



**ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTMENT OF MANAGEMENT**

**AN ASSESSMENT OF PERFORMANCE EVALUATION
AND REWARD SYSTEM
OF DEVELOPMENT BANK OF ETHIOPIA**

**BY
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**JUNE 2010
SMUC
ADDIS ABABA**

**AN ASSESSMENT OF PERFORMANCE EVALUATION
AND REWARD SYSTEM OF DEVELOPMENT
BANK OF ETHIOPIA
HEAD OFFICE**

A SENIOR ESSAY SUBMITTED
TO THE DEPARTMENT OF MANAGEMENT
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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

It is known that every organization sets visions, missions, objectives and goals. To achieve these variables organizations require resources among which human resources have paramount importance and play the main role to reach the attempted target. Human resources management shall meet their responsibility to stockholders, employees and the organization if they are handled and utilized skillfully. A manager should dedicate to develop a relationship between the organization and employees to enhance ever-changing needs of both parties (Dessler, 2004: 340).

The organization expects employees to perform reliably the tasks assigned to them and at the standard set for them following the rule that has been established to govern the workplace. On the other hand, the best employees expect the organization's rewards to obtain fair pay, safe working conditions, fair treatment, security, status, involvement, and responsibility. Human resource management helps to make the best utilization of individual employees in an organization. Effective practice in human resource management creates competent and motivated employees for achievement of organizational objectives in the future (Dessler, 2004: 342).

The Development Bank of Ethiopia was established in 1909. The Development Bank of Ethiopia (DBE) is one of the financial institutions engaged in providing short, medium and long term development credits. DBE's distinguishing feature is its "project" based lending tradition. Projects financed by the Bank are carefully selected and prepared through appraisal, closely supervised and systematically evaluated. The bank has been playing a significant role in promoting overall economic development of the country.

DBE is a specialized Bank established to spur the national development agenda. The Bank's focal point is the provision of customer focused lending to viable projects in line

with government priority areas by mobilizing funds from domestic and foreign sources while ensuring its organizational sustainability.

Meanwhile, the interest of stakeholder is aimed to be served best through continuous capacity building, and innovative human resource development. As desirable issues, environment protection and overall socio-economic development will also be the concern of the Bank.

DBE is beliefs which are upheld in common by its employees and management to put them into practice. They are the cumulative effect of personal and professional values which are shared and owned by all. Hence, it expressed by the staff of the Bank as follows, we are customer oriented, excellence is our distinguishing characteristic, integrity is our priceless asset, teamwork and innovation are the building blocks of our success, environmental protection is one of the DBE's loaning criteria, the Bank attaches high values to its employees, we rely on attitudinal change, ethics and improved work culture as a driving force for the Bank's transformation. Finally researchers would assess performance evaluation and reward system of DBE.

1.2. Statement of the Problem

DBE is one of governmental financial institution and it play key roles in the country's economic development, by deploying professional and experienced employee. The operation of DBE is mostly profitable; however, there is no notable implemented reward system in Development Bank of Ethiopia, so that the management of DBE pay insignificant attention to the value of the reward system in enhancing employee productivity.

Accordingly to Aswathappa (2004: 285) Employees are motivated by both intrinsic and extrinsic rewards. The organization to be effective, the reward system must recognize both source of motivation people. Financial rewards are an important component of the reward system. Employee reward system is very essential for one organization because it affects the efficiency and effectiveness of the employee and hinder goal achievement. Incentive payment are reduced scrap, reduced lost time, reduce absenteeism and turnover

As the result of the above condition the following problem are prevalent.

- The Bank's top management gives little attention to employee reward system.
- The top management doesn't really consider the successes of the organization depend on employee's commitment & motivation.
- The prevailing Reward system of the bank is not based on employee work result.
- Absence of reward is main factors which affect the effectiveness of the organization.

1.3. Research Questions

This study focuses on the above stated issues and were tried to answer the following questions.

- How the reward system of the bank gives recognition for employee's performance?
- What is the purpose of performance appraisal in the bank?
- How employees are known about their performance evaluation result?
- How do employees perceive the existing evaluation and reward system of the organization.
- How the bank encourage its employee?

1.4. Objectives of the Study

The major objectives of the study were to assess the problem of performance evaluation and reward system of Development Bank of Ethiopia.

The Specific objectives are: -

- To identify and asses the perception of employees on validity and reliability of reward system in the organization
- To identify and assess various methods used by the bank to encourage its employees
- To identity and assess the reward system is clearly explained to, agreed by the parties involved.

- To identify and assess the technique employed to notify employee about their performance evaluation result.
- To recommend possible ways and means to improve the reward system of the DBE.

1.5. Significance of the Study

The practice of reward system in the DBE has been a challenge to the organization to retain professional and experience workers. What is done in area of reward management helps organizations to meet their overall objectives. Besides, rewarding performance has a power to motivate employee.

Thus, the result of study is believed to contribute for the following:

- It provides suggestions or feedback to DBE Management through identification of the strength and weakness of the prevailing performance evaluation and reward system.
- The study can also add to the body of knowledge in the area.
- The study will serve as a source of document for other researcher.

1.6. Scope (Delimitation of the Study)

Development Bank of Ethiopian has 35 branches with out in Addis. To make out the problems of all branches needs a long time and sufficient amount of money and other facilities. The study addressed only in Head Office of the Development Bank of Ethiopia and it was also focused on a particular issue, performance evaluation and reward system among various issues in the organization. This research undertaken in the past eight months begin October, 2009. Besides, it would be unrealistic to try to attempt all issues in the organization.

1.7. Definition Of Terms

Incentive:- it payments are quite substantial and are paid as regularly as wage and salary

Performance:- is the is the record of out comes produced on specific job functions or activities during a specified job functions or activities with in a specified time period (Cascio, 2004: 330).

Reward:- it is an out come in the organization that tries to attract and retain employees (Zerihun, 2003: 10).

Compensation:- is the human resource mgt on that deals with every type of reward, individuals receive in exchange for performing organization tasks (Zerihun, 2003: 10).

Performance Evaluation:- it is the activity used to determine the extent to which an employee performance work effectively (Cascio, 2004: 10).

1.8. Research Design and Methodology

1.8.1. Research Design

The researcher had used descriptive research design followed by survey approach.

1.8.2. Population and Sampling Technique

The populations of the study are employees and Managers at different level of the organization. The selection undertaken by using stratified sampling method. Population and sample size on each strata as follows

Name of Process and Office	Population Size			Sample Size		
	Supervisor employee	Operational employee	Total	Supervisor employee	Operational employee	Total
President Office and Loan Approval Team	8	16	24	1	2	3
Internal Audit	3	22	25	1	3	4
Risk Management Process	5	19	24	1	3	4
Legal Process	4	15	19	1	2	3
Project Appraisal Sub Process	3	18	21	1	3	4
Credit Process	5	20	25	1	3	4
Export Credit Process	1	8	9	1	1	2
Strategic Planning	5	12	17	1	2	3
HRM Process	4	20	24	1	3	4
Business Promotion	6	14	22	1	2	3
Research Process	6	16	22	1	3	4
Finance and Accounts Proc	2	36	38	1	5	6
Information Technology Pro	4	13	17	1	2	3
Property Mgt Process	9	69	73	1	10	11
Total			360	14	44	58

Out of the total populations (360), the researcher had used 15% (58) members of the population. Moreover, the researcher had used stratified sampling techniques.

1.8.3. Types of data used

In order to get adequate and relevant information about the topic, both primary and secondary data were used.

1.8.4. Methods of data collection

Primary data:- Questioner were distributed to 44 employees from which 41(93%) are collected, from 14 questionnaire distributed to supervisor 13(93%) were responded. In addition data were collected through interview from 3 executive and management members of the bank.

Secondary data:- were collected from relevant books, journal and periodicals, library publication and others that help to study the subject matter are consider as secondary sources.

1.8.5. Data Analysis Method

After data were collected from primary and secondary source, the analysis was made by use of descriptive statistics like chart, table, percentage and frequency.

1.9.Limitation of the Study

In order to make a good research it requires availability of sufficient time, money and other resources. In this study the main constraints were finance and time. In addition the willingness of employees to give the necessary information can be mentioned as another limitation of the study.

1.10. Organization of the Study

This study contained four chapters, the first chapter discussed about background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope (delimitation of the study), definition of terms, research design and methodology, limitation of the study and organization of the study. The second chapter focused on literature review. The third chapter contained data presentation analysis and interpretation. Finally the last chapter concentrated on the discussion of summary, conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Reward management involves offering not only base pay, but also an incentive plan and fringe benefits. Levels of reward may be based on different criteria. Some involve performance appraisal to determine whether an employee merits a certain reward, while others may be dependent on length of service, type of job, or team or company performance. The notion of a reward system is gradually replacing the traditional idea of a standard pay system, as it incorporates all aspects of employee compensation into one package. (Be BNET Business Dictionary).

2.2 Factors Affecting Reward System of the Organizations

Reward system affected by the following factors

- Performance Evaluation
- Compensation
- Job Analysis and Design
- Benefit and services

2.2.1 Performance Evaluation

Performance evaluation is the activity used to determine the extent to which an employee performs work effectively. Other terms of performance evaluation include performance review, personnel rating, merit rating, performance appraisal, employee appraisal and employee evaluation (Ivancevich, 2003: 256).

The Uses of Performance Appraisals

Organizations usually conduct appraisals for administrative and/or developmental purposes. Performance appraisals are used administratively whenever they are the basis for a decision about the employee's work conditions, including promotions, termination,

and rewards. According to Ivancevich (2004: 257-258), there are six purposes of employee evaluation. These are

Development: it can determine which employees' need more training and it can help evaluate the results of training programs. It helps subordinate supervisor counseling relationship, and it encourages supervisors to observe subordinates; behavior to help employees.

Motivation: it can encourage initiative, develop a sense of responsibility, and stimulate efforts to perform better.

Human Resource and Employment Planning: it can serve as a valuable input to skills inventories and human resource planning.

Communications: it can serve as a basis for an ongoing discussion between superior and subordinate about job related matters. Through interaction and an effective feedback process, the parties get to know each other better.

Legal compliance: it can serve as a legally defensible reason for promotion, transfer, rewards, and discharges.

HRM Research : it can be used to validate selection tools such as testing program.

Job Evaluation

Job evaluation is usually performed by analyzing job descriptions and occasionally, job specifications. It is usually suggested that job descriptions be split into several series, such as managerial, professional, technical, electrical, and operative. It makes sense in writing job descriptions to use words that are keyed to the job evaluation factors. Another essential step in effective job evaluation is to select and weight the criteria (compensable factors) used to evaluate the job. Four frequently used methods of job evaluation are

- Job ranking

- Classification
- Point System
- Factor Comparison

2.3 Compensation

Compensation is the resource of management function that deals with every type of reward individual receive in exchange of performing organization tasks. It the major cost of doing business of many organizations at the start of the 21st century. It is the chief reason why most individual seek employment. It is an exchange relationship. Employees trade labor and loyalty for financial and non financial compensation (pay, benefits, services, recognition, etc).

Financial compensation is either direct or indirect. Direct financial compensation consist of the pay on employee receives in the form of wages, salaries, bonuses, or commission. Indirect financial rewards that are not included in direct financial compensation. From the employee's point of view, pay is a necessary of life. It is one of the chief reasons people seek employment (Ivancevich, 2003: 298).

2.3.1 Objective of Compensation

The objective of the compensation function is to create a system of reward that is equitable to the employer and employee a like. The desired out come is and employee who is attracted to the work and motivated to do a good job for the employer. In compensation policy there are seven criteria for effectiveness compensation should be:

- Adequate:- minimal governmental, union and managerial levels should be met
- Equitable:- each person should be paid fairly, in line with his or her effort, abilities, and training
- Balanced:- pay, benefits, and other rewards should provide a reasonable total reward package.
- Cost Effective pay should not be excessive:- considering what the organization can afford to pay.

- Secure:- pay should be enough to help an employee feel secure and aid him/her in satisfying based needs.
- Incentive providing:- pay should motivate effective and productive work.
- Acceptable to the employee:- the employee should understand the pay system and feel it is a reasonable system for the enterprise and him self or her self ((Ivancevich, 2003: 298).

An employees total compensation has three components. The relative proportion of each (know as the pay mix) varies extensively by firm. The first and (in most firms) largest elements of total compensation is **base compensation** the fixed pay an employee receives on a regular basis, either in the form of a salary (for example, a weekly or monthly paycheck) or as an hourly wage. The second component of total compensation is **pay incentive** programs designed to reward employees for good performance. These incentives come in many forms (including bonuses and profit sharing). The last component of total compensation is benefits, some-times called indirect compensations, benefits encompass a wide variety of programs (for example. Health insurance, vacations. and unemployment compensation), the costs of which approach 41 percent of workers' compensation packages. A special category of benefits called pre requisites, or perks, are available only to employees with some special status in the organization, usually upper-level managers.

Compensation is the single most important cost in most firms, personnel costs are as high as 60 percent of total costs in certain types of manufacturing environments and even higher in some service organizations (Mejia etal, 1989: 324-325).

Designing a compensation system

An employee's paycheck is certainly important for its purchasing power. In most societies, however, a person's earnings also serve as an indicator of power and prestige and are tied to feelings of self worth. In other words, compensation affects a person economically, sociologically, and psychologically. For this reason, mishandling compensation issues is likely to have a strong negative, impact on employees and, ultimately, on the firm's performance.

The wide variety of pay policies and procedures presents managers with a two pronged challenge: to design a compensation system that (1) enables the firm to achieve its strategic objective and (2) is molded to the firm's unique characteristics and environment (Mejia et al, 1999: 325).

Compensation is a complex topic that has a significant impact on organizational success. You may be feeling a bit overwhelmed by the number of decisions that companies need to make in designing and implementing a compensation system. (Mejia et al, 1999: 327)

Most employees believe that they should be rewarded to recognize their relative performance. The HR department in many firms is responsible for designing mechanisms that support managers in linking employees pay to performance. Managers generally decide who should receive more rewards than others based on merit. Those rewards may be given based on individual, team, business unit or corporate performance criteria. At the top of organizational pyramid, the board of directors is responsible for choosing executive compensation packages that are competitive and induce executives to make decisions that are in the best interest of the organizations.

Pay for performance: The challenges

Pay-for-performance system, also called incentive systems, reward employee performance on the basis of three assumptions.

- Individual employees and work teams differ in how much they contribute to the firm not only in what they do, but also in how well they do it.
- The firm's overall performance depends to a large degree on the performance of individual and groups within the firm
- To attract, retain, motivate high performance and to be fair to all employees, a company needs to reward employees on the basis of their relative performance.

These assumptions seem straightforward and acceptable. However, it is widely recognized that incentive systems can create negative consequences for firms. Thus,

before taking about specific types of pay-for-performance plans, we will discuss eight challenges facing organizations that want to adopt an incentive system.

- The “Do only what you get paid for” syndromes
- Negative effects on the sprit of cooperation
- Lack of control
- Difficulties in measuring performance
- Psychological contracts
- The credibility gap
- Job dissatisfaction and stress
- Potential Reduction of Intrinsic Drivers (Mejia etal, 1999: 361-362)

2.4 Job analysis

Job analysis traditionally was done for purposes connected with recruitment, pay, administration, and supervision. But the increasing complexity of work has made job analysis an important instrument for developing people in organizations. Job analysis requires a systematic collection, evaluation, and organization of information about the job. This information is collected through interviews, mailed questionnaires, observation, study of records, and similar methods. The collected information becomes a basis for preparing job descriptions and specifications. The job description, or job profile, is a written statement which includes detailed specifications of duties to be performed, responsibilities, and working conditions and indicates what is expected of a job holder. A job specification is a profile of the human characteristics needed for the job, such as education, training, skills, experience, and physical and mental abilities (Werther and Davis, 1982, 225).

2.5 What type of reward is most effective?

Informal rewards are the most effective. Further, these motivating techniques were ranked as the top five:

The manager personally congratulates employees who do a good job

The manager writes personal notes about good performance

The organization uses performance as the basis for promotion

The manager publicly recognizes employees for good performance

The manager holds morale-building meetings to celebrate successes

Tactics for implementing an Informal reward system include

- Linking to organizational goals
- Defining parameters and mechanics
- Obtain commitment and support
- Monitor effectiveness, and change when the rewards are no longer special
- Link to formal rewards programs

Reward systems are not exclusively the realm of managers

Systems can include structures that allow for peers to recognize each other. For many people, peer recognition is more important than recognition by managers or customers.

2.6 Basics for Effective Rewards and Recognition

According to Swanson et al: (1990, 347-348), basics the effective rewards and recognition are:

- Use the person's name
- Strive to be timely
- The compliment is the only topic discussed
- Make it specific so the person knows why they are getting the recognition
- Describe how what they did helps the organization; how it will be used

Reward is an act performed to strengthen approved behavior. Managers are particularly interested in effect – related behaviors, these behaviors that directly or indirectly influence the achievement of the organization objectives.

2.7 *Benefits of Reward*

2.7.1 Why Employee Benefits program needed?

- ✓ To achieve HR strategic targets
- ✓ To improve staff retention and acquisition
- ✓ To improve employee morale
- ✓ To reduce recruitment and training costs
- ✓ To support employer of choice status
- ✓ To demonstrate differentiated workplace practices

2.7.2 Why bother with Reward and Recognition?

Reward and Recognition plays a part in at least these areas

- Employee Satisfaction – influencing retention and motivation
- Performance Management – creating a workplace environment that provides positive reinforcement of behaviors necessary to achieve results and business goals

2.7.3 What is the success criteria of reward systems?

As part of Employee Satisfaction, here are criteria for successful reward systems:

- match the reward to the person
- match the reward to the achievement
- be timely and specific

As Performance Management, here are some suggested criteria for successful reward systems:

- **Reward systems need to have a positive impact on behavior**
 - Contingent on achieving desired performance levels rather than on merely doing certain tasks

- Meaningful and valuable to the individual
 - Based on objective and attainable goals
 - Open to all, and not based on a competitive struggle within the workplace (everyone can win)
 - balanced between conditions in the workplace (extrinsic) and fulfillment of individual needs and wants (intrinsic)
- Reward systems need to focus efforts on serving the customer (internal or external)
 - Reward systems need to enhance collaboration within the workplace

2.7.4 20 Tips for No-Money Reward and Recognition

According to Michael (1999,700) listed the following non financial reward

- Post a thank-you note on the employee's or team member's office door.
- Have your director call an employee or team member to thank him or her for a job well done, or have the same person visit the employee at his or her workplace.
- Greet employees and colleagues by name when you pass their desks or pass them in the hall.
- When discussing an employee's or a group's ideas with other people, peers, or higher management, make sure you give credit.
- Acknowledge individual achievements by using people's names when preparing status reports.
- Name a continuing recognition award after an outstanding employee.
- Ask five people in your department or company to go up to the person sometime during the day and say "{Your name} asked me to thank you for [the task or achievement]. Good job!"
- Write five or more Post-it notes thanking the person for a job well done and hide them among the work on his or her desk.

- Have lunch or coffee with an employee or a group of employees you don't normally see.
- Make a thank you card by hand.
- Lunch outings for the entire group as an everyone-pays-his-own-way event. The value is in the going, so encourage but don't force anyone who isn't comfortable going with the group.
- A personal letter of thanks to the employee or team member from the CEO/senior manager for a significant contribution (you might need to get the information to this person before the letter can be written).
- Let the person you are recognizing know what you are doing or requesting on his or her behalf (i.e., send the person a copy of your requesting memo). Even if upper management doesn't approve the request, the person will know you were trying.
- Clippings of special articles on a topic you know is meaningful to the individual. Attach a note to relate the articles to something that is special to the person.
- Share verbal accolades. Don't forget to forward voice mail messages that compliment a team member's work.
- Ask a person to teach or share his accomplishment with others as a way of recognizing the person's ability and role.
- Ask a person for advice or her opinion; this demonstrates respect.
- Recognize an individual's accomplishments in front of peers -- yours or theirs.
- Practice positive nonverbal behaviors that demonstrate appreciation.
- Make a large calendar that can be posted. Call it the "celebration calendar" and use Post-Its and written notes of recognition tacked onto specific dates to honour contributions made by team members.

2.7.5 The five Most Important Tips for Effective Recognition

- All employees must be eligible for the recognition
- The recognition must supply the employer and employee with specific information about what behaviors or actions are being rewarded and recognized

- Anyone who then perform at the level or standard stated in the criteria receives the reward
- The recognition should occur as close to the performance of the actions as possible, So the recognition reinforces behavior the employer wants to encourage.

2.8 Types of Reward

According to Casio (2003: 416), the reward system includes both financial and non financial rewards

1. Financial Rewards: include:

Direct payments: salary

Indirect payments : employee benefits

2. Non financial Rewards: include

Every thing in a work environment that enhances a workers sense of self respect and sense of being estimated by others. The following are the commonly applied non-financial rewards.

- Protection program;
- Employee involvement in decision making;
- Effective supervision
- Recognition
- Training opportunities
- Supportive, nurturing company culture etc.

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The previous chapter dealt with the related literatures developed by various scholars. These chapters continue to present, analyze and interpret the data collected from the sample respondents. A total of 58 sample respondents were taken from employees and supervisor proportionally from Head Office of DBE. It is representing 15% of the total employees of DBE and are selected by use of Stratified sampling technique for which the sample was selected from the list prepared by category.

Out of the total questionnaires distributed, 54(93%) were returned, 41 from employees and 13 from supervisor. Therefore, the analysis and interpretation the survey data is based on 54 respondents.

Chart 1: Sex Composition of Respondents

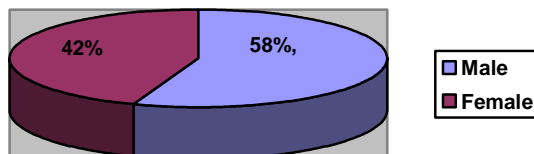
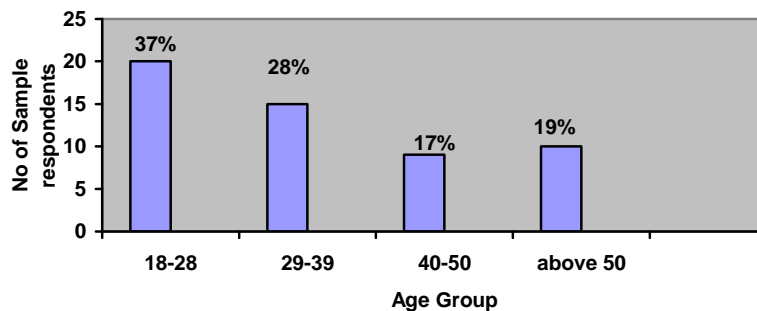


Chart 1 shows the composition of respondents in terms of their sex. From the Chart out of 54 respondents 31 (58%) were males and 23 (42%) were females. So, the result shows that male employees are greater than female ones in the Head Office of DBE.

Chart 2: Age Composition of Respondents



Chart

represents the composition of respondents in terms of their age. As shown in the chart, 20(37%) respondents were found to be between 18 and 28 years, 15 (28%) were between 29 and 39 years, 9 (17%) were between 40 and 50 years and the rest 10 (19%) were above 50 years. This percentage indicates that DBE has young and energetic employees that contribute a lot towards the success of the bank.

Chart 3 Education Level

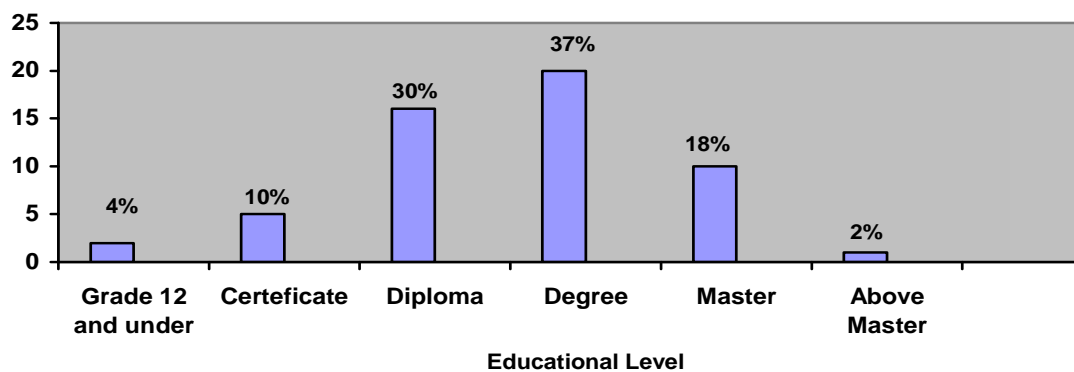


Chart 3 illustrates sample respondents regarding their education level. According to the chart the respondents are categorized into six groups, i.e , grade 12 and under, certificate, diploma, degree, master and above master.

As summarized in the chart the survey respondent data represent a greater proportion of employees are degree holders, i.e., 20 (37%). Others constitute the rest, i.e., Above Master 1(2%), Master 10(19%), Diploma 16 (30%), Certificate 5(10%) and Grade 12 and under 2(4%). According to the findings from 54 respondents, 37% of employees in the Head Office of DBE are degree holders. This shows DBE has many educated professional employees and it helps the Bank to operate its activities with professional employees.

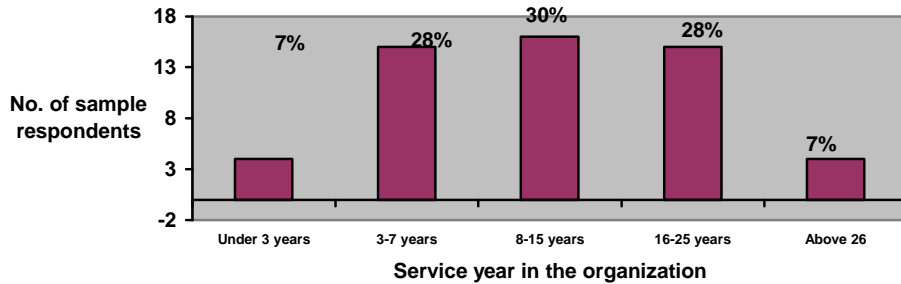


Chart 4: Service Year

Chart 4 show the employee and supervisor regarding their service years, the respondents are categorized into five groups, i.e.. under 3 years, between 3 and 7 years, between 8 and 15 years, between 16 and 25 and above 26 years.

Accordingly the above diagram show 7% respondents are found to be under 3 years, 28% are between 3 and 7 years, 30% are between 8 and 15 years, 28% are between 16 and 25, and 7% are above 26 years of service in the Bank's. The above data can show the majority of the banks employees are found at relatively the youngest age so that, this has implication for DBE to have sound reward system to motivate and reward employees with this age category.

3.1 Employee Performance Evaluation

Performance evaluation is the activity used to determine the extent to which an employee performs work effectively. Performance appraisals are used administratively whenever they are the basis for a decision about the employee's work conditions, including promotions, termination, and rewards. This question present, interpret and analyze data collected regarding employee performance evaluation system of the Bank.

Table 3.1.1 Feedback of employees for performance evaluation

Item		Sample Respondents	
		No.	%
1	Does the Bank have a periodic and formal performance evaluation?		
	Yes	32	78%
	No	9	22%
	Total	41	100%
2	Do you have a clear view of the Bank's strategic objectives?		
	Yes	33	80%
	No	7	17%
	No response	1	3%
	Total	41	100%

As shown in table 3.1.1, Item 1, 32(78%) of the respondents responded that the bank has periodic and formal performance evaluation while the rest doesn't have. In item 2, 33(80%) of the respondents replied we have clear view of the bank's strategic objectives and 7(17%) of them said we doesn't have clear view of the bank's strategic, while the rest 1(3%) respondent kept silent.

From this one can conclude that the bank has periodic and formal performance evaluation and most of the employees have clear view of the bank's strategic objectives.

Regarding of the same table, some employees said no one told them about the bank's strategic objectives and not that much important to know.

Table 3.1.2 Employee feedback

Item		Sample Respondents	
		No.	%
1	Have you been of the expected accomplishment/ output from your work unit?		
	Yes	36	88%
	No	5	12%
	Total	41	100%
2	Do you have performance plan at individual and/or group assignments and responsibilities		
	Yes	31	76%
	No	9	22%
	Not respond	1	2%
	Total	41	100%
3	Do you know the measurement criteria for your duties and responsibilities		
	Yes	20	49%
	No	21	51%
	Total	41	100%

As shown in table 3.1.2 item 1, 88% of the respondents replied that they have told of the expected accomplishment/outputs from their work unit. Similarly in item 2 of the same table, most of the respondents 76% responded they have performance plan at individual and/or group assignments and responsibilities. From this one can conclude that employees are told of the expected accomplishment/output from their work unit and they have performance plan and individual and group assignment and responsibility.

In item 3, 51% of the respondents replied that they don't know the measurement criteria of their duties and responsibilities while the rest 49% know the measurement criteria and Regarding this proportionally employee know the measurement of criteria for their duties

and responsibility and they state the measurement criteria like as cost, quality, time and Reduction of NPL (Non Performing Loan).

Table 3.1.3 Feedback of employee about performance standard

Item		Sample Respondents	
		No.	%
1	Have you got informed of your performance standard?		
	Yes	18	44%
	No	23	56%
	Total	41	100%
2	Do you receive feedback from your supervisor on you performance evaluation result		
	Yes	12	29%
	No	29	71%
	Total	41	100%

Table 3.1.3 item 1, indicates 56% of the respondents replied that they are not informed of our performance standard and the rest 44% responded are informed their performance standard level. In item 2 of the same table 71% of the respondents said they don't receive feedback from their supervisor on their performance evaluation result.

From the respondents one can conclude employees of DBE are not informed their performance standards as well as they don't receive any feed back on their performance evaluation result. Employees were also asked if their answer is yes, and they said that we have received feed back from our supervisors in oral and discussion with them.

Table 3.1.4 The response of supervisor's

Item		Sample Respondents	
		No.	%
1	Do you know the performance level of employees under your control?		
	Yes	12	92%
	No	1	8%
	Total	13	100%
2	Based on your response for the above question, do you give feedback to your subordinates about their performance level?		
	Yes	9	31%
	No	4	69%
	Total	13	100%

As it is displayed in table 3.1.4 items 1 most of (92%) of the supervisors replied that they know the performance level of our employees under their control while the rest 8% said they don't know. And item 2 of the same table, 69% of the supervisors said we don't give feed back to our subordinates about their level of performance.

This figure (percentage) leads us to the conclusion that even though most of the supervisors know the performance level of employees under their control, they don't give appropriate feedback. Supervisor also openly asked how they give feedback to their subordinates about their performance level and they replied by monthly, semi-annual and annual performance evaluation.

In addition, supervisor is opinion on the purpose of performance appraisal and they ranked

- First to improve employee's competence and improve quality of work
- Second to motivate employee to their job
- Third to reward out standing performing employees
- Fourth to decide on employee's promotion

- Fifth to decide on employee's salary increment
- And last to fulfill government requirements

This percentage (ratio) leads us to the conclusion that DBE's supervisor thought that performance appraisal use to improve employee's competence and quality of work. As well as to motivate to their job.

3.2 . Employee Performance Management and Reward

Reward and Recognition is typically used either to reward an employee for a behavior or recognize and employee for results. There are two types of reward and recognition, Monetary/Financial and Non Monetary/ non financial. "Monetary, receiving dollar incentives for performance and Non Monetary (NMR), various forms of "soft" recognition. Formal and Spontaneous are additional distinctions of Reward and Recognition". Reward can give an individual or team.

Table 3.2.1 Employee's feedback for performance management and reward

Item		Sample Respondents	
		No.	%
1	Did you receive any reward for your performance as an individual/team?		
	Yes	16	39%
	No	25	61%
	Total	41	100%
2	Are you aware that the reward you receive depend on your level of performance?		
	Yes	15	36%
	No	22	54%
	I don't received any reward	4	10%
	Total	41	100%
3	Have you ever told of the achievement /success of your work unit?		
	Yes	17	41%

	No	24	59%
	Total	41	100%

As it is observed in item 1, most of the respondents (61%) responded as they didn't receive any reward for their performance as an individual/team while the rest 39% respondents replied as they received rewards. Employees were also asked if their answer is yes and they ranked increment in first place, promotion second place, non financial reward in third place, thank you letter fourth place and financial reward in last place. However, this figure (percentage) leads to the conclusion that employees of DBE did not receive any reward for their performance.

In item 2, of the same table more than half of (54%) of the respondents don't know the reward they receive depend on their level of performance and 36% know the reward they receive depend on their level of performance while the rest 10% did not respond. This percentage leads employees did not rewarded in their performance level.

Similarly in item 3, 41% of the respondents replied that they are told the achievement and success of their work unit by their supervisors and general meeting which the rest 59% said they haven't told. Based on this, employees were openly asked how did informed of it, most employees are told by their supervisor, general meeting and others by annual report and informally. Accordingly, employees informed their success of unit work by different method.

3.3. Top Management Attitude towards Employee Reward

Informal rewards are the most effective. Further, these motivating techniques were ranked as the top five; the manager personally congratulates employees who do a good job and writes personal notes about good performance, the organization uses performance as the basis for promotion, the manager publicly recognizes employees for good performance and the manager holds morale-building meetings to celebrate successes

Table 3.3.1 Feedback of employees on top management attitudes to wards employee reward

Item		Sample Respondents	
		No.	%
1	How do you rate the Bank's Management recognition for your contribution to the achievement of the Bank's goals and objectives		
	Highly recognize	4	10%
	Recognize	10	24%
	Fairly Recognize	11	27%
	Recognize Little	3	7%
	Does not recognize	13	32%
	Total	41	100%
2	Do you think that the Bank's Management believes organizational success depends on employee motivation and rewarding competent employees?		
	Yes	21	51%
	No	20	49%
	Total	41	100%

Item 1, of table 3.3.1 illustrates (10%) of the employees said that they highly recognize for their contribution to the achievement of the bank's goals and objectives, 24% replied they are recognized, 27% of them responded fairly recognized, and 7% said they have little recognition while the rest 32% implied they don't recognized. From this one can conclude that the Bank's management gives little recognition for employee's contribution to the achievement of the Bank's goals and objective.

Employees asked openly for what factors are most described by the Bank's management for the Bank's success, the respondents described the success of the banks are

- Commitment and behavioral issue
- Client satisfaction/Credit service delivery
- Success of the organization objective, mission & goal
- Profitability of the bank and
- Minimize the bank's NPL

Item 2 shown as , 21(51%) respondent replied the bank's management believes organizational success depend on employee motivation and rewarding competent employees, but it is difficult to implement because it needs the board decision, as well as standardized reward system. This employee described the top mgt observation, it believes that but to implement it needs the board decision, by granting bonus increment of salary & promotion, which is theoretical.

In other way 49% respondents responded the bank's management doesn't believe the organization success depend on employee motivation and rewarding competent employees. Employees were also asked why do think it is, the respondents said that, the management should not aware, it only concern the bank's profitability and the management doesn't give significant attention. This percentage (ration) leads us to the conclusion that half of employees think the bank's management doesn't believe the organization success depend on employee motivation and rewarding competent employees

Table 3.3.2 Feed back of supervisor

Item		Sample Respondents in percentage	
1	What do you think are the major factors for the success of the Bank? Pleas prioritize		
	Committed Employees	89%	
	Finance	75%	
	Information Technology	20%	
	Infrastructure	25%	
2	Do you think employee reward will bring success for the Bank?	Sample of respondents	
		No	%
	Yes	13	100%
	No	-	
	Total	13	100%

In item 1 of table 3.3.2, most of the supervisor (i.e 89%) prioritized committed employees as the major factor for the success of the bank, 75% given priority for finance, 20% placed information technology in first place and 25% of the supervisor given priority for infrastructure. With this regard, when the bank bring to success their committed employee has been rewarded.

Regarding item 2, all the supervisors thought that employee reward will bring success for the bank by: Increasing employee commitment, competence, effort and motivation, Initiating employees for greater achievement for the organizational objectives and Improving quality out put.

3.4 Prevailing Reward System of the Bank

Reward system is one of the incentive mechanisms of the Bank to motivate employees to be more productive on their work place. Motivation factor should align with the Bank objectives, service delivery excellence and organizational profitability.

Table 3.4.1 The respondent of employee’s opinion on existing reward system of the Bank

Item		Sample Respondents	
		No.	%
1	Does the Bank have formal reward system		
	Yes	12	29%
	No	28	69%
	Not respond	1	2%
	Total	41	100%
2	Have you ever participated in employee reward ceremony in the Bank?		
	Yes	22	54%
	No	16	39%
	Not respond	3	7%
	Total	41	100%
3	Have you ever received reward?		
	Yes	13	32%

	No	28	68%
	If you received any reward, what were the criteria that able you eligible for it? Please state		
	Service year	7	54%
	Work result	2	15%
	Performance evaluation	3	24%
	Not respond	1	7%
	Total	13	100%
4	What are the techniques used by the bank to reward its employee	Sample percentage	respondents
	Bonus		68%
	Salary increment		44%
	Promotion		24%
	Thank you letter		17%
	Cash prize		2%
5	Are you satisfied with the current reward system of the Bank?		
	Very satisfied	4	10%
	Satisfied	10	24%
	Neutral	8	20%
	Dissatisfied	13	32%
	Very dissatisfied	6	15%
	Total	41	100%
6	Does the bank's reward system solicit top performance and reward them accordingly?		
	Yes	9	22%
	No	29	71%
	Not respond	3	7%
	Total	41	100%

In item 1 of table 3.4.1, 69% of the employees said that the bank doesn't have formal reward system, 29% the replied that the bank has formal reward system and the rest 2% refrain form giving responses. This percentage leads to the conclusion that the bank has not sufficient formal reward system.

Regarding item 2 of the same table 54% said that they have participated employee reward ceremony in the bank and 39% said they have not ever participated while the rest, 7% kept silent. From this one can conclude that the Banks doesn't practiced reward system.

As it is observed from item 3, most of the employees (i.e 68%) responded that they haven't ever received any reward while 32% of them said they have received reward and mentioned as bonus, salary increment, thank you letter and gold(100 years of anniversary ceremony). From the 13% respondents who received reward, most of them 54% said that the eligibility criteria for reward is service year, 15% said work result, 24% replied performance evaluation and the rest 7% refrained from response. From this one can conclude that employees of DBE don't receive reward for their achievement.

In item 4, the respondents responded that bonus set in firstly as a technique used by the bank to reward, its employees, next put salary increment, thirdly promotion, then thank you letter and lastly set cash prize. With this regard bonus is a technique of the bank's reward system.

In item 5, 10% of the employees said that they are very satisfied with the current reward system of the Bank, 24% responded of they are satisfied, 20% were neutral, 32% replied they are dissatisfied, while the rest 15% said they are very satisfied with the current reward system of the bank. This ratio leads us to the conclusion that the current reward system of the bank is not satisfactory.

Regarding item 6, 71% of the employees replied that the bank's reward and reward them accordingly and 22% said it solicit reward while the rest 7% kept silent. From this one can conclude that the bank's reward system doesn't solicit and reward top performance accordingly.

Table 3.4.2 The respondent of supervisor opinion on existing reward system of the Bank

Item		Respondents	
		No.	%
1	Do you think the bank has formal employee reward system?		

	Yes	2	15%
	No	10	77%
	Not respond	1	8%
	Total	12	100%
2	Do you have the chance/practice to reward competent employees either financially or non-financially?		
	Yes	5	38%
	No	8	62%
	Total	13	100%

Item 1 of table 3.4.2 shows that 77% of the supervisors thought that the bank doesn't have formal employee reward system, 15% said the bank has formal reward system and the rest 8% did not respond. This percentage shows that the bank reward system is not sufficient.

Regarding item 2, most of the supervisor 62% said that they don't have the chance/practice to reward competent employees either financially or non financially and they responded openly the reason, like as

- The bank doesn't have formal and clear reward system
- The organization is governmental institution.

And the remaining 38% replied that they have practice to reward competent employees by appreciating their work. The response of the supervisor indicates that the bank doesn't have a practice to reward competent employees

3.5 The Perception of employees on validity and reliability of reward system

Table 3.5.1

	Item	Respondents	
		No.	%
1	Do you perceive that the existing reward system of the Bank is valid to identify and reward competent employees?		

	Yes	6	15%
	No	31	76%
	Not respond	2	5%
	other	2	5%
	Total	41	100%
2	Do you think that the existing reward system of the Bank is reliable?		
	Yes	7	17%
	No	30	73%
	Not respond	4	10%
	Total	41	100%

In item 1 of table 3.5.1, 76% of the employees responded that the existing reward system of the bank is not valid to identify and reward competent employees and they replied for the following reason ranked as respectively:

- It does not critically identify and reward competent employees, and it has no clear performance standard that enables for reward,
- It equally treats all employees regardless of performance level
- The type of reward provided is not valid and motivating, other respondents said that, no any formal rewarding system, performance evaluation is highly subjective.

And 15% of the respondents said that it is valid, 5% of them mentioned other reasons like the performance evaluation is highly subjective and the rest 5% kept silent. This indicates that the existing reward of the bank is not valid to identify and reward competent employees.

Regarding item 2, of the same table, most of the employees 73% thought that the existing reward system of the bank is not reliable and they said that the following reasons

- It does not have clarity and transparency,
- The criteria used for reward are not clearly stated and it contains judgment and subjective. On the other hand 17% said that the existing reward system of the bank is valid. From the response one can conclude that the existing reward system of the bank is not valid.

As indicated previously, data collected through interview from 2 executive management member and summarized by the following paragraph

The main objective of the bank is to provide effective and efficient service deliver to its customer. The bank has formulated different policies and procedures regarding with manpower staffing, human resource development, performance management, employee motivation (compensation, benefits and employee services). Actually there is no formal reward system but some situation show, employee reward have been in the bank, like as bonus and increment. Though salary increment and bonus are given to all staff, we can not say that there is a reward system in the bank. The bank has not specific performance measurement standard to differentiate individual from individual based on the outstanding performance they achieved.

The problem is due to lack of present performance measurement standard and reward system, it has not criteria for rewarding, and the existing reward system has not based, but the bank is on the way to set performance measurements standards using BSC. I think in future the real reward system will be implemented in the Bank and competent employees will be rewarded on their result of performance.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION

4.1 SUMMARY

The main purpose of the study as stated in the first chapter is to assess and identify the problem of performance evaluation and reward system of DBE. As indicated in the previous chapters, due to the low level of understanding of Development Bank of Ethiopia Management about the reward system in general and specifically the role of reward system in enhancing employees productivity there is little attention to institute the reward system in the Bank. Therefore, in the list of the above problem the objective of the study is by assessing the prevailing performance evaluation and reward system of DBE, recommend possible ways and means to enable the bank to work on the problem in the area.

To research on the problem at hand, stratified sampling procedure was used, questioner and interview methodologies was used to collect data from selected target groups.

Summary of Major Findings

Based on the respondents answer the researcher has forwarded the following major findings

- The result of the study indicates that most of employees of Development Bank of Ethiopia are found in the age range of between 18-39.
- The study identified that the organization has high level professionals composed of different profession with qualification of diploma, degree and above.
- The findings show that the majority of the respondents are between 8 -15 service years experience in the organization.
- Over 75 % DEB's employees had thought that the bank has periodic and formal performance evaluation and employees have clear view of the bank's strategic objectives.

- The result of the assessment shows that employees know the expected accomplishment output from their work unit and they have performance plan and individual and group assignment and responsibility
- 49 % of the respondents know about the criteria which are used for measuring their performance. The result shows that employees are not informed about their performance standard as well as do not receive any appropriate feedback from their supervisor.
- 92 % of the supervisors know the performance level of employees under their control. But most of them don't give appropriate feedback to their subordinates.
- DBE's supervisors had thought that the purpose of performance appraisal in their organization is used to improve employee's competence and quality of work.
- The assessment shows that most employees of DBE did not receive any reward for their performance as an individual /team. DBE employees thought that the bank's management does not recognize their contribution to the achievement of the Bank's goals and objectives.
- The result of the assessment shows that the most factors of the Bank's success are
 - Profitability
 - Client satisfaction/ Credit Service Delivery
 - Achievement of the organization objective, mission and goal.
- The finding shows that half of employees that the Bank's management has awareness that organization success depends on employee motivation and rewarding competent employees.
- Based on the response, majority of the supervisors prioritized committed employees as the major factor for the success of the bank.
- As the result of the assessment, of the supervisors asked the majority believes employee reward will bring success for the bank.

- The majority of the employees responded that DBE does not give significant attention for the prevailing reward system and they also replied as they don't received enough reward. However, the Bank gives bonus and salary increment to all employees depending on the profitability of the organizations.
- Even though the finding shows that most of the employees said we have participated in employee reward ceremony it is by fortunate when the bank celebrates its 100 year anniversary.
- It is found out that most respondents are not satisfied with the current reward like bonus and annual salary increment.
- DBE employees thought that the existing reward provision of bonus and salary increment of the bank is not valid and reliable.

4.2 CONCLUSION

Based on the findings and literature review, the researcher tried to conclude the following

- Employees are most productive and reward demanding.
- Eventhough the Bank has formal and periodic performance evaluation but employees aren't informed of their performance result as they didn't receive any feedback from their supervisors.
- The Bank has no any mechanism to link individual employees performance to the goals of the Bank, so that, some of employees rewarding activities are not based on true performance results of employees.
- Bank didn't have sufficient formal employee reward system. It provides bonus and salary increment depending on its profitability to all employees. This erodes the recognition of best performers.
- The management of the Bank gives little recognition for employee's contribution to the achievement of the bank's goals and objectives. This affects the belongingness of employee to the Bank.
- The Bank didn't have the culture of rewarding competent and best performing employees. This results in dissatisfaction.
- The existing reward system of the bank is not valid and reliable as well as it doesn't give recognition to competent employees.
- The bank should develop and Institutionalize appropriate reward system, for better management of its human resource, considering the banks future business strategy.

4.3 RECOMMENDATION

Based on the findings of the study and the conclusion drawn, the researcher has forwarded the following recommendation and possible solution the problem identified.

- Supervisors should inform the performance standard of their employees and they should provide appropriate and timely feedback. This helps employees to take corrective action.
- The management of the bank should have to give recognition to employee's contribution to the achievement of the bank's goals and objectives.
- The Bank has provided bonus and increment to its employees based on the annual profit of the Bank. Employee reward system refers to programs set up by a company to reward performance and motivate employees on individual or group level. Therefore, the bank has been revising the existing reward system to satisfy the financial and non-financial need of its employee. With this regard, it is better to revise the existing reward system so as to satisfy the finance and non-financial needs of employee.
- The Bank should develop formal, valid and reliable employee rewarding system which should be designed on the basis of the Bank performance management system, and enable the bank's management to recognized and reward employees based of their performance results. This enables the bank to retain qualifies, competent and experience employees.
- Since rewarding competent employees bring success for an organization the bank should have the culture of rewarding competent employees.

- There should be in mechanism to link individual performance to the banks strategic goals and then to reward employees based on their registered performance result.

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St. Mary's University College
Business Faculty
Performance Evaluation and Reward System Questionnaires
To be filled by Employees

The purpose of this questionnaire is to present a senior essay concerning the problems of **reward system**, as a fulfillment of the requirement for the completion of B.A degree in management. So, your valuable responses are very important to make the paper effectual and perhaps for the improvement of the Bank. The researcher will keep the responses top secret.

Directions:

Indicate your response to the following inquiries by putting \surd mark in the box or by witting in the space provide.

Thank you in advance

QUESTIONNAIRE FOR EMPLOYEE (NON MANAGEMENT MEMBERS)

I. Personal Information

1. Sex

Male Female

2. Age

From 18-28 From 29-39
From 40-50 Above 50

3. Educational Level

Grade 12 and under Degree level
Certificate Master
Diploma Above Master

4. Year of service in the organization

under 3 years from 3 - 7 years
from 8 - 15 years from 16 - 25 years
above 26 years

II. Questions Regarding Reward System in the Bank

5. Does the Bank have a periodic and formal employee performance evaluation?

Yes No

6. Do you have a clear view of the Bank's strategic objectives?

Yes No

If your answer is no, why not

No one told me yet

Not that much important to know

Just by chance

There are no goals and objectives

I don't even know how it affects my job

Others _____

7. Have you told of the expected accomplishments/out put from your work unit?

Yes

No

8. Do you have performance plan at individual and/or group assignments and responsibilities

Yes

No

9. Do you know the measurement criteria for your duties and responsibilities

Yes

No

If yes, Please state the standards used to measure your performance _____

10. Have you got informed of your performance standard?

Yes

No

11. Do you receive feedback from your supervisor on you performance evaluation result?

Yes

No

If yes, please state how you receive feedback _____

12. Did you receive any reward for your performance as an individual/team?

Yes

No

If yes, what was/were it/were?

Salary increment

financial reward

Non Financial reward

Promotion

Thank you Letter

other _____

13. How does your supervisor recognize your performance?

In written form

Orally

Financially

Not yet received any recognition

14. Are you aware that the reward you receive depends on your level of performance?

Yes No

If your answer is yes; who/what did you heard was/were the reason/s for success/failure?

Please state _____

If your answer is no, what do you believe is the base to reward employees in the Bank?

Please state _____

15. Have you ever told of the achievement/success or failure of your work unit?

Yes No

If yes, how did you informed of it?

By your supervisor By Annual Report

General Meeting Informally

Other _____

16. How do you rate the Bank's Management recognition for your contribution to the achievement of the Bank's goals and objectives

Highly recognize Recognize

Fairly recognize Recognize little

Does not recognize

17. What factors are most described by the Bank's management for the Bank's success/failure? please state _____

18. Do you think that the Bank's Management believes organizational success depends on employee motivation and rewarding competent employees?

Yes No

If yes, how did you observe it? _____

If no, why do you think it is? _____

19. Does the Bank have formal reward system?

Yes No

20. Have you ever participated in employee reward ceremony in the Bank?

Yes No

21. Have you ever received reward?

Yes No

If yes, what was the kind of reward you received? _____

22. If you have received any reward, what were the criteria that able you eligible for it?

Please state

Service year Work result
Performance evaluation ther _____

23. What are the techniques used by the Bank to reward its employee?

Salary Increment Bonus Cash Prize
Promotion Thank you letter others if any _____

24. Are you satisfied with the current reward system of the Bank?

Very Satisfied Satisfied Neutral
Dissatisfied Very Dissatisfied

25. Does the Bank's reward system solicit top performers and reward them accordingly?

Yes No

If no, what do you think is/are the reason/s? _____

26. Do you perceive that the existing reward system of the Bank is valid to identify and reward competent employees?

Yes No

If no, please select/state your reason. You can select more than one answer

It does not critically identify and reward competent employees

It has no clear performance standard that enables for reward

The type of reward provided is not valid and motivating

It equally treats all employees regardless of performance level

Others _____

27. Do you think that the existing reward system of the Bank is reliable

Yes No

If no, please select/state your reason. You can select more than one answer

The criteria used for reward are not clearly stated

The employees selected for reward do not deserve it

It does not have clarity and transparency

It contains judgment and biasness

Others _____

ANNEX-2

St. Mary's University College
Business Faculty
Performance Evaluation and Reward System Questionnaires

To be filled by Supervisor

The purpose of this questionnaire is to present a senior essay concerning the problems of **reward system**, as a fulfillment of the requirement for the completion of B.A degree in management. So, your valuable responses are very important to make the paper effectual and perhaps for the improvement of the Bank. The researcher will keep the responses top secret.

Directions:

Indicate your response to the following inquiries by putting \surd mark in the box or by witting in the space provide.

Thank you in advance

QUESTIONNAIRE FOR SUPERVISORS

I. Personal Information

1. Sex

Male

Female

2. Age

From 18-28

From 29-39

From 40-50

Above 50

3. Educational Level

Diploma	<input type="checkbox"/>	Masters	<input type="checkbox"/>
Degree	<input type="checkbox"/>	Above Maters	<input type="checkbox"/>

4. Year of service in the organization

under 3 years	<input type="checkbox"/>	from 3 - 7 years	<input type="checkbox"/>
from 7 - 15 years	<input type="checkbox"/>	from 15 - 25 years	<input type="checkbox"/>
from 26 - 35 years	<input type="checkbox"/>	above 35 years	<input type="checkbox"/>

II. Questions Regarding Reward System in the Bank

5. Do you know the performance level of employees under your span of control?

Yes No

6. Based on your response for the question number 2, do you give feedback to your subordinates about their performance level?

Yes No

If your answer is yes, please state how you communicate the result _____

If your answer is no, why? _____

7. In your opinion, What should the purpose of performance appraisal be? (Please tick as many as you think appropriate)

To motivate employee to their job	<input type="checkbox"/>
To improve employee's competence	<input type="checkbox"/>
To decide on employee's promotion	<input type="checkbox"/>
To improve quality of work	<input type="checkbox"/>
To decided on employee's salary increment	<input type="checkbox"/>
To reward outstanding performing employees	<input type="checkbox"/>
To fulfill government requirements	<input type="checkbox"/>

8. What do you think are the major factors for the success of the Bank? Please prioritize

Infrastructure	<input type="checkbox"/>	Information Technology	<input type="checkbox"/>
Finance	<input type="checkbox"/>	Committed Employees	<input type="checkbox"/>
Others _____			

9. Do you think employee reward will bring success for the Bank?

Yes No

If your answer is yes, please state how you believe it will bring the desired success_____

If your answer is no, please state your reason_____

10. Do you have the chance/practice to reward competent employees either financially or non-financially?

Yes

No

11. Do you think the Bank has formal employee reward system?

Yes

No

12. If your answer is yes, what techniques have you used to reward/recognize your subordinates? Please state_____

If your answer is no, please state the problems that prohibit you not to recognize your subordinates_____

Annex-3

Interview Questions

- Is there any reward system in the Bank?
- What kind of reward the bank's employee receive?
- What does the Bank's use to motivate the employees for better performance?
- What do you think is a problem in the bank's while maintaining/ implementing employees reward?
- What is the source of the problem?

- What is your general comment on the bank's reward system?

DECLARATION

I, the undersigned declare that this senior essay project is my original work prepared under the guidance of Ato Biruk G/Michael. All source of material used for the manuscript have been duly acknowledge.

Name Meskerem Yisfa

Signature _____

Place of Submissions:

St. Mary's University College
Faculty of Business
Department of Management
Addis Ababa

Date of Submission: _____

SUMMISSION APPROVAL SHEET

This senior Research paper has been submitted to the Department of Management in partial fulfillment for the requirement of BA Degree in Management with my approval as an advisor.

Name : _____

Signature: _____

Date: _____