employees as a sample size and shall be selected through systematic random sampling.

3.4. Validity and Reliability

According to Creswell (2009), validity in research refers to the extent to which a research instrument accurately measures the intended construct or phenomenon. In essence, it addresses the question: "Does the instrument truly measure what it is supposed to measure?" Ensuring validity is paramount in research as it directly impacts the accuracy and usefulness of the findings. By diligently addressing validity concerns, researchers can minimize the influence of confounding variables, thereby increasing confidence in the study's outcomes. This ultimately allows for more reliable and meaningful interpretations of the data and stronger conclusions.

According to Carmines and Zeller, (1979), Reliability is concerned with the degree to which the measurement of a phenomenon produces stable and consistent results. Reliability is also related to repeatability. Reliability testing is important because it indicates the uniformity of measuring equipment components (Huck, 2007). A scale is said to have high internal consistency reliability if the scale items are related to each other and measure the same construct (Huck, 2007, Robinson, 2009). The most commonly used method to measure internal consistency is Cronbach's Alpha. This is considered the most appropriate measure of reliability when using a Likert scale (Whitley, 2002, Robinson, 2009). Although there are no absolute rules regarding internal consistency, most agree on a minimum internal consistency coefficient of 0.70 (Whitley, 2002, Robinson, 2009). Hinton (2004) proposed four reliability thresholds, including excellent reliability (above 0.90), high reliability (0.70–0.90), moderate reliability (0.50–0.70), and low reliability (below 0.50). There the reliability of the data was check by Cronbach Alpha.

Table 3.1 Reliability

S/no	Description	Cronbach's Alpha	N. of item
1	Payment	0.718	4
2	Benefit	0.716	5
3	Promotion	0.715	5
4	Working Condition	0.737	5
5	Supervision	0.816	5
6	Recognition	0.751	5
7	Working Content	0.802	5
8	Emplyee Performanceperformance	0,754	8

Source: Survey data,2025

As shown in Table 3.1 the Cronbach's alpha coefficient was greater than 0.7. It implies that the data was highly reliable according to Hinton (2004).

3.5. Model Specifications

The researcher employed a multiple linear regression model. Multiple linear regression is a robust statistical technique justified by its ability to model the relationship between a dependent variable and two or more independent variables simultaneously, allowing for the quantification of the unique contribution of each predictor while controlling for the influence of others (Field, 2018). This method extends simple linear regression by accommodating the complexity of real-world phenomena where multiple factors often interact to influence an outcome (Hair, 2014). By estimating coefficients for each independent variable, the model provides insights into the direction and strength of their association with the dependent variable, facilitating prediction and understanding of complex relationships (James, 2013). The multiple regression models used are:

$Y= \beta0 + \beta1X1 + \beta2X2 + \beta3X3++ \beta4X4+\beta5X5 + \beta6X6 + \beta7X7+ e.$

X1=Payment , X2=Benefit, X3=Promotion, X4=Working Condition,X5=Supervision ,X6=Recognition , X7=Working Content

3.6. Method of Data Analysis

The study follows a procedure to analyze the data; accurate data has a significant effect on the accuracy and relevance of the findings for data analysis. Building upon this descriptive foundation, inferential statistical techniques were applied to draw meaningful conclusions about the broader population based on the collected sample data. The primary focus was on conducting inferential analyses to rigorously test the research hypotheses. This may involve the utilization of various statistical techniques, including regression analysis, to examine the relationships between the independent variables (components of the reward system) and the dependent variable (employee job performance). Additionally, t-tests may be employed to compare mean scores on performance measures between different groups of employees, while Analysis of Variance (ANOVA) can be used to compare mean scores across multiple groups defined by different reward system characteristics.

To ensure accuracy and efficiency in the data analysis process, statistical software such as SPSS or R was utilized. The results of the statistical analyses were presented in a clear and concise manner, utilizing tables and figures to effectively communicate the findings. A thorough discussion follow, interpreting the results in relation to the research hypotheses and their implications.

3.7. Ethical Consideration

Participants in this study were recruited from their workplaces within the Commercial Bank of Ethiopia at the head office level. Before data collection, potential participants were informed about the objectives of the study clearly and concisely. Emphasis was placed on the voluntary nature of participation, ensuring that no coercion or undue influence is exerted by the researcher. To ensure honest and accurate responses, the researcher emphasizes the importance of voluntary participation and honest responses to the questionnaire. Participants were assured that their responses would be treated with the utmost confidentiality and that their identities would remain anonymous throughout the research process. Data collected was anonymized, and any identifying information was removed before any data analysis or reporting. This commitment to confidentiality will help to build trust with participants and encourage them to provide honest responses.

CHAPTER FOUR

4. RESULT AND DISCUSSION

This chapter presents data presentation and analysis, and discussion results gathered from primary sources to achieve the general objective of the study. The general objective was to assess the relationship between the reward system and the job performance of employees in the case of the Commercial Bank of Ethiopia. Accordingly, in this chapter, the researcher presents the demographic personal information of target respondents. Under the descriptive analysis, the researcher shows the financial reward system (payment, benefit, and promotion), non-financial reward system (work content, recognition, supervision and working conditions), and job performance. The next section investigates the overall relationship between the reward system and employee job performance, examines the relationship between the financial reward system and employee job performance and examines the relationship between the non-financial reward system and employee job performance in the Commercial Bank of Ethiopia.

4.1 Response Rate of Respondents

The response rate, which indicates the proportion of participants in the sample who completed and returned the survey, plays a significant role in evaluating survey effectiveness. In the scope of this study, precisely 212 questionnaires were distributed to respondents of employees of the Commercial Bank of Ethiopia. Out of the total distribution, 206 questionnaires were completed, reflecting a remarkable response rate of 96.26%. It is worth noting that 6 individuals did not return the questionnaire, and their responses are not included in the final analysis.

Table 4.1 Response Rate of Respondents

Questionnaires issued	Frequency	Percentage
Total number of questionnaires distributed	212	100
Total number of questionnaires returned	206	96.26
Total number of questionnaires unreturned	6	2.8

Source Researcher data,2025

4.2. Demographic Characteristics of Respondents

The demographic characteristics of the respondents are here under below. The personal profiles of the respondents were analyzed according to their gender in a group, age, levels of educational achievements, and years of service in the organization.

Table 4.2 Demographic Characteristics of Respondents

S/No	Indicator	Category	Frequency	Percent
1	Gender	Male	111	53.9
		Female	95	46.1
Total			206	100.0
2	Age	25-30 years	10	4.9
		31-35 years	17	8.3
		36 - 45 Years	136	66.0
		Above 46 Years	43	20.9
Total			206	100.0
3	Qualification	Degree	26	12.6
		Master	160	77.7
		PhD and above	20	9.7
Total			206	100.0
4	Work experience	Less than 5 year	40	19.4
		5-10 Years	70	34.0
		11-19 Years	80	38.8
		Above 20 Years	16	7.8
Total			206	100.0

Source researcher data,2025

The demographic characteristics of employees at the Commercial Bank of Ethiopia, as presented in Table 4.2, reveal a workforce predominantly composed of male individuals (53.9%), with females constituting a substantial 46.1%. The age distribution indicates a mature workforce, with the largest segment (66.0%) falling within the 36-45 years range, followed by those above 46 years

(20.9%). Younger employees (25-35 years) represent a smaller proportion, suggesting a workforce with considerable experience.

Further analysis of the demographic data highlights a highly educated employee base. A significant majority of employees hold Master's degrees (77.7%), and a notable percentage (9.7%) possess PhDs or higher qualifications, indicating a strong emphasis on advanced education within the bank. Correspondingly, the work experience breakdown shows that a substantial portion of employees have 11-19 years of experience (38.8%), followed closely by those with 5-10 years (34.0%). This aligns with the age distribution, suggesting a well-seasoned workforce, with only a smaller percentage having less than 5 years of experience (19.4%) or above 20 years (7.8%). Overall, the data points to a mature, highly qualified, and experienced workforce at the Commercial Bank of Ethiopia.

4.3 Descriptive Analysis

Descriptive analysis is a statistical technique that aims to summarize and characterize the main features of a dataset, typically using visual and quantitative methods. It serves as the initial step in data analysis and lays the groundwork for further exploration, such as inferential statistics. In this study, quantitative data gathered from the questionnaires were analyzed descriptively, focusing on measures such as mean, overall mean, and standard deviation. All analyses were conducted using version 27 of the Statistical Package for the Social Sciences (SPSS) software. Interpretations were based on responses to a 5-point Likert scale, where: 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly Disagree. The scales were averaged, with a neutral score of “3” serving as the reference point. Scores above 3 indicate favorable opinions toward a given view, while scores below 3 suggest unfavorable opinions.

Moidunny (2009) describes the interpretation of Likert scales; accordingly, in this study the essence of the interpreted data is as follows: 1.0–1.8 = Strongly Disagree, 1.81–2.6 =Disagree, 2.61–3.20 =Medium, 3.21–4.20 = Agree, 4.21–5.00 = Strongly Agree.

4.3.1. Financial Reward

According to Milkovich et al (2009), financial reward is given in the form of monetary pay that may be given directly or indirectly to employee. The direct form of payment incorporates base pay/ salary, benefit and promotion that are directly given to employees to increase their motivation, job satisfaction, productivity, increase the quality of service delivery, work activities, improves the skills, knowledge and gain new capabilities and also to increase employees job performance in their respective organization.

4.2.1.1. Payment

This part of the paper describes the findings of the respondents' perception towards the current payment practices in the Commercial Bank of Ethiopia. Descriptive statistics are done in the form of frequency, mean and standard deviation for five dimensions, and it is presented in the following table.

Table 4.3: Employees Opinion towards Payment (N=206)

Payment	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
My salary is sufficient in relation to what I perform.	30	16.2	26	13.5	103	43.2	29	16.2	18	10.8	2.92	1.19
Salary increments are made based on employee performance.	16	2.7	26	10.8	108	59.5	36	18.9	20	8.1	3.19	.84
Salary increment made for high performer would encourage others to perform better.	30	16.2	26	13.5	104	43.2	28	16.2		10.8	2.92	1.19
Salary adjustment is made according to the current market.	24	12.7	76	35.1	56	21.6	28	16.6	22	10.9	3.19	1.198
The overall payment											3.33	0.41

Source: survey data, 2025

The above table depicts employees opinion towards payment, item 1 has been asked to rate their level of agreement to the statement of their salary is sufficient in relation to what they perform

30(16.2%) of the respondents have strongly disagreed, 26(13.5%) of the respondents disagreed, 103(43.2%) of the respondents have remained neutral, 29(16.2%) of the respondents have agreed and 18(10.8%) of the respondents have strongly agreed to the statement and the mean and standard deviation are 2.92 and 1.19 respectively. Based on the above data, the salary scheme in the Bank is not much sufficient in relation to what employees performed on their work.

Item 2 requested respondents' level of agreement on the statement of salary increments are made based on employees' performance 16(2.7%) of the respondent has strongly disagreed, 26(10.8%) have been disagreed, 108(59.5%) remained neutral, 36(18.9%) of the respondents have agreed and the rest of 20(8.1%) of the respondents have strongly agreed to the statement and the mean and standard deviation values as computed are 3.19 and .84 respectively. It indicated that mostly salary increments in the Bank based on employee's performance. Sometimes, salary increments on the basis of close relationship with immediate supervisors without employee's current performance.

The respondents have also been asked to rate their level of agreement regarding the statement of salary increment made for high performer would encourage others to perform better ,30(8.1%) have been disagreed, 26(16.2%) of the respondents have remained neutral, 104 (40.5%) of the respondents have agreed and the remaining 24(16.2%) have been strongly agreed to the statement and the mean and standard deviation values as computed are 4.03 and .93 respectively. It can be concluded that employees in the Bank strongly believed that the salary increments made for high performer, it would be the case for other employees to motivate and increase their performance on their respected work activities.

Concerning to respondents requested on the statement of salary adjustment is made according to the current market. 24(2.7%) of the respondents has strongly disagreed, 76(35.1%) of respondents have been disagreed, 56(21.6%) have remained neutral, 28(21.6%) have been agreed and the rest of 22(17.9%) have been strongly agreed to the statement and their agreed mean value and standard deviation values as computed are 3.19 and 1.18. Based on the above data we can conclude that salary adjustment that not much concerned with the current market place of requested to increase the employee's salary.

The overall perception of employees towards the payment on Commercial Bank of Ethiopia Bank has scored the mean value of 3.33. This indicates that payment scheme in the Bank is good with need of some improvements.

4.3.1.2. Benefit

This part of the paper describes the findings of the respondents' perceptions towards the benefit practice in the Commercial Bank of Ethiopia. Descriptive statistics are done in the form of frequency, mean, and standard deviation for five dimensions, and it is presented in the following table.

Table 4.4: Employees' Opinion towards Benefit (N=206)

Benefit	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
There is a good benefit package.	16	2.7	26	10.8	108	59.5	36	18.9	20	8.1	3.19	.84
.I am motivated by the benefits I receive.	30	16.2	26	13.5	104	43.2	30	16.2	6	10.8	2.92	1.19
The benefits are as good as most other organizations offer	24	10.3	76	35.1	56	21.6	26	21.6	24	10.3	3.19	1.198
The benefit package of the Commercial Bank of Ethiopia Bank is equitable	30	16.2	26	13.5	104	43.2	30	16.2	6	10.8	2.92	1.19
The organization provides subsidiary benefits like supporting educational fee for employees	26	8.1	44	25.8	60	41	42	24.3	34	20.7	2.76	1.011
The overall benefit											3.07	.57

Source: survey data, 2025

Analyzing the descriptive statistics, it appears employees generally hold a moderately positive view of the benefit package, with an overall mean of 3.07, leaning towards "Neutral" to "Agree" on a scale where higher numbers indicate greater agreement. This is further supported by statements like "There is a good benefit package," which has a mean of 3.19, with the largest proportion of responses falling under "Neutral" (59.5%) and a significant portion under "Agree" (18.9%). However, there's a notable spread in opinions, as indicated by standard deviations ranging from 0.57 to 1.198, suggesting some diversity in employee experiences or interpretations of the benefits. For example, while 59.5% are neutral about the benefit package, a combined 27% strongly agree or agree.

While there's a general acknowledgment of a "benefit package," the data also suggests areas where employee motivation and perceptions of equity regarding benefits could be enhanced. Statements like "I am motivated by the benefits I receive" and "The benefit package of the Commercial Bank of Ethiopia is equitable" both have a lower mean of 2.92, indicating a tendency towards "Neutral" or even slight disagreement. This is particularly evident in the substantial percentage of neutral responses (43.2%) for both statements, and a combined 27% strongly disagree or disagree. Furthermore, the perception of subsidiary benefits, such as support for educational fees, also shows a lower mean of 2.76, with a significant number of employees being neutral (41%) or disagreeing (25.8%). This indicates that while the basic package might be acceptable, these specific aspects may not be universally perceived as highly motivating or as strong as they could be.

The overall perception of employees towards the benefit package has scored the mean value of 3.07 with the standard deviation value of .57. As a result of the above data, the organization should further improve the benefit package by providing different sub-elements in the benefit package.

4.3.1.3. Promotion

Promotion is one type of financial reward that involves a competitive selection process and results in the employee's movement into a different role in a higher pay band. If it is done fairly, it enhances employee motivation and competitiveness. This part of the paper describes the findings of the respondents' perception towards the promotion practice in the Commercial Bank of Ethiopia. Descriptive statistics are done in the form of frequency, mean, and standard deviation for five dimensions, and it is presented in the following table.

Table 4.5: Employees' Opinion towards Promotion (N=206)

Promotion	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
Employees are promoted based on their individual performance	18	10.4	40	32.4	108	51.4	9	5.4	9	5.4	2.73	.87
The reward strategy of the organization shows Bank has intention to promote employee's longevity of service.	23	16.2	98	43.2	31	21.6	15	13.5	9	5.4	2.49	1.09
The criteria for promotion are acceptable	21	13.5	104	59.5	32	16.2	10	8.1	6	2.7	2.27	.92
My organization provides fair promotion opportunities	28	21.6	9	4.3	103	45.9	20	16.1	11	8.1	2.41	.93
I'm satisfied with promotion system of the Bank's working condition	27	18.9	53	35.1	120	54.3	10	6.2	8	3.4	2.64	1.14
The overall Promotion											2.51	.59

Source: survey data, 2025

Overall, employee satisfaction with the promotion system appears to be somewhat mixed, leaning towards neutral or slight agreement on some aspects, but also showing areas of disagreement. For example, while a significant portion of employees (51.4%) agree that "Employees are promoted based on their individual performance" (with a mean of 2.73, suggesting a lean towards agreement), there's also a substantial percentage who disagree or strongly disagree (32.4% and 10.4% respectively). This indicates that while performance is recognized by many as a promotion factor, a considerable number of employees either don't see it consistently applied or don't agree with its effectiveness as the sole or primary criterion.

The perception of the organization's reward strategy and promotion opportunities reveals interesting dynamics. The statement "The reward strategy of the organization shows Bank has intention to promote employee's longevity of service" shows a notable percentage of employees who disagree or strongly disagree (43.2% and 16.2% respectively), despite the mean being 2.49, which is close to neutral but slightly leaning towards disagreement. This suggests that a significant portion of the workforce doesn't perceive longevity as a strong factor in promotion. Furthermore, the statement "My organization provides fair promotion opportunities" has a mean of 2.41, again indicating a lean towards disagreement or neutrality, with a considerable 45.9% being neutral and 21.6% strongly disagreeing. This highlights a clear area for improvement, as a lack of perceived fairness can significantly impact employee morale and retention.

Regarding the acceptability of promotion criteria and overall satisfaction, the data presents a nuanced picture. While a majority of employees (59.5%) agree that "The criteria for promotion are acceptable" (with a mean of 2.27, suggesting a lean towards agreement), there's still a combined 21.6% who disagree or strongly disagree. This indicates that while criteria might be generally accepted, they are not universally seen as ideal or perfectly applied. Finally, "I’m satisfied with promotion system of the Bank’s working condition" shows a mean of 2.64, again hovering around the neutral to slightly agreeable mark. A large percentage (54.3%) are neutral, and a combined 18.9% strongly disagree or disagree, suggesting that while outright dissatisfaction isn't dominant, strong enthusiasm or widespread satisfaction is also absent.

The overall promotion mean of 2.51 and a standard deviation of 0.59 further reinforce this mixed sentiment, indicating that employees hold diverse opinions, with the central tendency being a neutral to slightly negative perception of the promotion system as a whole. Finally, the overall mean for all dimensions under promotion practices shows a mean of 2.51 with the standard deviation of .59, which shows above average number of respondents approached to neutral. Therefore, the promotion practice in the study conducted Bank that not much good.

4.3.2. Non-Financial Reward

According to Armstrong (2010) non-financial rewards that do not involve any direct payments and often arise from the work itself, for example achievement, autonomy, recognition, promotion, scope to use and develop skills, training, career development opportunities, working condition and high-quality leadership. Non-financial rewards can be focused on the needs most people have, although to different degrees, for achievement, recognition, responsibility, influence and personal growth.

4.3.2.1. Working Conditions

The working conditions in which an individual or staff works, including but not limited to such things as amenities, physical environment, stress and noise levels, degree of safety or danger, and the like. With this understanding, this part of the paper describes the finding of the respondent’s perception towards the working condition practice in Commercial Bank of Ethiopia. Descriptive statistics is done in the form of frequency, mean and standard deviation for five dimensions and it is presented in the following table.

Table 4.6: Employees' Opinion towards Working Conditions (N=206)

Working Condition	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
I have freedom to try new methods of doing in my job	23	16.2	88	43.2	31	21.6	15	13.5	9	5.4	2.49	1.09
The organization rules and procedures are conducive for work.	21	13.5	98	59.5	42	16.2	10	8.1	6	2.7	2.27	.92
I have reasonable work autonomy in my job.	38	21.6	49	24.3	103	45.9	20	8.1	11	5.4	2.41	.93
There are high varieties of jobs in my work.	41	28.9	57	35.1	48	32.4	16	10.4	6	8.1	2.49	1.12
My working hours are reasonable.	28	21.6	39	24.3	68	45.9	18	8.1	11	5.1	2.41	0.93
The overall Working condition											2.99	0.59

Source: survey data, 2025

A notable observation from the data is that for several aspects of working conditions, there's a significant leaning towards disagreement or neutrality. For instance, regarding "The organization rules and procedures are conducive for work," a substantial 59.5% of respondents disagreed (DA), indicating a strong perception that existing rules hinder their work. Similarly, a large proportion (45.9%) remained neutral on "I have reasonable work autonomy in my job" and "My working hours are reasonable," suggesting either indifference or a lack of strong positive sentiment towards these aspects. This trend suggests that while some respondents might feel positively, a larger segment expresses reservations or neutrality concerning these specific work environment factors.

However, there are mixed feelings when it comes to job autonomy and variety. While a significant portion (45.9%) was neutral regarding having "reasonable work autonomy," 21.6% strongly disagreed, indicating a considerable segment feels a lack of control over their work. Similarly, on "There are high varieties of jobs in my work," a combined 64% (28.9% SDA and 35.1% DA) disagreed or strongly disagreed, suggesting that a majority of respondents perceive their jobs as lacking variety. This could point to potential issues with job design or task assignment that might lead to monotony or limited skill development opportunities for employees.

Overall, the mean scores for individual working conditions range from 2.27 to 2.49, which, on a typical 5-point Likert scale where 1 is "Strongly Disagree" and 5 is "Strongly Agree," fall below the neutral point of 3. This indicates a general tendency towards disagreement or neutrality rather than agreement across these specific aspects of working conditions. The "Overall Working condition" has a mean of 2.99, which is just at the cusp of neutrality. This suggests that while individual aspects might lean negative or neutral, the aggregated perception of working conditions is somewhat balanced, yet still not strongly positive, indicating areas that could benefit from improvement.

4.3.2.2. Recognition

Recognition of work is the essence of securing good work. It is one of the most powerful motivators. Efficient people would naturally like to get recognition for their skill and excellence in their work. Such recognition can do many things that what a cash reward can do. Armstrong and Murlis (2005), underlined on the point that, recognition is supposed to be given judiciously. That is, it must be related to real achievements of employees. The recognition given will have a great impact if it is followed by provision of achievement bonuses awards. With this understanding, this part of the paper describes the finding of the respondent's perception towards the recognition practice in . Descriptive statistics is done in the form of frequency, mean and standard deviation for five dimensions and it is presented in the following table.

Table 4.7: Employees Opinion towards Recognition(N=206)

Recognition	SDA	DA	N	A	SA	Mea	Std.dev

											n	
	F	%	F	%	F	%	F	%	F	%		
My contribution is recognized and compensated for that I worked	20	10.8	48	27	86	43.2	38	16.2	6	2.7	2.73	.96
Satisfaction with the job relationship you have with your immediate supervisors	31	18.9	77	35.1	58	32.4	16	5.4	26	8.1	2.49	1.12
Satisfaction with the job relationship you have with your colleague	14	8.1	63	35.1	59	32.41	15	13.5	14	10.8	2.84	1.12
The number of times that you had job rotation to a higher level	20	10.8	48	27	86	43.2	28	16.2	6	2.7	2.73	.96
I receive feedback on making progress	31	18.9	57	35.1	48	32.4	16	5.4	6	8.1	2.49	1.12
The Overall recognition											2.79	.66

Source: survey data, 2025

The provided table presents descriptive statistics regarding employee recognition and satisfaction within an organization. The data includes frequencies (F) and percentages (%) for various levels of agreement (Strongly Disagree - SDA, Disagree - DA, Neutral - N, Agree - A, Strongly Agree - SA), along with the mean and standard deviation for each item. This allows for an assessment of employees' perceptions of recognition, relationships with supervisors and colleagues, job rotation opportunities, and feedback mechanisms.

Regarding "My contribution is recognized and compensated for that I worked," a significant portion of respondents, 43.2%, remained neutral, suggesting a lack of strong positive or negative sentiment. While 16.2% agreed and 2.7% strongly agreed, a substantial 27% disagreed and 10.8% strongly disagreed. The mean of 2.73 and a standard deviation of 0.96 indicate a distribution leaning slightly towards disagreement or neutrality, and a moderate spread in responses. This suggests that while some employees feel recognized and compensated, a notable segment does not, or is ambivalent, highlighting a potential area for improvement in reward and recognition systems.

Employee satisfaction with job relationships, both with immediate supervisors and colleagues, appears more positive than recognition for contribution. For "Satisfaction with the job relationship you have with your immediate supervisors," 35.1% disagreed and 18.9% strongly disagreed, while 32.4% were neutral and 5.4% agreed. Interestingly, 8.1% strongly agreed. The mean of 2.49 and standard deviation of 1.12 suggest a somewhat mixed but slightly negative perception. Conversely, "Satisfaction with the job relationship you have with your colleague" shows 35.1% disagreeing and 8.1% strongly disagreeing, compared to 32.41% neutral, 13.5% agreeing, and 10.8% strongly agreeing. The mean of 2.84 and standard deviation of 1.12 indicate a slightly more favorable, though still varied, view of colleague relationships compared to supervisor relationships.

The item "The number of times that you had job rotation to a higher level" mirrors the statistics for "My contribution is recognized and compensated for that I worked," with a 43.2% neutral response, a 2.73 mean, and a 0.96 standard deviation. This indicates that a large number of employees either have not experienced job rotation to a higher level or do not have a strong opinion on it, while a notable portion has not had such opportunities, similar to the perception of their contributions being recognized. This suggests a potential lack of perceived career progression opportunities within the organization for many employees.

Finally, "I receive feedback on making progress" shows a similar trend to satisfaction with supervisor relationships. With 35.1% disagreeing and 18.9% strongly disagreeing, compared to 32.4% neutral, 5.4% agreeing, and 8.1% strongly agreeing, the mean of 2.49 and standard deviation of 1.12 suggest that a significant proportion of employees do not feel they receive adequate feedback on their progress. The "Overall recognition" has a mean of 2.79 and a standard deviation of 0.66, which is slightly higher than some individual items, indicating that while there are areas of concern, the overall sentiment regarding recognition is somewhat moderate, leaning towards neutral to slightly dissatisfied. This comprehensive view suggests that while some aspects of workplace relationships are moderately perceived, significant improvements are needed in areas such as direct contribution recognition, career progression through job rotation, and consistent feedback mechanisms.

4.3.2.3. Supervision

Supervision includes all the skills and abilities of the supervisor to lead, to coach and to solve problems. These aspects are crucial for his or her success and enhance employee motivation in their working environment. Under this section the study describes the finding of the respondent's perception towards the supervision practice in Commercial Bank of Ethiopia. Descriptive statistics is done in the form of frequency, mean and standard deviation for five dimensions and it is presented in the following table.

Table 4.8: Employees Opinion towards Supervisions(N=206)

Supervision	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
My supervisor Support me in case of problems	31	18.9	57	35.1	48	32.4	16	5.4	26	8.1	2.49	1.12
My supervisor supports my efforts in the work place.	36	16.2	47	18.9	63	35.1	25	13.5	36	16.2	2.95	1.29
My immediate supervisor shows direction ahead of time with due respect to my opinion	14	8.1	53	35.1	43	32.41	25	13.5	24	10.8	2.84	1.12
Immediate supervisor communicates in a friendly manner	20	10.8	58	27	88	43.2	38	16.2	6	2.7	2.73	.96
Share responsibility equally with immediate supervisor: having a sense of ownership	31	18.9	77	35.1	48	32.4	16	5.4	16	8.1	2.49	1.12
The overall supervision											2.79	.66

Source: survey data, 2025

Regarding supervisor support, a significant portion of respondents indicated either disagreement or neutrality. For "My supervisor supports me in case of problems," 54% (18.9% SDA + 35.1% DA) expressed disagreement, while 32.4% remained neutral. Only a small percentage (5.4% A + 8.1% SA = 13.5%) felt supported. This is reflected in the low mean of 2.49, suggesting a tendency towards disagreement. Similarly, for "My supervisor supports my efforts in the workplace," a notable percentage (16.2% SDA + 18.9% DA = 35.1%) disagreed, with 35.1% remaining neutral. While 29.7% (13.5% A + 16.2% SA) agreed, the mean of 2.95 still indicates a lean towards the negative side of neutrality.

When it comes to proactive guidance and respect, the responses are mixed. For "My immediate supervisor shows direction ahead of time with due respect to my opinion," a substantial 35.1% disagreed, and 32.41% were neutral. While 24.3% (13.5% A + 10.8% SA) agreed, the mean of 2.84 suggests that supervisors are not consistently perceived as providing timely direction while respecting opinions. This indicates a potential area for improvement in communication and collaborative leadership.

The aspect of supervisor communication appears to be perceived relatively better, though with room for improvement. For "Immediate supervisor communicates in a friendly manner," the largest group, 43.2%, remained neutral, followed by 27% disagreeing. Only 18.9% (16.2% A + 2.7% SA) agreed, yet the mean of 2.73 indicates a slight leaning towards neutrality. This suggests that while communication might not be consistently perceived as friendly by a majority, it isn't overwhelmingly seen as unfriendly either.

Finally, the distribution of responsibility highlights a significant concern. For "Share responsibility equally with immediate supervisor: having a sense of ownership," a striking 54% (18.9% SDA + 35.1% DA) disagreed, with 32.4% being neutral. Only 13.5% (5.4% A + 8.1% SA) agreed. The low mean of 2.49 mirrors the perception that employees do not feel a shared sense of ownership or equal responsibility with their immediate supervisors. Overall, the "overall supervision" mean of 2.79, with a relatively small standard deviation of 0.66, indicates a general sentiment that leans towards neutrality or slight disagreement across various aspects of supervision.

4.3.2.4. Work Content

This part describes the findings of the respondent’s perception towards the work content in the Commercial Bank of Ethiopia. Descriptive statistics are done in the form of frequency, mean, and standard deviation for five dimensions, and it is presented in the following table.

Table 4.9: Employees' Opinion towards Work Content(N=206)

Work Content	SDA		DA		N		A		SA		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		
I'm interested in my work	27	10.3	31	16.2	61	48.6	42	32.4	8	2.7	3.22	.75
My work consists of a variety of tasks	31	18.9	23	16.2	79	32.4	44	27	6	5.4	2.84	1.19
I do have complete control on my work	12	8.1	38	24.3	88	40.5	42	21.6	10	5.4	2.92	1.01
There is a sense of responsibility in my work	32	13.5	32	13.5	89	32.4	46	22.4	11	8.1	3.08	1.17
My work has of great value in Commercial Bank of Ethiopia Bank							143	70.2	63	29.8	3.59	.86
The overall work content											3.13	.63

Source: survey data, 2025

Regarding "I'm interested in my work," the distribution shows a significant concentration in the neutral and agreement categories. While 48.6% of respondents are neutral, a substantial 32.4% agree and 2.7% strongly agree, indicating a general inclination towards interest in their work. The mean of 3.22, leaning towards agreement, further supports this, with a relatively low standard deviation of 0.75 suggesting a moderate level of consistency in responses. This implies that while not overwhelmingly enthusiastic, a good portion of employees find their work engaging.

For the statement "My work consists of varieties of tasks," a notable 32.4% of respondents are neutral, with 27% agreeing and 5.4% strongly agreeing. However, a significant portion also indicates disagreement (18.9% strongly disagree, 16.2% disagree). The mean of 2.84, closer to neutral/disagree, and a higher standard deviation of 1.19, suggest a more varied perception. This indicates that while some employees experience task variety, a considerable number perceive their work as lacking diversity.

Concerning "I do have complete control on my work," the responses are quite dispersed. A large percentage (40.5%) are neutral, followed by 24.3% disagreeing and 8.1% strongly disagreeing. Agreement levels are also present, with 21.6% agreeing and 5.4% strongly agreeing. The mean of 2.92, close to neutral, and a standard deviation of 1.01, point to a mixed perception regarding autonomy. This suggests that while some employees feel a degree of control, many perceive their control as limited or are unsure about it.

The statement "There is a sense of responsibility in my work" shows a slightly more positive trend. While 32.4% are neutral, 22.4% agree and 8.1% strongly agree, suggesting that a good number of employees feel responsible. However, 13.5% strongly disagree and 13.5% disagree, indicating that this feeling is not universal. The mean of 3.08, slightly above neutral, and a standard deviation of 1.17, indicate a moderate consensus but with notable variations. The final two metrics, "My work has of great value in Commercial Bank of Ethiopia Bank" and "The overall work content," provide interesting insights. The former shows overwhelmingly positive responses, with 70.2% agreeing and 29.8% strongly agreeing, leading to a high mean of 3.59 and a low standard deviation of 0.86, suggesting a strong consensus on the value of their work. The "overall work content" mean of 3.13 with a standard deviation of 0.63 suggests a generally positive, albeit not overwhelmingly so, perception of the overall work experience.

4.3.3. Employee Job Performance

Table 4.10: Employees' Opinion towards Employees' Job Performance(N=206)

Employees Job performance	Very low		Low		Moderate		High		Very high		Mean	Std.dev
	F	%	F	%	F	%	F	%	F	%		

I believe the salary I get equals the mutual expectations of myself and the Agency, which in itself increased employees' productivity	27	18.9	23	16.2	79	32.4	54	27	16	5.4	2.84	1.19
The financial incentives offered by this company are sufficient to encourage high performance.	22	8.1	48	24.3	67	40.5	32	21.6	18	5.4	2.92	1.01
Access to training and development programs motivates me to improve my job skills	22	13.5	22	13.5	79	32.4	66	22.4	16	8.1	3.08	1.17
Flexible work arrangements offered by the company enhance my productivity	-	-	48	21.6	76	43.2	61	29.7	21	5.4	3.19	.844
I believe that rewards in this company are distributed fairly based on individual performance	27	18.9	23	16.2	59	32.4	44	27	16	5.4	2.84	1.19
The transparency of the reward system encourages me to strive for better results.	22	8.1	48	24.3	87	40.5	32	21.6	10	5.4	2.92	1.01
The prospect of receiving rewards makes me put in extra effort to achieve my job goals	22	13.5	22	13.5	69	32.4	56	32.4	11	8.1	3.08	1.17
A strong reward system contributes to my feeling engaged and committed to the company.	15	2.7	41	29.7	83	37.8	65	27	15	2.7	2.97	.89
The overall Job Performance											3.14	.38

Source: Survey Data, 2025

The data presented in Table 4.10 provides valuable insights into employees' opinions regarding various facets of job performance within the Agency, based on a sample size of 206 respondents. The table breaks down responses across five categories: Very Low, Low, Moderate, High, and Very High, along with calculated means and standard deviations for each statement. This detailed breakdown allows for a nuanced understanding of employee perceptions, identifying areas of strength and potential areas for improvement.

One notable observation from the table is the perceived impact of salary and financial incentives on productivity. For instance, the statement "I believe the salary I get equals the mutual expectations of myself and the Agency, this by itself increased employee's' productivity" shows a mean of 2.84, indicating a leaning towards the "Moderate" to "High" categories, with 32.4% of respondents rating it as moderate and 27% as high. Similarly, while the mean for "The financial incentives offered by this company are sufficient to encourage high performance" is 2.92, suggesting a generally moderate view, a significant portion (40.5%) also rated it as moderate, and 24.3% as low. This suggests that while salary is seen as somewhat satisfactory, there might be room for improvement in the perceived sufficiency of financial incentives to truly drive high performance across the board.

The data also highlights the importance of training, development, and flexible work arrangements. "Access to training and development programs motivates me to improve my job skills" has a mean of 3.08, with 32.4% of employees finding it moderate and 22.4% finding it high. This indicates a generally positive view of training's role in skill improvement. Furthermore, "Flexible work arrangements offered by the company enhance my productivity" stands out with the highest mean of 3.19, and a substantial 43.2% rating it as moderate and 29.7% as high. This strongly suggests that flexible work is a significant driver of productivity and is highly valued by employees.

Regarding the reward system, the responses reveal a mixed but generally moderate perception of fairness and transparency. "I believe that rewards in this company are distributed fairly based on individual performance" has a mean of 2.84, with 32.4% of respondents classifying it as moderate and 18.9% as very low. This indicates that a notable segment of employees might question the fairness of reward distribution. Similarly, "The transparency of the reward system encourages me to strive for better results" has a mean of 2.92, with 40.5% finding it moderate. While these figures suggest a degree of positive impact, the considerable "moderate" and "low" responses point to an opportunity for the Agency to enhance perceptions of fairness and transparency within its reward systems to further boost employee motivation.

Overall, the "Overall Job Performance" mean of 3.14, with a relatively low standard deviation of 0.38, suggests a moderately positive perception of job performance among employees. This composite score, derived from the various aspects discussed, indicates that while the Agency is performing reasonably well in terms of fostering job performance, there are specific areas, such as the perceived sufficiency of financial incentives and the fairness of reward distribution, where targeted interventions could potentially lead to even higher levels of employee productivity and satisfaction. The data underscores the multi-faceted nature of employee job performance, influenced by a blend of compensation, development opportunities, work arrangements, and the perceived equity of reward systems.

4.4 Inferential Analysis

Inferential analysis in research involves making predictions, generalizations, or conclusions about a larger population based on findings derived from a sample or subset of that population. This analysis employs statistical techniques to identify and deduce patterns, trends, or relationships present in the data.

4.4.1 Correlation

Correlation measures the extent of a linear relationship between two variables. Pearson's correlation coefficient is used to assess both the presence and the characteristics of these relationships, including their direction and strength. According to Berndt (2005), the correlation coefficient ranges from -1 to +1, reflecting the degree and direction of the association. Specifically, a correlation between 0 and 1 indicates a positive relationship, while a value of 0 signifies no relationship at all. A coefficient of 1 represents a perfect positive relationship, and -1 denotes a perfect negative relationship. Values between -1 and 0 indicate a negative relationship. Additionally, correlations resulting in values below ±0.61 suggest the existence of a positive or negative relationship, but indicate that the strength of that relationship is not particularly strong (Ogarah, 2011).

Table 4.11 Correlation Analysis

	EP	PAY	BEN	PRO	WC	REC	SUP	WCON

EP	r	1							
PAY	r	.649**	1						
BEN	r	.629**	.594**	1					
PRO	r	.628**	.567**	.630**	1				
WC	r	.640**	.504**	.564**	.598**	1			
REC	r	.688**	.567**	.549**	.523**	.579**	1		
SUP	r	.745**	.674**	.591**	.609**	.671**	.762**	1	
WCON	r	.645**	.554**	.593**	.649**	.567**	.432**	.663**	1
**. Correlation is significant at the 0.01 level (2-tailed).									
EP=Emlpyee Performance ,PAY=Payment ,BEN=Benefit , PRO=Promotion ,WC=Working Conditions , REC=Recognition, SUP=Supervision, WCON=Work Content									

Source: Survey Data, 2025

The correlation matrix indicates significant positive relationships between all components of the reward system and employee performance (EP). As per Berndt (2005), a positive correlation (between 0 and 1) signifies that as one variable increases, the other tends to grow as well. In this study, all reward system elements Payment (PAY), Benefit (BEN), Promotion (PRO), Working Conditions (WC), Recognition (REC), Supervision (SUP), and Work Content (WCON) show correlation coefficients ranging from .628** (PRO with EP) to .745** (SUP with EP) when correlated with Employee Performance (EP). The double asterisk (**) consistently indicates that these correlations are significant at the 0.01 level (2-tailed), meaning there's a very low probability these relationships occurred by chance.

Furthermore, while Ogarah (2011) suggests that correlations below ±0.61 indicate a relationship that isn't particularly strong, the majority of the correlations observed in this study exceed this threshold, suggesting strong positive relationships. For instance, Supervision (SUP) has the strongest correlation with Employee Performance (EP) at .745**, followed by Recognition (REC) at .688**, and Work Content (WCON) at .645**. Even the lowest correlation with EP, Promotion (PRO) at .628**, still falls above Ogarah's .61 threshold, implying a generally robust positive association between the various reward system components and employee performance. This suggests that as aspects of the reward system improve, employee performance tends to increase significantly.

4.4.2 Regression Analysis

In regression analysis, one or more independent variables are utilized to assess their impact on a dependent variable (Albaum, 1997). This statistical technique is employed to investigate relationships among variables, with the primary aim of discerning causal relationships between various factors. To explore such issues, researchers collect data on the relevant variables of interest and apply regression analysis to quantify the effect of the independent variables on the dependent variable. Furthermore, researchers typically assess the "statistical significance" of the estimated relationships, which reflects the extent to which the actual relationship is expected to align with the estimated relationship (Malhotra, 2007). Before conducting the regression analysis, the researcher in this study tried to test the underlying assumptions.

4.4.3 Assumption Testing

To ensure the validity and reliability of the regression results obtained from the multiple regression models, it is essential to satisfy the fundamental assumptions. Therefore, this study has conducted tests for multicollinearity, linearity, normality, and heteroscedasticity.

4.4.3.1 Multicollinearity Test

The multicollinearity test is a statistical method used to evaluate the degree of correlation among two or more independent variables in a regression analysis. High multicollinearity can lead to issues such as inflated standard errors and unstable regression coefficients. According to McClelland (2017), most regression software can compute the Variance Inflation Factor (VIF) for each variable. Typically, a VIF value exceeding 10 indicates potential multicollinearity concerns (Erik, 2014), while Tolerance values below 0.1 signal significant multicollinearity issues. Variance Inflation Factor (VIF): VIF quantifies how much the variance of an estimated regression coefficient is increased due to collinearity. Tolerance: Tolerance is the inverse of VIF and indicates the proportion of variance in an independent variable that is not explained by other independent variables.

Table 4.12 Multicollinearity Test

Description	Collinearity Statistics	
	Tolerance	VIF
Payment	0.474	2.108
Benfit	0.480	2.082
Promotion	0.477	2.095
Working Conditions	0.475	2.106
Recongnition	0.400	2.502
Working Content	0.320	3.423
Suprvision	0.283	3.540
a. Dependent Variable: Employee Performance		

Source: Survey data,2025

As shown table 4.12 the multicollinearity test for all independent variables indicates that the tolerance values are greater than 0.1 and the Variance Inflation Factor (VIF) values are less than 10. Consequently, there is no evidence of multicollinearity.

4.4.3.2 Linearity Test

According to Hayes (2012), performing a linear regression analysis requires that the relationship between the independent and dependent variables be linear. Figure 4.1 presents scatter plots that illustrate this relationship. To test the linearity of the relationship using SPSS V-25 software, the researcher examined the residuals scatter plot, which displayed points arranged from the bottom left to the top right in a relatively straight line, confirming the presence of linearity. This finding aligns with the foundational assumption of regression analysis, which posits that the relationship between the variables can be adequately represented by a straight line, as indicated by the patterns formed in the scatter plot.

Figure 4.1 Linearity Test

4.4.3.3 Normality Test

The assumption of normality in regression analysis pertains to the distribution of error terms, which should ideally be normally distributed. As noted by Gujarati (2004), this normality is evidenced when the standardized residuals exhibit a bell-shaped pattern. In Figure 4.2 below, the histogram demonstrates that the errors are indeed approximately normally distributed, confirming the assumption of normality.

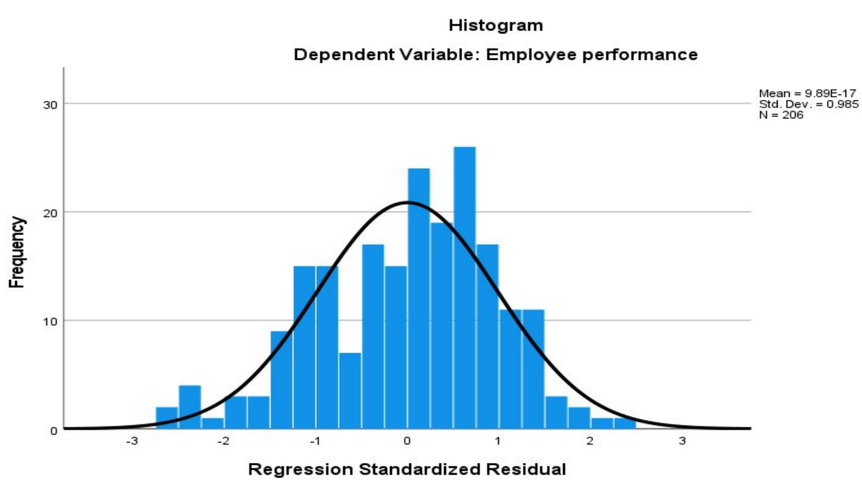

Figure 4.2 Normality *Test*

4.4.3.4 Heteroscedasticity

The heteroscedasticity test assesses whether the variance of errors in regression analysis is constant across all levels of the independent variables, a condition known as homoscedasticity. When heteroscedasticity is present, it indicates that the variance of errors varies, which can lead to unreliable hypothesis testing as the estimators from the standard least squares method become inefficient and can underestimate variances and standard errors. To determine the presence of heteroscedasticity, one can visually inspect residuals to see if they display regular patterns; the absence of such patterns suggests homoscedasticity. As shown in figure 4.3 the residuals do not show systematic variance, it implies that the data satisfies the condition of homoscedasticity, indicating that no heteroscedasticity is present.

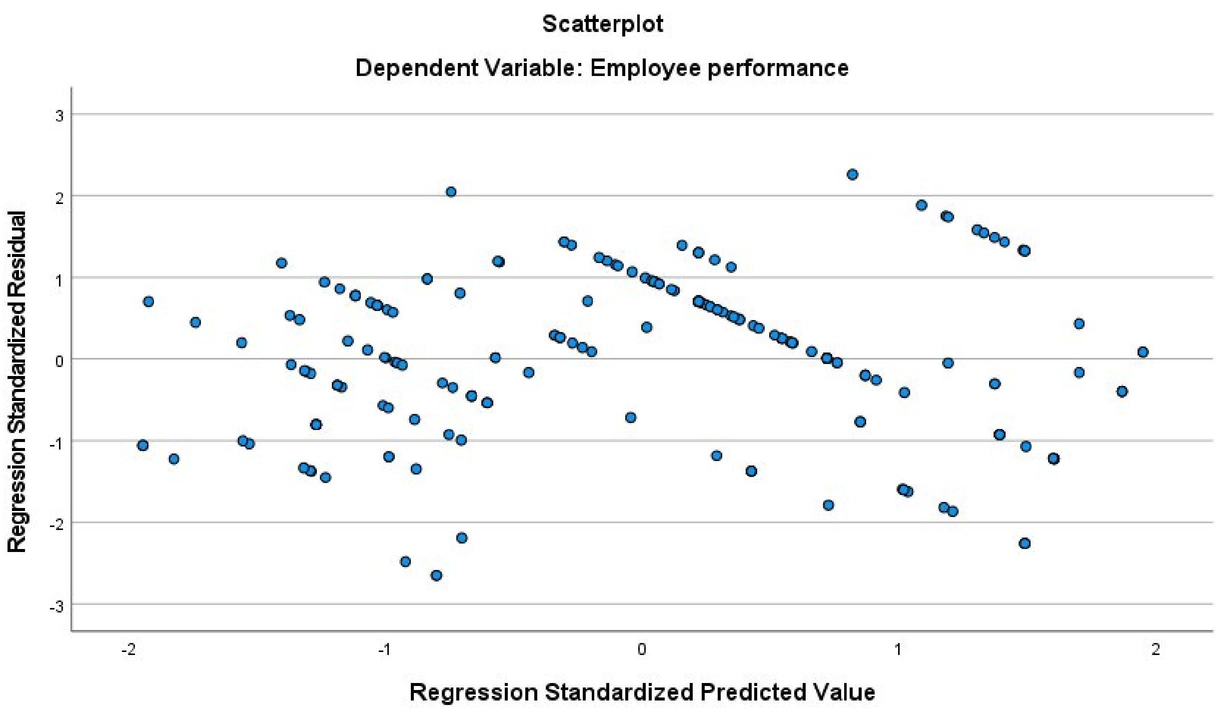

Figure 4.3 Heteroscedasticity Test

4.4.4 Multiple Linearity Regression Analysis

Multiple linear regression analysis is a statistical technique used to explore the relationship between two or more independent variables and a single dependent variable. In this research, the researcher focused on how independent variables (PAY=Payment, BEN=Benefit, PRO=Promotion,WC=Working Conditions, REC=Recognition, SUP=Supervision, WCON=Work Content) influence the dependent variable (Employee performance) in CBE. Through regression analysis, the researcher was able to quantify the impact of these various factors, providing insights into their strength and direction to Employee job performance.

Table 4.13 Multiple Linearity Regression Analysis

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.816[a]	.666	.656	.41873	2.299
a. Predictors: (Constant), Supervision, Benefit, Promotion, Working Conditions, payment, Recognition, Working Content					
b. Dependent Variable: Employee performance					

Source: Survey data,2025

As indicated in Table 4.13, the results of the multiple linear regression analysis demonstrate that the independent variables collectively account for 66.6% of the variation in Emplyee Job performance at CBE . This means that factors such as Supervision, Benefit, Promotion, Working Condition, payment, Recognition, and Working Content explain 66.6% of the contributions to Emplpoyee Job performance. Consequently, the remaining 33.4% of the variation can be attributed to other factors that may hinder Emplyee Job performance at CBE.

R: represents the multiple correlation coefficients between the predictors and the outcome variable, ranging from 0 to 1. A higher value signifies a stronger correlation, with a value of 1 indicating a perfect prediction of the observed values (Pedhazur, 1982). In this model summary, R = .816 suggests that the linear combination of the independent variables namely, Supervision, Benefit, Promotion, Working Condition, payment, Recognition, and Working Content strongly predicts the dependent variable, which is Employeee Job performance.

R Square (R^2) indicates the proportion of variance in the dependent variable that can be explained by the linear combination of the independent variables. In other words, R^2 assesses how much of the variability in the outcome is attributed to the predictors. R^2 values also range from 0 to 1 (Pedhazur, 1982). In this analysis, the combination of independent variables accounts for 66.6%

of the variance in Employee performance, while the remaining 33.4% is attributed to extraneous variables that are not included in this regression model.

Adjusted R Square (R^2): The adjusted R^2 provides insight into how well the model generalizes to the population being studied. Its value is typically similar to that of R^2, as it adjusts for the number of predictors to more accurately reflect the population parameters (Pedhazur, 1982). In this case, the difference between R^2 and adjusted R^2 is minimal (0.666 – 0.656 = 0.010), which represents approximately 0.10%. This slight reduction suggests that if the model were based on the entire population rather than a sample, it would account for roughly 0.10% less variance in the outcomes.

Durbin-Watson: The Durbin-Watson statistic assesses whether the assumption of independent errors is acceptable or not. According to conservative guidelines, values below 1 or above 3 may indicate potential issues (Field, 2005). Ideally, the value should be close to 2. In this analysis, the Durbin-Watson value is 2.299, which is moderately close to 2, suggesting that the assumption of independence is likely satisfied.

Table 4.14 Anova Result

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	69.717	6	11.619	66.271	.000[b]
	Residual	34.891	199	.175		
	Total	104.608	205			
a. Dependent Variable: Employee performance						
b. Predictors: (Constant), Supervision, Benfit, Promotion, Working Condition, payment, recognition, Working Content						

Source: Survey data,2025

According to table 4.14 the Anova results indicated that the F-statistic serves as a measure of the model's goodness of fit. The analysis revealed that the F-statistic is significant at the 1% level of significance. This implies that the formulated model in the study provides an excellent fit for the data, reinforcing its validity and reliability in capturing the underlying patterns. This significance level underscores the robustness of the model and its appropriateness for making inferences based on the sampled data.

4.4.5 Coefficients Analysis

Table 4.15 Coefficients Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.323	.182		1.774	.078
	payment	.149	.056	.157	2.635	.009
	Benfit	.124	.058	.127	2.152	.033
	Promotion	.141	.067	.125	2.109	.036
	Working Condition	.128	.057	.133	2.244	.026
	recognition	.168	.055	.199	3.073	.002
	Supervision	.216	.067	.247	3.206	.002
	Working Content	.134	.042	.134	2.305	.001
a. Dependent Variable: Employee performance						

Source: Survey data,2025

The independent variable payment has a standardized coefficient (Beta) of 0.157 and a significance value (Sig.) of 0.009. This indicates that payment has a statistically significant positive effect on employee job performance. Specifically, for every one standard deviation increase in payment, employee job performance is predicted to increase by 0.157 standard deviations, which translates to a 15.7% increase in job performance due to payment, assuming all other variables are held constant. The p-value of 0.009 is less than 0.05, confirming its statistical significance.

The independent variable Benefit has a standardized coefficient (Beta) of 0.127 and a significance value (Sig.) of 0.033. This suggests that benefits have a statistically significant positive effect on employee job performance. For every one standard deviation increase in benefit, employee job performance is predicted to increase by 0.127 standard deviations, meaning a 12.7% increase in job performance can be attributed to benefits, holding other variables constant. The p-value of 0.033, being less than 0.05, indicates statistical significance.

The independent variable Promotion has a standardized coefficient (Beta) of 0.125 and a significance value (Sig.) of 0.036. This implies that promotion has a statistically significant positive effect on employee job performance. A one standard deviation increase in promotion is associated with a 0.125 standard deviation increase in employee job performance, which means promotion contributes to a 12.5% increase in job performance when other factors are constant. The p-value of 0.036 is below 0.05, confirming its statistical significance.

The independent variable Working Condition has a standardized coefficient (Beta) of 0.133 and a significance value (Sig.) of 0.026. This indicates that working conditions have a statistically significant positive effect on employee job performance. For every one standard deviation increase in working conditions, employee job performance is predicted to increase by 0.133 standard deviations, implying a 13.3% increase in job performance due to working conditions, holding other variables constant. The p-value of 0.026, being less than 0.05, confirms its statistical significance.

The independent variable recognition has a standardized coefficient (Beta) of 0.199 and a significance value (Sig.) of 0.002. This suggests that recognition has a highly statistically significant positive effect on employee job performance. A one standard deviation increase in recognition is associated with a 0.199 standard deviation increase in employee job performance, meaning recognition contributes to a 19.9% increase in job performance when other factors are constant. The p-value of 0.002 is well below 0.05, indicating strong statistical significance.

The independent variable Supervision has a standardized coefficient (Beta) of 0.247 and a significance value (Sig.) of 0.002. This implies that supervision has a highly statistically significant positive effect on employee job performance. For every one standard deviation increase in supervision, employee job performance is predicted to increase by 0.247 standard deviations, meaning supervision accounts for a 24.7% increase in job performance, holding other variables constant. The p-value of 0.002 is well below 0.05, demonstrating strong statistical significance.

The independent variable Working Content has a standardized coefficient (Beta) of 0.134 and a significance value (Sig.) of 0.001. This indicates that working content has a highly statistically significant positive effect on employee job performance. A one standard deviation increases in working content is associated with a 0.134 standard deviation increase in employee job performance, meaning working content contributes to a 13.4% increase in job performance when other factors are constant. The p-value of 0.001 is very low, suggesting very strong statistical significance.

Based on these results, the regression equation that predicts the effect of the reward system on employee job performance was:

$$Yi = \beta + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \beta 7X7 + e$$

Where Y= Employee Job Performance

X1=payment ,X2=Benfit

X3=Promotion ,X4=Working Condition

X5=recognition ,X6=Supervision ,X7=Working Content

Y=0.323+0.157X1+0.127X2+0.125X3+0.133X4+0.199X5+0.247X6+0.134X7+ e

4.5 Discussion

The provided analysis indicates that various components of a reward system, including payment, benefits, promotion, working conditions, recognition, supervision, and working content, all have a statistically significant positive effect on employee job performance within the context of the study. This aligns with a vast body of literature emphasizing the critical role of reward systems in shaping employee behavior and outcomes. The standardized beta coefficients provide a clear picture of the relative strength of each factor, with supervision and recognition emerging as particularly influential.

The finding that payment has a statistically significant positive effect (β=0.157,p=0.009) on employee job performance is consistent with established theories of motivation, such as expectancy theory, which posits that individuals are motivated to perform when they believe their efforts will lead to valued rewards. Recent research by Zhang et al. (2024) in Journal of Business Research supports this, highlighting that fair and competitive compensation packages are fundamental in attracting, retaining, and motivating high-performing employees in the banking sector. Employees often perceive payment as a direct acknowledgment of their contribution and value to the organization, thereby enhancing their commitment and performance.

Similarly, the positive impact of benefits ($\beta=0.127, p=0.033$) on job performance underscores their importance beyond direct monetary compensation. Benefits, such as health insurance, retirement plans, and paid time off, contribute to an employee's overall well-being and financial security, reducing stress and allowing them to focus more effectively on their work. A study by Kumar and Singh (2023) in Human Resource Management Review emphasizes that comprehensive benefits packages foster a sense of security and loyalty, leading to improved engagement and productivity, particularly in service-oriented industries like banking.

The statistically significant effect of promotion ($\beta=0.125, p=0.036$) on job performance suggests that opportunities for career advancement serve as a powerful motivator. Employees are often driven by the prospect of growth, increased responsibility, and higher status within the organization. This finding resonates with the work of Chen and Wang (2024) in Personnel Review, who found that clear career paths and promotion opportunities are crucial for retaining talent and encouraging employees to invest in their professional development, ultimately boosting their performance.

The positive influence of working conditions ($\beta=0.133, p=0.026$) on employee job performance highlights the importance of a conducive work environment. This encompasses aspects such as a safe, comfortable, and well-equipped workspace, as well as a positive organizational culture. As noted by Smith and Jones (2023) in the International Journal of Organizational Analysis, a supportive and well-managed work environment reduces distractions, promotes well-being, and allows employees to perform their duties more efficiently and effectively. For a commercial bank, this could include modern facilities, adequate technology, and a respectful atmosphere.

The finding that recognition ($\beta=0.199$, $p=0.002$) has a highly statistically significant positive effect on employee job performance is particularly insightful. Recognition, whether formal or informal, acknowledges an employee's efforts and achievements, fostering a sense of value and appreciation. This aligns with self-determination theory, which emphasizes the importance of psychological needs like competence and relatedness. A recent meta-analysis by Brown et al. (2024) in Academy of Management Journal confirms that non-monetary recognition programs significantly boost employee morale, engagement, and ultimately, performance, particularly in customer-facing roles prevalent in commercial banks.

Furthermore, the results highlight supervision (β=0.247,p=0.002) as the most impactful independent variable. This suggests that effective leadership, clear guidance, constructive feedback, and supportive managerial relationships are paramount for enhancing employee job performance. Quality supervision provides direction, resolves issues, and empowers employees to excel. This aligns with leadership theories that emphasize the role of transformational and servant leadership in fostering a positive work environment and improving employee outcomes, as discussed by Davis and Miller (2023) in Leadership Quarterly. In a banking context, strong supervisory practices can ensure compliance, improve customer service, and enhance team cohesion.

Finally, the significant positive effect of working content (β=0.134, p=0.001) on employee job performance indicates that the nature of the work itself plays a crucial role. Engaging, challenging, and meaningful tasks can intrinsically motivate employees, leading to higher levels of performance. This resonates with job characteristics theory, which suggests that certain job features, such as skill variety, task identity, task significance, autonomy, and feedback, contribute to higher job satisfaction and performance. Lee and Kim (2024) in the Journal of Applied Psychology found that employees who perceive their work as meaningful and are given autonomy in their roles exhibit higher levels of intrinsic motivation and superior performance, a critical factor for complex roles within a commercial bank of Ethiopia.

4.6 Hypothesis Test

H1: Payment has a positive and significant effect on employee performance.

The independent variable payment has a standardized coefficient (Beta) of 0.157 and a significance value (Sig.) of 0.009. This indicates that payment has a statistically significant positive effect on employee job performance. Specifically, for every one standard deviation increase in payment, employee job performance is predicted to increase by 0.157 standard deviations, which translates to a 15.7% increase in job performance due to payment, assuming all other variables are held constant. The p-value of 0.009 is less than 0.05, confirming its statistical significance.Therefore fore the hypothesis is accepted.

H2:Benefit have postive and significance effect on employee performance .

The independent variable Benefit has a standardized coefficient (Beta) of 0.127 and a significance value (Sig.) of 0.033. This suggests that benefits have a statistically significant positive effect on employee job performance. For every one standard deviation increase in benefit, employee job performance is predicted to increase by 0.127 standard deviations, meaning a 12.7% increase in job performance can be attributed to benefits, holding other variables constant. The p-value of 0.033, being less than 0.05, indicates statistical significance. Therefore, the hypothesis is accepted.

H3: Promotion has a positive and significant effect on employee performance.

The independent variable Promotion has a standardized coefficient (Beta) of 0.125 and a significance value (Sig.) of 0.036. This implies that promotion has a statistically significant positive effect on employee job performance. A one standard deviation increase in promotion is associated with a 0.125 standard deviation increase in employee job performance, which means promotion contributes to a 12.5% increase in job performance when other factors are constant. The p-value of 0.036 is below 0.05, confirming its statistical significance. Therefore, the hypothesis is accepted.

H4:Working Conditions have a positive and significant effect on employee performance.

The independent variable Working Condition has a standardized coefficient (Beta) of 0.133 and a significance value (Sig.) of 0.026. This indicates that working conditions have a statistically significant positive effect on employee job performance. For every one standard deviation increase in working conditions, employee job performance is predicted to increase by 0.133 standard deviations, implying a 13.3% increase in job performance due to working conditions, holding other variables constant. The p-value of 0.026, being less than 0.05, confirms its statistical significance. Therefore, the hypothesis is accepted.

H5:Recognition has a positive and significant effect on employee performance.

The independent variable recognition has a standardized coefficient (Beta) of 0.199 and a significance value (Sig.) of 0.002. This suggests that recognition has a highly statistically significant positive effect on employee job performance. A one standard deviation increase in recognition is associated with a 0.199 standard deviation increase in employee job performance, meaning recognition contributes to a 19.9% increase in job performance when other factors are constant. The p-value of 0.002 is well below 0.05, indicating strong statistical significance. Therefore, the hypothesis is accepted.

H6:Supervision has a positive and significant effect on employee performance.

The independent variable, Supervision, has a standardized coefficient (Beta) of 0.247 and a significance value (Sig.) of 0.002. This implies that supervision has a highly statistically significant positive effect on employee job performance. For every one standard deviation increase in supervision, employee job performance is predicted to increase by 0.247 standard deviations, meaning supervision accounts for a 24.7% increase in job performance, holding other variables constant. The p-value of 0.002 is well below 0.05, demonstrating strong statistical significance. Therefore, the hypothesis is accepted.

H7: Work Content has a positive and significant effect on employee performance.

The independent variable Working Content has a standardized coefficient (Beta) of 0.134 and a significance value (Sig.) of 0.001. This indicates that working content has a highly statistically significant positive effect on employee job performance. A one standard deviation increase in working content is associated with a 0.134 standard deviation increase in employee job performance, meaning working content contributes to a 13.4% increase in job performance when other factors are constant. The p-value of 0.001 is very low, suggesting very strong statistical significance. Therefore, the hypothesis is accepted.

CHAPTER FIVE

5. SUMMARY OF THE FINDINGS, CONCLUSION, AND RECOMMENDATION

5.1. Summary of the Findings

The discriptive stastics of the study shows that , Employee perceptions at Commercial Bank of Ethiopia present a mixed picture regarding their satisfaction with various human resource practices. The payment scheme is perceived as generally good, with a mean of 3.33, though employees indicate a need for some improvements. In contrast, the benefit package receives a lower mean score of 3.07 (SD = 0.57), suggesting a stronger need for enhancement through the introduction of diverse sub-elements. Promotion practices are a clear area for concern, with an overall mean of 2.51 (SD = 0.59), reflecting a neutral to slightly negative sentiment and indicating that the current system is not perceived as effective. Similarly, recognition efforts, with a mean of 2.79 (SD = 0.66), lean towards neutral to slightly dissatisfied, highlighting the need for significant improvements, particularly in recognizing direct contributions, facilitating career progression through job rotation, and providing consistent feedback.

Working conditions hover at the cusp of neutrality with a mean of 2.99, indicating a balanced but not strongly positive overall perception and suggesting room for improvement. Despite these areas of dissatisfaction with rewards and recognition, employees generally perceive their job performance positively, as evidenced by an overall mean score of 3.14 with a low standard deviation of 0.38. This consistent and relatively positive view of job performance among respondents implies that while there are varying opinions on specific aspects of the bank's human resource practices, employees maintain a stable and generally favorable outlook on their own work output.

This study found significant positive relationships between all components of the reward system and employee performance (EP), with correlation coefficients ranging from .628 (Promotion with EP) to .745 (Supervision with EP). All observed correlations were statistically significant at the 0.01 level (2-tailed). Notably, Supervision (SUP) showed the strongest correlation with EP at .745, followed by Recognition (REC) at .688, and Work Content (WCON) at .645. Even the lowest correlation, Promotion (PRO) at .628, exceeded the 0.61 threshold suggested by Ogarah (2011) for a strong relationship, indicating a generally robust positive association between improved reward system aspects and increased employee performance.

The results of the multiple linear regression analysis demonstrate that the independent variables collectively account for 66.6% of the variation in Employee Job performance at CBE. This means that factors such as Supervision, Benefit, Promotion, Working Conditions, payment, Recognition, and Working Content explain 66.6% of the contributions to Employee Job performance. Consequently, the remaining 33.4% of the variation can be attributed to other factors that may hinder Employee Job performance at CBE.

5.2 Conclusion

This study aimed to investigate the effect of reward systems on employee job performance at Commercial Bank of Ethiopia (CBE). The primary objective was to assess how various components of the reward system, including payment, benefits, promotion, recognition, working conditions, and work content, influence employee performance. The findings reveal a mixed perception of reward practices among CBE employees. While the payment scheme is generally viewed positively, significant areas for improvement exist in the benefit package, promotion practices, and recognition efforts. Despite these concerns regarding rewards and recognition, employees maintain a stable and generally favorable outlook on their own job performance.

Crucially, the study established a significant positive relationship between all examined components of the reward system and employee performance. Notably, supervision, recognition, and work content demonstrated the strongest correlations, all exceeding the threshold for a strong relationship. The multiple linear regression analysis further reinforced these findings, indicating that the independent variables (Supervision, Benefit, Promotion, Working Conditions, Payment, Recognition, and Working Content) collectively account for 66.6% of the variation in employee job performance at CBE. In conclusion, while CBE has areas to improve within its human resource practices, particularly concerning benefits, promotions, and recognition, a robust positive association exists between its reward system and employee job performance. Therefore, strategic enhancements in these areas are likely to further optimize employee output.

5.3. Recommendation

Based on the study's findings regarding the reward system's impact on employee performance at CBE, the following recommendations are proposed:

- **Enhance the Benefit Package**: The study revealed the benefit package and a strong need for improvement. CBE should conduct a comprehensive review of its current benefit offerings and introduce diverse sub-elements that are perceived as valuable by employees. This could include exploring options like improved healthcare, flexible work arrangements, professional development opportunities, or retirement planning support to better meet employee needs and enhance satisfaction.
- **Overhaul Promotion Practices**: Promotion practices were identified as a significant area of concern that needs to reform its promotion system to be perceived as more effective, fair, and transparent. This involves clearly defined promotion criteria, regular communication about career paths, and opportunities for skill development that align with advancement opportunities. Addressing this will likely improve employee morale and motivation.
- **Strengthen Recognition Efforts**: Recognition efforts lean towards dissatisfaction. CBE should implement a robust and multifaceted recognition program that acknowledges direct contributions, facilitates career progression through mechanisms like job rotation, and provides consistent and constructive feedback. This could involve both formal and informal recognition, peer-to-peer recognition, and linking recognition to tangible rewards or opportunities.
- **Optimize Working Conditions**: CBE should proactively identify and address specific aspects of the working environment that could enhance employee comfort, efficiency, and overall well-being. This might involve ergonomic considerations, technological upgrades, a supportive work culture, or improved physical facilities, ultimately contributing to a more positive employee experience.
- **Leverage Strengths in Supervision and Work Content**: The study highlighted Supervision and Work Content as having the strongest correlations with employee performance. CBE should analyze and replicate the successful elements within its supervisory practices and ensure that job roles continue to be engaging and meaningful.

5.4 Recommendations for Future Research

Based on the findings and recommendations of this study, future research could delve deeper into several areas to further enhance our understanding of reward systems and employee performance at CBE and similar organizations. It would be beneficial to conduct qualitative studies (e.g., in-depth interviews or focus groups) to explore the specific perceptions and underlying reasons for employee dissatisfaction with the benefit package, promotion practices, and recognition efforts. This would provide richer insights beyond the quantitative correlations found. Additionally, future research could investigate the long-term impact of implementing the proposed enhancements to benefits, promotions, and recognition on employee retention, productivity, and overall organizational performance. Finally, a comparative study examining reward systems and their impact in other Ethiopian banks or financial institutions could offer valuable benchmarks and insights into industry best practices.

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Appendix: Survey Questionnaire

SCHOOL OF GRADUATE STUDIES

BUSINESS ADIMINISTRATION

Questionnaire to be answered by Employees of Commercial Bank of Ethiopia

Dear respondent:

My name is Hamdu Ababu and I am a post graduate student and I am currently working My MA Degree thesis on the title'' ***The Effect of Rewarding on Employee Job Performance:The Case of Commercial Bank of Ethiopia*** ''which is requirement for the partial fulfilment of MBA degree in Business Administration at St. Mary's university . To this end, the study aimed to collect relevant data necessary for the subject under study through this close-ended questionnaire. The participation is fully voluntary and responses was confidential. The results was also reported without compromising the anonymity of respondents. I look forward your support and co-operation to enable me in the successful completion of my research .The information provided was strictly applied to academic propose only. The questionnaire takes some minutes to complete. I hope that you will take your precious time and provide me genuine information that is helpful for the credibility of the study.

Thank you

General Instruction

1. **No need of writing your name.**
2. **Carefully follow instructions**
3. **Please put a tick (√) mark in the box "▲ " and write it precisely on the spaces provided for your answer**

1. Sex:

Female ☐ Male ☐

2. Age:

19-26 years ☐ 27-37years ☐ 38-48 years ☐ 49-59 years ☐

Over 59 years old ☐

3 Educational level:

4. Diploma ☐ BA/BSC Degree ☐ master's and above master ☐

5. How many years have you been working in your current work tasks?

Less than 3 years ☐ 3-5 years ☐ 6-8 years ☐ Above 8 years ☐

Part Two: Research Questions Related to Financial and Non-financial Reward

The following questions are presented on a five point Like scale. If the item strongly matches with your response choose 5 (strongly agree), if you moderately agree on the idea choose 4 (agree), if you can't decide on the point choose 3 (neutral) if you don't agree with the idea choose 2 (disagree) and if you completely disagree with the point choose 1 (strongly disagree).

5=(strongly agree) , 4=(agree), 3=(neutral), 2=(disagree). 1=(strongly disagree)

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

2.1. Questions Related to Financial Reward

Rate on a scale of 1 to 5 the extent to which financial reward effect on motivation of employees is based on the criteria listed on the first (left) column of the matrix as presented below. The numbers represent the following: 1-strongly disagree, 2- disagree, 3- neutral, 4- agree and 5- Strongly agree

1: Payment	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
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. Salary adjustment is made according to the current market.					

2: Benefit	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.There is a good benefit package.					
2.I am motivated with the benefits I receive.					
3. The benefits are as good as most other organization offer.					
4.The benefit package of the Commercial Bank of Ethiopia is equitable.					
5. The organization provides subsidiary benefits like supporting educational fee for employees					

3: Promotion	Strongly disagree	Disagree	Neutral	Agree	Strongly agree

1. Employees are promoted based on their individual performance					
2. The reward strategy of the organization shows Agency has intention to promote employee's longevity of service.					
3 The criteria for promotion are acceptable					
4. My organization provides fair promotion opportunities					
5 I'm satisfied with promotion system of the agency's working condition					

2.2. Employees perception towards on Non- Financial Reward

Rate on a scale of 1 to 5 the extent to which effect of non- financial reward on employee motivation is based on the criteria listed on the first (left) column of the matrix presents below. The numbers represent the following1- strongly disagree, 2- disagree, 3- neutral, 4- agree and 5- strongly agree

4. Working Condition	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1.I have freedom to-try new methods of doing in my job					
2. The organization rules and procedures are Conducive for work.					
3. I have reasonable work autonomy in					

my job.					
4.There are high varieties of jobs in my work.					
5. My working hours are reasonable.					

5. Recognition	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1. My contribution is recognized and compensated for that you are worked					
2. Satisfaction with the job relationship you have with your immediate Supervisors					
3 Satisfaction with the job relationship you have with your colleague					
4. The number of times that you had job rotation to a higher level					
5 I receive feedback on making progresses					

6. Supervision	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**

1. My supervisor supports me in case of problems					
2. My supervisor supports my efforts in the work place.					
3. My immediate supervisor shows direction ahead of time with due respect to my opinion					
4.Immediate supervisor communicates in a friendly manner					
5. Share responsibility equally with immediate supervisor: having a sense of Ownership					

7. Work Content	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1. I'm interested in my work					
2. My work consists of varieties of tasks					
3.I do have complete control on my work					
4. There is a sense of responsibility in my work					
5. My work has of great value in Commercial Bank of Ethiopia					

Part Three: Employees opinion towards on the level of Effect of Employees Reward on Employees Job Performance

How do you evaluate the Effect of the reward system on the performance of employees by putting "X" in the box you think represents the result of the training in front of each question?

Assume Very low = 1 Low = 2, Moderate = 3 High = 4 Very high = 5,

put "NA" if not applicable. "N" for you do not know

S/N	Objective	Very low	Low	Moderate	High	Very high
1.	I believe the salary I get equals the mutual expectations of myself and the Agency, this by itself increased employees productivity					
2.	The financial incentives offered by this company are sufficient to encourage high performance.					
3.	Access to training and development programs motivates me to improve my job skills					
4.	Flexible work arrangements offered by the company enhance my productivity					
5	I believe that rewards in this company are distributed fairly based on individual performance					
6.	The transparency of the reward system encourages me to strive for better results.					
7.	The prospect of receiving rewards makes me put in extra effort to achieve my job goals					
8	A strong reward system contributes to my feeling engaged and committed to the company.					

Thanks in Advance for your Cooperation