

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES



**THE EFFECT OF REWARD ON EMPLOYEES' PERFORMANCE: IN
THE CASE OF UNITED BANK OF ETHIOPIA**

**A MASTER THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS (MA)
DEGREE IN PROJECT MANAGEMENT**

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June, 2019

Addis Ababa, Ethiopia

ST. MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES
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DECLARATION

I, the undersigned, declare that this thesis is my original work/prepared under the guidance of Dr. ChalachewGetahun. All sources of materials used for the thesis have been duly acknowledged. I further conform that the thesis has not been submitted either in part or in full to any other higher learning institution for the propose of earning any degree.

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ENDORSEMENT

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

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ACKNOWLEDGMENTS

I express my profound gratitude to my advisor to CHALACHEW GETAHUN (PHD) for his priceless guidance and patience in seeing me through this research. I deeply appreciate his support.

My sincere thanks go to management and staff of United Bank heads office and branch office staffs for timely responding the questionnaires and their will to avail other relevant information for the successful completion of this study.

My sincere appreciation goes to my family specially my beloved sisters for their love, kindness and encouragement they gave me throughout the work despite my use of their time.

Finally, I would like also to express my heartfelt gratitude to all other persons who in diverse ways assisted me in the conduct of this study.

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Abstract

The study sought to find out the effect of reward on employees' performance in the United Bank of Ethiopia. The questionnaire was provided based on with the dimension of intrinsic and extrinsic rewards. To achieve the overall objective of the study data collected from employee of United Bank focusing on the head office. Accordingly, 62 respondents were participated in the study using stratified random sampling technique. Explanatory research design with multiple linear regression technique of data analysis was applied. Results revealed that payments, benefit, promotion, supervision, working condition job challenging and recognition have significant positive effect on employees' performance. The overall result of the regression analysis shows that extrinsic and intrinsic rewards have significant and positive effect on employees' performance in the United Bank. Accordingly United Bank management needs to give emphasis and due attention for all total rewards to improve the level of employees' performance.

Key words: *Reward, performance, intrinsic reward, extrinsic reward and United Bank.*

CHAPTER ONE

INTRODUCTION

1.1 .Background of the Study

Nowadays, business organizations operate in a complex and changing environment that greatly influences their growth and profitability. The constant changes occurring in the world, especially with regards to technology and innovation enforce companies to reassess the manner in which they communicate to both their employees and their customers. To cope with these changing environment organizations need to use their resource effectively. Their resource may be available in human and non-human aspect. Undoubtedly, the most important factor is human in organizations (Armstrong 2005).

One of the main management strategies of the organizations is to invest in employees. Organizations are seeking to develop, motivate and increase the performance of their employees in a variety of human resources applications because the survival and competitive advantage of any organization depends on the quality of human resources (Armstrong 2005).

Moreover, in this competitive environment organizations are highly realizing that they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees and achieve high organizational performance through them.

Employees are valuable resource of any organization. Employee's productivity and performance has been main concern of organizations. Rewarding employees for productivity is the focus of business organization. The ability to attract and retain competent workforce, as well as keep those highly motivated has however become a great challenge. Employers now require their employees to do more with less, while employees on their part, are asking for more incentives. This requires that organizations should device a system that will strike a balance, if they want to continue to have increased organizational performance (Losey 2005).

In the real world, it is very important to reward high performance levels because it motivates and controls the performance. Indeed, reward strategies should include non-financial and financial rewards. It helps any organization to attract, maintain and inspire skillful competent and capable of employees to make the organization prosperous. Although some benefits are provided in financial forms, such as salary and competitive pay, there are a lot of non-financial benefits which firms can provide to its employees. Therefore, for a manager, it is necessary to know what really inspires employees to perform the given task (Taylor & Francis 2005).

According to Lawle (2000, p.21) "Employee rewards system refers to programs by different organizations to reward performance and motivate employees on individual or group level". So reward systems in any organization are a fundamental tool and play an important role as far as employee motivation and performance was concerned.

Cowherd & Levine (1992) pointed out that reward systems have a critical role in determining the organization's ability to attract high potential employees and to retain high performing employees to achieve greater levels of quality and performance and in designing a reward system, the organization should specify group or organizational goals to be achieved and specific behaviors or performance that will attract rewards.

On the other hand, Nelson (1997) explains there are other means to reward employees that do not just focus on financial compensation. Some of these include the praise that employees are able to acquire from their managers, the opportunity to take on important projects or tasks, and even leadership attention.

This is largely due to the fact that the well-rewarded employee feels that he/she is being valued by the company that he/she is working for. They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being hone and taken care of by their company. Thus, it is a constant and continuous challenge for companies to really work on understanding what factors contribute to improve performance levels of their employees. Aside from working on satisfying their customers, it is crucial that companies also work on identifying the reward practices or motivators that boost the performance of their workforce.

From different literatures reviewed for the purpose of this study there are variations what type of reward can help to perform their jobbing. These differences happen due to factors like: type of industry/sector, demographic variables, level of development of the country. Therefore the paper tried to find out possible relationships that exist between reward and employee performance in United Bank of Ethiopia.

1.2. Back Ground of the Organization

United Bank was incorporated as a share company on 10 December 1998 in accordance with the Commercial Code of Ethiopia of 1960 and the Licensing and Supervision of banking Business Proclamation No. 84/1994. The Bank obtained a bank service license from the National Bank of Ethiopia and is registered with the Trade, Industry and Tourism Bureau of Addis Ababa City Administration.

Over the years, United Bank built itself into a progressive and modern banking institution, endowed with a strong financial structure and management, as well as a large and ever increasing customers and correspondent base. Today, United Bank is a full service bank that offers its customers a wide range of commercial banking services 223 branches and 14 sub branches, and a number of additional outlets on the pipeline.

United Bank's priority in the coming years is to strengthen its capital base, maximizing its return equity and benefiting from the latest technology in order to keep abreast with the latest developments in the local and international financial services industry (<http://www.Unitedbank.com.et/index.php/united> bank-s-history)

1.3. Statement of the Problem

Studies (Ayesha, & et al, 2015) have shown that the reward process is a major control or influence mechanism available to organizations. Reward is one of the most important elements which motivate employees to contribute their best effort, to generate innovative ideas that lead to better business functionality and further improve company performance both financially and non-financially. Philip's (2014) finding concludes that reward systems in any organization are a vital tool and play an important role as far as employee performance was concerned.

The way organizations managed their reward determined or influenced the attitudes of employees towards work, as well as their performance. Philip's (2014) also theorizes that employee's rewards policy in any organization controls the behavior and pattern of work hence a major driving force towards organizational development.

On the other hand, researchers (Nnaji & Nnadozie 2015) do not agree on predictable influence on individual behavior. They assert that employee performance is not only subjected to reward process.

Roberts (2005) descriptively affirmed that a proper understanding of the effect of reward process on employee performance helps to enhance organizational performance.

According to Ronald & Cary (2005) any organization in general needs employees who are capable to perform their duty. Banks in particular needs employees who can perform well. For without them customer satisfaction as well as basic function of the bank would also be affected. To use employees' full capacity and to get jobs done, banks first and foremost must care of their employees. Whatsoever the authority and the power given to the banks like United Bank of Ethiopia, what so ever the regulation and the policy framed, it is difficult to be productive unless the employees perform and execute the given policy.

Most people are motivated by money at least for their basic needs and wants (DeNisi and Griffins, 2008). Employee motivation through reward can be in several forms including salary raises, performance bonuses, and other extra benefits such as vacations, cars and other tangible items that are used as rewards (Campbell, 2007).

Many researchers have focused on benefit, recognition, and work environment as employee motivators in different organizations (Kosgei, 2011). However none has studied employee reward at United Bank SC.

Usually reward system was designed by top management. The problem here is that maybe they design the reward system without consulting with the employee and thus the designed may not be able to satisfy employees need and expectation. So we can say this reward system is not well structured and because of that it cannot really fully motivate the employee. In case the reward is something that does not have any good for the employee then it may not be enough to motivate the employee. As a result, the performance of the company will be affected due to this problem. Good performance of a company can really help organizations maintain their

recognized so that these appear as positive consequences for showing the desired behavior to motivation among employees.

So, this study sought to address this gap by enquiring on the effect of reward on employees' performance at United Bank SC. by assuming independent variable as reward and dependent variable as employee motivation.

1.4. Research Questions

The main emphasis of the research is to investigate the effects of reward system (independent

Variable) on employees' performance (dependent variable) as per the questions listed below

1. What does the bank's existing reward practice and employees' performance look like?
2. What is the effect of reward on employees' performance?

1.5. Research Objectives

The focus of this study is to determine the effect control variables on employees' performance at United Bank of Ethiopia. Moreover, the study will reach the following specific objectives

1. Investigate the existing rewards practice and employees' performance in the bank.
2. Determine the effect of rewards on employees' performance in the bank.

1.6. Research Hypothesis

The formulated research hypotheses are

H1: There is positive and significant relationship between payment and employees' performance.

H2: There is positive and significant relationship between benefit and employees' performance.

H3: There is positive and significant relationship between promotion and employees' performance.

H4: There is positive and significant relationship between Supervision and employees' performance.

H5: There is positive and significant relationship between working condition and employees' performance.

H6: There is positive and significant relationship between challenging & interesting job and employees' performance.

H7: There is positive and significant relationship between recognition and employees' performance.

H8: There is positive and significant relationship between empowerment (Autonomy) and employees' performance.

1.7. Scope and Limitation of the Study

To make this research manageable, the scope of the study is limited to employees of United Bank of Ethiopia of Ethiopia with a working experience of one or more years. In addition, study only will confine to reward system particularly financial and non-financial rewards. Financial rewards focus only salary/base pay, performance based cash bonuses and benefits while none financial rewards focus work condition/autonomy, Recognition and career development.

In case of demographic factor only age, gender, income level and marital status were taken in to account. Besides, the study covered only permanent employee without part timer or contract workers, researchers and top managers.

Lastly, for the sack of quality and specialization and to cope with the available time and resource constraints, this study will focus only on the reward system practices of United Bank of Ethiopia.

The study will focus on United Bank of Ethiopia employees to study the effect reward system on performance. This will limit to the generalization of the findings to other banks. In addition, shortage of time, skill on research and few employees refusal to fill the questioner is other potential limitation of the study.

1.8. Significance of the Study

Firstly, the findings of this research will be expected to help any concerned body/stakeholders at different levels by creating and developing awareness on the relationship between reward system and employee performance.

- **For Manger of the Bank:** They will use it to design a reward system which has high positive effect on employee's performance. And to avoid useless reward practice from their organization
- **For Policy Maker:** it will be useful to formulate reward and compensation policy by considering different situational and demographic factors.
- **For Academician:** The study will be expected to be a stepping stone for further research on the area.

1.9. Operational Definition of key Terms

- **Human resources** are the people who make up the workforce of an organization or business sector, or economy. "Human capital" is sometimes used synonymously with "human resources", although human capital typically refers to a more narrow view (i.e., the knowledge the individuals embody and economic growth).
- **A rewards system** is a planned and structured approach to reward one or more persons who act in a desirable way
- **Financial rewards** are monetary incentives that an employee earns as a result of good performance
- **Non-financial reward:** programs structured to motivate positive behavior change through means other than money.
- **Performance:** The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract.

Employee's performance is defined as whether a person executes their job duties and responsibilities well.

CHAPTER TWO

LITERATURE REVIEW

This chapter provides an insight about reward, reward systems, aims of reward system, types of reward and definition and concepts of employees' performance.

2.1. Theoretical Review

2.1.1. Reward

Reward is the compensation and/or benefit where by an employee receives from an organization for his or her good service. Reward is not simply offering direct currencies and other forms that can be converting to currency. It also involves the provision of good working environment, favorable interpersonal relationship inside the organization, allowing involving in decision-making processes, facing and feeling sense of achievement, with preferable growth opportunities (Jiang, Z. 2009)

The word rewards state the benefits that workers receive from their jobs and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction (Kalleberg1977, Mottaz1988) as cited in Vijauakumar & Subah, (2013).

According to Bratton & Gold (2007) reward refers to all the monetary, non-monetary and psychological payment that an organization provides for its employees in exchange for the work they perform.

Rewards are important to engage employees and perform effectively and efficiently in the organization. When employees develop interest, they are more dedicated to maintain high level of performance. Jehanzeb, et al.(2012). Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization Head & Eshwar (2014).

2.1.2. Reward Management

According to Armstrong (2006) Reward management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to

reward people fairly, equitable and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. It deals with the design, implementation and maintenance of reward system (system, process, practice and procedures) that aim to meet the needs of both the organization and its stakeholders.

Velnamy (2009) state that the purpose of managing the system of rewards within the organization is to attract and retain the human resources the organization needs to achieve its objectives. To retain the services of employees and maintain a high level of performance, it is necessary to increase their motivation and commitment. In effect the organization is aiming to bring about an alignment of organizational and individual objectives when the spotlight is on reward management.

2.1.3. Reward System

Reward system consists of the integrated policies, processes and practices and administrative procedure for implementing the system within the framework of the human resources (HR) strategy and the total organizational system. Bratton & Gold (2007).

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization Pratheepkanth (2011). Došenović (2016) also states that, the main role of the reward system is to align individual employee interests and strategic objective of the company by attracting and retaining skilled people, encouraging and supporting employees to develop their skills and knowledge, motivating employees and creating a culture where employees care about the success of companies in which they work.

2.1.4. Reward Strategy

According to Velnampy (2009) Reward strategy is the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub units and individuals are directed towards the achievement of an organization strategic objective, subject to internal or external constraints. Velnampy (2009) continue states that modern compensation administration frequently embraces a strategic approach where the mix and level of direct pay and benefits are chosen to reinforce the organization's overall strategic objectives (Integration among four basis policy decisions is required in the design of a consistent compensation system. These decisions involve the comparison of jobs within an organization(internal equity/internal consistency, setting pay levels relative to competitors (External equity/External competitiveness),adjusting pay for individual employees (pay for performance, rewards systems, skill based pay design), and the administration of the compensation function (benefits administration, and benefits communication).

2.1.5. Total Reward

Total rewards summarizes all the aspects of work that is valued by employees whether it is related to healthy work environment, better opportunities of learning and development or the benefits packages linked to the pay Nazir, Shahand & Zaman (2012). According to Armstrong, (2009) total reward is the combination of financial and non-financial rewards available to employees. It includes base pay, contingent pay, employee benefits and rewards from the work itself .Armstrong & Stephen (2005) state total reward combines the impact of the two major categories of reward, transactional rewards and relational rewards. Transactional rewards are tangible rewards arising from transactions between the employers and employees concerning pay and benefits, whereas relational rewards are intangible rewards concerned with learning and development and the work experience.

Table .1. Components of Total Reward

Transactional Rewards	Basic Pay	Total Remuneration	Total Reward
	Contingent Pay		
	Employee Benefit		
Relational Rewards	Learning and development	Non-financial/intrinsic rewards	
	The work experience		
	Achievement, Recognition, Responsibility, Autonomy, Growth		

Source: Armstrong, M. and Stephenson T.2005

2.1.6. Types of Reward

There are two major types of rewards which employees receive from their work. These are extrinsic and intrinsic reward.

2.1.6.1. Extrinsic Rewards

Extrinsic rewards are the physical benefits provided by the organization that satisfy an employee's basic need for survival and security and drive from factors associated with the job context. This include financial payments such as pay, bonus, fringe benefits and nonfinancial such as working condition and managerial behavior. Bratton & Gold (2007) and Vijauakumar & Subah, (2013). Their common thread is that they are external to the job and come from an outside source, mainly management.

Payment

Heery and Noon (2001) defined pay as payment, in which include many components like basic salary, bonuses, pay for doing extra work and incentives". According to Yousaf et al.(2014) Employees are offered a financial reward for their services called pay which is a foremost requirement in human resource management. Employees who do their best want

reasonable pay that satisfies their needs. An equitable pay makes them feel appreciated so they expect to pay according to their efforts because they do not want to be unacknowledged for their services.

Benefits

According to Lekovic & Marik (2013) Benefits are components of the system of compensation, have represented for long the field of harmonization of compensation. Benefits are the rewards, that are available to the employees in the organization can be seen as motivators that activate and orient further activities for attaining goals of the organization. Jiang Z. (2009) discussed benefits includes shorter work time, vacations and holidays, pensions, insurance (life, social, health, etc.), maternity leave, etc

Promotion

Promotion programs are mostly joined with reward programs they retain a different purpose altogether. Promotion programs are generally not monetary in nature though they may have a cost to the company. William (2016) every employees has a dream of social recognition and accomplishment to achieve. As a result, promotion fulfils the desire for achieving distinction and craving social approval. Promotion helps satisfying employees need for security, belonging and personal growth and individuals often feel that they have not been treated fairly if they so long without promotion.

Working Conditions

Working conditions is about providing healthy, safe and so far as practicable pleasant working environment for employees and this environment are where employee feels that they have reasons for doing work and get pleasure from doing their job. Armstrong (2006) & Yousaf et al. (2014). This includes the relationships with colleagues, working hours, work load, availability of resources and the like.

Leadership/Supervisor

Leaders play a vital role in reward management. They exist to get things done through people, ensuring that the task is achieved but also building and maintaining constructive and

supportive relationships between themselves and members of their team and between the people within the group Armstrong (2005).

2.1.6.2. Intrinsic Rewards

Intrinsic rewards refer to psychological enjoyment and satisfaction of change, sometimes called 'Psychic income'; that a worker derives from her or his paid work, and that satisfies higher level needs for self-esteem and personal development. These drive from factors inherent in the way in which the work is designed that is the job content. This includes design features, such as the degree of variety of the work and the content of autonomy as well as the significance attributed to the work (Bratton & Gold J 2007). Intrinsic rewards are related to the worker's perception of the job and, hence, are affected by job design; intrinsic rewards may be called as non-financial/non-monetary rewards (Velnampy, 2009).

According to Ajimal et al (2015) intrinsic rewards have the great importance to integrate the commitment in employees. Organization provided the opportunities to employees by their performance for the recognition and acknowledgement as rewards and in result the employee emotionally attached with organization due to being recognized. The intrinsic rewards are more helpful for employers to develop and construct the emotional attachment among employees towards organization goals and objectives.

Recognition

Recognition is an appreciation to be shown to individuals for their achievements either informally on a day-to-day basis. Recognition can be provided by positive and immediate feedback from managers and the other forms of recognition are public 'applause', retreats, trips abroad and long-service awards, all of which can function as rewards (Armstrong, 2007).

According to William (2016) outstanding employees expect their effort to be acknowledged by the organization. People need to know not only how well they have achieved their objectives or done their work but also that their achievements are appreciated. Employees become more loyal to their organization if organization recognizes their work.

Empowerment

Employee participation in decision making improves effectiveness and innovation and at the same time it enhances employee motivation and trust in the organization. An equal opportunity of participation in decision making can be effective in giving employees a sense of pride and ownership. When the employees are empowered to take action, it gives them the ownership of their job. The empowerment helps them to take responsibility of their job and impact of their performance on the organization Yousaf et al. (2014). The human resource practices that focus on employee decision making, power, access to information and plays important role in motivating employee(William ,2016).

2.2. Employee Performance

Employee performance is originally what an employee does or does not do. Performance of employees could include: quantity of output, quality of output, timeliness of output, presence at work, cooperativeness.

To perform is to take a complex series of actions that integrate skills and knowledge to produce a valuable result. A performer can be an individual or a group of people engaging in a collaborative effort Sinha (2001) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance.

Stup (2003) also explained that to have a standard performance, employers have to get the employees task to be done on track as to achieve the organization goal or target. By having the work or job done on track, employers could be able to monitor their employees and help them to improve their performance.

Furthermore, a reward system should be implemented based on the performance of the employees. This is to motivate the employees in order to perform more on their task. There are several factors that being described by Stup (2003) towards the success of the employees' performance. The factors are such as physical work environment, equipment, meaningful work, performance expectation, and feedback on performance, reward for good or bad system, standard operating procedures, knowledge, skills and attitudes.

Franco et al (2002) defined performance that relies on internal motivation but presence of internal factors such as necessary skills, intellectual capacity and resources to do the job clearly have an impact. As a consequence employers are supposed to provide appropriate working conditions in order to make sure the performance of employees meet the required standards.

2.3. Empirical Literature Review

In this part, the researcher reviews journalized articles from 1990s up to the present. Relatively old publications were only revised as bird's eye view but recent articles (2013-2016) were reviewed deeply. It is done chronologically.

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 K., 2014) remark that perceived level of rewards and motivation has significant relationship among the private sector employees and the monetary rewards had a significant effect on employee motivation than the non-monetary rewards.

Puwanenthiren P. (2011) assert that there is positive relationship between the rewards and employee motivation that is (+0.7550). Moreover, he splits the result between the intrinsic reward system that is (and0.5831) and extrinsic reward system (0.7280). Lastly he concludes that there is a considerable positive relationship between the total reward system and the employee motivation of the Bank.

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 reveals 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, Ali, Seyed, & Mahmood (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.

Abdul Hameed (2014) conducted a research on impact of compensation on employee performance in the banking sector of Pakistani. A questionnaire was designed to collect the data on the factors related to compensation like salary, rewards, indirect compensation and employee performance. The data was collected from different banks of Pakistan. The data collected were analyzed in SPSS 17.0 Version. Findings were Compensation has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance.

A study conducted by Sheila & Josephat (2015) with objective of finding the influence of compensation and reward on performance of employees at Nakuru county government. Stratified random sampling technique was used. Primary data was collected using questionnaires and interview schedules with a combination of open and closed questions. The findings indicated that there was a strong relationship compensation and reward on employee performance in the county government of Nakuru.

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

Findings: The empirical results indicated the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance. More over a study by Ayesha A. and et al (2015) examine the effect of reward and Compensation system on the performance of employees. The first variable was compensation. Second was incentive. The finding shows that the most significant variable in the research is reward and compensation. It shows a great effect on the performance of employees. It boosts up the efficiency of employees. On

the contrary the variables motivation and incentives contribute least to the employee performance.

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

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

A study by Irshad A. (2016) pointed out the impact of extrinsic rewards on employees' performance. Primary data was collected through spreading questionnaire among employees working in the banking industry. He concluded that Salary and working the conditions positively affect employee performance.

Isaack Korir, Dinah Kipkebut (2016) examines the effect of financial and non-financial rewards on organizational performance and employee commitment of employees in Universities in Nakuru County. Results indicated that there was a moderate significant positive relationship between financial rewards and affective performance ($r = 0.344$, $p < 0.000$) and a weak significant positive relationship between financial rewards and normative commitment ($r = 0.249$, $p < 0.008$). The study found that financial reward management practices collectively have significant effect on organizational performance and commitment.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the research methodology that is used to conduct this study thus; it is focus on the following: research design, research approach, sampling techniques, data collection methods, research procedures, and data analysis methods.

3.1. Research Approach and Design

Quantitative research is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured typically on instruments, so that numbered data can be analyzed using statistical procedures (Creswell, 2009) .

To assess the effect of rewards and employee motivation, quantitative research approach was employed and the research design of the study is causal research design because, the objective of the study identified to understand the cause and effect relationship of intrinsic and extrinsic rewards on employee performance.

3.2. Research Methods

3.2.1. Population

The study population will comprise a total of 137 employees of united bank SC head office in Addis Ababa from various organizational departments. The study population refers to the total collection of elements which one would like to study or make inferences. The population aspect however refers to the individual participant or object on which the measurement is taken (Cooper and Schindler, 2011)

Table 3.1 Population size

Department	Population	Percentage
Control Dpt.	94	69%
Finance & Accounts	25	18%
IT	18	13%
Total	137	100%

3.2.2. Sample Design

3.2.2.1. Sampling Frame

A sampling frame consists of a list of all items from which the sample is drawn Kothari (2004). The sampling frame for this study will be a list of employees from three departments of head office total of 137 employees as provided by the Human resources office of the organization.

3.2.2.2. Sampling Technique

Kothari (2004) defines sampling design/technique as a definite plan for obtaining a sample from the sampling frame. A stratified sampling technique, which is one of probability sampling techniques, will be used. The departmental classification will be able to attain a good level of homogeneity. Hence the sample picked from the different departments will give a better representation of the population. Stratified sampling technique also helps reduce bias on any one given area as departments with higher population have more respondents. The researcher will divide the strata into, Control Department, Finance and Accounts and, IT Department Staffs and the sample will be picked randomly from the list of staff per department.

3.2.2.3. Sample Size

Sample size represents the number of items selected from the population Kothari, 2004). According to Kothari (2004) a good sample size depends on three key factors namely; the level of confidence desired, the margin of error and the variability of the population. Mugenda and Mugenda (1999) stated that even a sample size of 10% could be sufficient. A 50% will be deemed to be a sufficient sample and a good representation of the whole population Table 3.2 below shows the sample size distribution of respondents across the departments.

Table 3.2 sample size

Department	Population	Sample Ratio	Sample Size
Control Dpt.	94	50%	47
Finance & Accounts	25	50%	13
IT	18	50%	9
Total	137	100%	69

3.3. Type of Data and Tool /Instruments of Data Collection

3.3.1. Data Sources and Types

The study was undertaken mainly based on the data that was collected from primary sources of data which enabled the researcher to answer the research questions and meet the objectives of the study outlined at the beginning.

Primary data sources were gathered through the administration of Likert Scale questionnaires to sample employees personally at convenient time with close follow up to get reliable data.

3.3.2. Questionnaire Development

This study will use structured questionnaires with close ended questions and all of the data that will be gathered with quantitative methods. This study will be focused on 69 respondents with a limited timeline for data gathering and analysis therefore closed ended questions are needed. The questionnaires will be divided into two parts. The first part will consist of demographic questions contain personal characteristics of respondents including: age range, gender, educational level, current department, and years of experience. The second part will consist lists of quantitative questions, which requires rating from 1 to 5 (1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree) on the questionnaire's answers. The flow of the questionnaire moves from topic to topic that involves questions that will be directed towards the effect of rewards on employees performance.

3.3.3. Data Collection Techniques

The study will be based on primary sources of data which will be gathered through structured questionnaire. In this study the eight given constructs will be measured by forty one questions using a five-point Likert Scale adapted from the study conducted by Ha, et al. (2011). The secondary data will be obtained through document analysis to supplement the primary data which will be from a number of related books, journals and articles on reward and performance.

3.4. Data Analysis

The data that will be collected from the primary survey will be summarized, compiled, edited, and coded. Descriptive and inferential statistics will be employed for the data analysis process by using computer software called Statistical Package for social scientists (SPSS) version 20.

The descriptive statistics includes frequencies, percentages, means and standard deviation and the inferential statistics includes correlation analysis and regression analysis.

3.5. Ethical Consideration

During the course of administering the questionnaires, names and any identifying remarks will not be used. The confidentiality of the respondents will be kept and any data received for the study will be kept at the hands of the researcher. The data will be used based on the questionnaire of respondents rather than using the researcher opinion and input.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter discusses the results of the findings of the data analyzed from the questionnaires. The data was analyzed based on the research objectives and questionnaire items using a statistical tool, to generate frequency distribution tables, means, charts, graphs and the results of analysis presented.

4.1. Response Rate

Table 4.1 Questionnaire response rate by different work flows

Category	Sample size	Response	Percentage
Control	47	40	85%
Finance and Accounts	13	13	100%
Information technology	9	9	100%
Total	69	62	90%

Source: researcher's own compilation of Survey data 2018

As the above table shows, out of the targeted sixty nine respondents, sixty two responded to the questionnaire, this represented a 90% response rate. Accordingly, the analysis of this study was based on the number of questionnaires collected.

4.2. Characteristics of Respondents

The demographic characteristics of respondent gathered for this study were gender, age, educational level, years of service and department.

Table 4.2. Characteristics of respondents

No.	Profile	Description	Response	Percentage
1	Gender	Male	43	69.4%
		Female	19	30.6%
		Total	62	100%
2	Age (in Years)	below 25 years old	8	12.9%
		25-35 years old	31	50.0%
		36-45 years old	21	33.9%
		46 and Above	2	3.2%
		Total	62	100%
3	Educational Background	Diploma	6	9.7%
		BA/BSc	47	75.8%
		Master's Degree and Above	9	14.5%
		Total	62	100%
4	Experience in United Bank	Less than 3 year	4	6.5%
		3 – 5 years	30	48.5%
		6 years – 10 years	17	27.4%
		Above 10 years	11	17.7%
		Total	62	100%
5	Department	Control Departments	40	64.5%
		Finance and Accounts	13	21%
		Information Techno.(IT)	9	14.5%
		Total	62	100%

Source: researcher's own compilation of Survey data 2018

Table 4.2 presents the gender distribution of the respondents. Out of 62 respondents 43(69.4%) were male while 19(30.6%) were females. It shows that of age group of respondents, the larger number of respondents is between the ages of 25-35 old which adds

to 31 respondents and represents to 50 % or half of the total respondents. The second largest age groups are 36-45 years of old which consist 21 (33.9%) of the total respondents. The remaining cover 8(12.9%) and 2(3.2%) of the population which accounts below the age of 25 and above 46 years of old respectively.

Regarding to education level of the research participants, 6 (9.7 %) of the respondents has completed diploma education. 47(75.8%) of the respondents have completed bachelors' and 9(14.5) % of participants have completed Master's degree in various fields.

The table shows 64.5% of the respondents are from control department, while 21% and 14.5% are from Finance and account department and Information technology department respectively.

4. 3. Descriptive statistics: Banks Reward Practice and Employees' Performance

In this part, the data that are collected and entered were reported using SPSS. The mean value and standard deviation of reward variables are analyzed and presented.

4.3.1. Bank's reward practices

Table 4.3. The practice of extrinsic reward in the bank

Extrinsic Reward Variable	No.	Mean	SD
Payment	62	3.5392	.58383
Benefit	62	3.3266	.43558
Promotion	62	3.3419	.72010
Supervision	62	3.3333	.68810
Working Condition	62	3.6419	.65099

Source: researcher's own compilation of Survey data 2018

Table 4.3 shows the means and standard deviations of extrinsic reward variables such as payment, benefits, promotion, and working condition rated by respondents. The result from this study shows that Payment (mean=3.5392), Benefit (mean=3.3266),

Promotion (mean=3.3419), Supervision (mean=3.3333) and working condition (mean=3.6419).

Table 4.4. The practice of intrinsic reward in the bank

Intrinsic Reward Variable	No.	Mean	SD
Challenging & interesting job	62	3.5484	.78906
Recognition	62	3.6210	.69356
Empowerment& Autonomy	62	3.5161	.61716
Total		3.5618	

Source: researcher's own compilation of Survey data 2018

From the above table 4.4, the means and standard deviations of intrinsic reward variables such as challenging & interesting job (mean=3.5484), Recognition (mean=3.6210), and empowerment and autonomy (3.5161) rated by respondents.

4.3.2. Descriptive statistics of performance

Table.4.5 Descriptive statistic of Dependent Variable (performance)

Dependent Variable	N	Mean	SD
Performance	62	3.6871	.70187

Source: researcher's own compilation of Survey data 2018

The response of the respondent show that dependent variable (performance) is somewhat above average. This implies that the employees of the united bank are moderately performed well.

4.4. Relationship between reward and performance

For this study Pearson's correlation analysis was used to measure the magnitude of the relationship between reward and employee performance. In addition correlation analysis was used to provide evidence of convergent validity. A correlation coefficient is a very useful

means to summarize the relationship between two variables with single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient(r) is as follows: 0.1 to 0.30 is weak; 0.3 –0.50 is moderate; and > 0.5 is strong. Regarding the relationship between the variables, table 4.8 clearly shows that the variables are significantly correlated at a significant level of $p < 0.05$ except empowerment.

	Performance	Pay.	Ben.	Pro.	Sup.	Wcon.	Chal.	Rec.	Emp.
Motivation Pearson 1 Sig. (2-tailed)	1	0.602 .000	0.576 .000	0.502 .000	0.262 .039	0.639 .000	0.460 .000	0.394 .002	0.212 0.097
Pay Pearson 1 Sig. (2-tailed)		1	0.583 .000	0.383 .002	0.237 .000	0.381 .000	0.364 .000	0.752 .000	0.461 .000
Ben Pearson 1 Sig. (2-tailed)			1	0.511 .000	0.365 .004	0.682 .000	0.403 .001	0.430 .000	0.033 .796
Pro. Pearson 1 Sig. (2-tailed)				1	-0.029 0.825	0.179 0.165	0.768 .000	0.485 .000	0.211 .100
Sup. Pearson 1 Sig. (2-tailed)					1	0.598 .000	0.181 0.159	0.361 .004	0.302 0.017
Wcon. Pearson 1 Sig. (2-tailed)						1	0.377 .002	0.334 .008	0.053 0.680
Chal. Pearson 1 Sig. (2-tailed)							1	0.686 .000	0.255 .045
Rec. Pearson 1 Sig. (2-tailed)								1	0.460 .000
Emp. Pearson 1 Sig. (2-tailed)									1

Source: researcher's own compilation of Survey data 2018

Pay= payment, ben= benefit, pro= promotion, Sup= supervision, Wcon= working condition, chal=challenging job, Rec=recognition, Emp= empowerment, Perfo.= performance

As depicted from above table the relationship between employee performance and reward dimensions are significantly correlated, except empowerment, $P>0.05$. Payment, working condition, benefit and promotion are highly positively correlated with employee performance whereas Challenging job and recognition are moderately correlated, and supervision has weak relationship with performance.

4.5. Assumptions Testing

Based on the above correlation result the hypothesis of the study are tested and presented as follows:

H1: There is positive and significant relationship between payment and performance.

The output obtained from the SPSS indicates that, payment has significance and positively associated with the dependent variable (performance) which have value ($r=.602$, $p<0.01$).this indicates that payment contributes the most next to working condition.

H2: There is positive and significant relationship between benefit and performance.

Benefit has significant and strong positive relationship with performance with the value of ($r=0.576$), $p<0.01$)

H3: There is positive and significant relationship between promotion and performance.

Promotion like other dimensions has significant positive relationship with performance having a value ($r=0.502$, $P<0.01$)

H4: there is positive and relationship between supervision and performance.

As shown in SPSS result supervision has positive significant relationship with performance with the value of $r=0.262$, $p<0.05$).

H5: There is positive and significant relationship between working condition and performance.

Table 4.6. shows that working condition has significant and strong positive relationship with performance. It has the highest contribution of all other dimensions with a value $r=0.639$, $P<.01$)

H6: There is positive and significant relationship between Challenging and interesting job and performance.

Challenging work has positive and significant relationship with performance which has a value of $r=0.460$, $p<0.01$)

H7: There is positive and significant relationship between recognition or appreciation and performance.

The SPSS result describes recognition or appreciation has significant positive relationship with performance the result shown a value of $r=0.394$, $P<0.01$)

H8: There is positive and significant relationship between Empowerment and performance.

Empowerment do not have significant relationship with performance that is p value is above 0.05($p=0.097$) thus the hypothesis is rejected.

4.6. Effect of reward on performance

4.6.1. Effect of payment on performance

Table 4.7. Effect of payment on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602 ^a	.363	.352	.56483

a. Predictors: (Constant), Pa

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.960	1	9.960	29.745	.000 ^b
1 Residual	20.090	60	.335	29.745	
Total	30.050	61			

a. Dependent Variable: perfo.

b. Predictors: (Constant), pay

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.928	.571		1.054	.296
	pay.	.601	.170	.576	5.454	.000

a. Dependent Variable: perfo.

Source: researcher's own compilation of Survey data 2018

The model revealed R² value of 0.331 indicates that 33.1% of the total variance occurred in employee performance was explained by benefit. It also shows that the values of benefit can perfectly predict the values of the dependent variable performance by 33.1% and the adjusted R² of 0.320 revealed that benefit fit to the model by 32%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$, the model is significant.

As the coefficient table shows benefit has the positive standardized coefficient $\beta = 0.576$, $p < 0.05$ and it has also positive and significant effect on employee performance.

4.6.2. Effect of benefit on performance

Table. 4.8. Effect of benefit on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576 ^a	.331	.320	.57865

a. Predictors: (Constant), Ben.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.960	1	9.960	29.745	.000 ^b
Residual	20.090	60	.335		
Total	30.050	61			

a. *Dependent Variable: perfo.*

b. *Predictors: (Constant), Ben.*

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.601	.571		1.054	.296
Ben.	.928	.170	.576	5.454	.000

a. *Dependent Variable: perfo.*

Source: researcher's own compilation of Survey data 2018

The model revealed R² value of 0.331 indicates that 33.1% of the total variance occurred in employee performance was explained by benefit. It also shows that the values of benefit can perfectly predict the values of the dependent variable performance by 33.1% and the adjusted R² of 0.320 revealed that benefit fit to the model by 32%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than p<0.05, the model is significant.

As the coefficient table shows benefit has the positive standardized coefficient $\beta = 0.576$, p<0.05 and it has also positive and significant effect on employee performance.

4.6.3. Effect of promotion on performance

Table.4.9. Effect of promotion on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.502 ^a	.252	.239	.61210

a: Predictors: (Constant), pro.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7.570	1	7.570	20.203	.000 ^b
1 Residual	22.480	60	.375		
Total	30.050	61			

a. Dependent Variable: perfo.

b. Predictors: (Constant), pro.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.052	.109		5.518	.000
1 Pro.	.489	.109	.502	4.495	.000

a. Dependent Variable: perfo.

Source: researcher's own compilation of Survey data 2018

The model shown R² value of 0.252 indicates that 25.2% of the total variance occurred in employee performance was explained by promotion and it also shows that the values of promotion can perfectly predict the values of the performance by 25.2%.

The adjusted R² of 0.239 revealed that promotion fit to the model by approximately 24%. It also shows that the values of promotion can perfectly predict the values of the performance by 25.2%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics revealed a value (.000), which is less than $p < 0.05$, the model is significant.

The coefficient table shows that promotion has the positive standardized coefficient $\beta = 0.502$, $p < 0.05$ and it has also positive and significant effect on employee performance as other variables above.

4.6.4. Effect of working condition on performance

Table 4.10 Effect of working condition on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639 ^a	.408	.399	.54428

a. Predictors: (Constant), work.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.275	1	12.275	41.436	.000 ^b
1 Residual	17.775	60	.296		
Total	30.050	61			

b. Predictors: (Constant), work.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.177	.396		2.974	.004
Work	.689	.107	.639	6.437	.000

a. *Dependent Variable: perfo.*

Source: researcher's own compilation of Survey data 2018

The model revealed R² value of 0.408. Indicates that 40.8% of the total variance occurred in employee performance was described by working condition. It also shows that the values of working condition can perfectly predict the values of the dependent variable performance by 40.8%. and the adjusted R² of 0.399 revealed that benefit fit to the model by approximately 40%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than p<0.05, the model is significant.

As the coefficient table shows working condition has the positive standardized coefficient $\beta = 0.639$, p<0.05 and it has also positive and significant effect on employee performance.

4.6.5. Effect of supervision/leadership on performance

Table 4.11 Effect of supervision/leadership on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.262 ^a	.069	.053	.68288

a. *Predictors: (Constant), Sup.*

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.070	1	2.070	4.439	.039 ^b
Residual	27.980	60	.466		
Total	30.050	61			

a. *Dependent Variable: perfo.*

b. *Predictors: (Constant), sup*

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.795	.432		6.465	.000
Sup.	.268	.127	.262	2.107	.039

a. *Dependent Variable: perfo.*

The model revealed R² value of 0.069 this indicates that 6.9% of the total variance occurred in employee performance was described by supervision /leadership .and the adjusted R² of 0.053 revealed that supervisor relation with employees fit to the model by approximately 5.3%

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value p=0.39, the model is significant.

The coefficient table shows supervision has the positive standardized coefficient $\beta = 0.262$, p=0.39 and it has also positive and significant effect on employees' performance.

4.6.6. Effect of challenging and interesting job on performance

Table 4.12 Effect of challenging and interesting job on performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.460 ^a	.212	.198	.62839

a. Predictors: (Constant), chall.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.357	1	6.357	16.100	.000b
1 Residual	23.692	60			
Total	30.050	61	.395		

a. Dependent Variable: perfo.

b. Predictors: (Constant), chall.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.235	.371		6.033	.000
1 Chal.	.409	.102	.460	4.012	.000

a. Dependent Variable: perfo.

Source: researcher's own compilation of Survey data 2018

The model revealed R² value of 0.212 indicates that 21.2% of the total variance occurred in employee performance was described by challenging and interesting job. It also shows that the values of challenging and interesting job can perfectly predict the values of

the dependent variable performance by 21.2%. and the adjusted R² of 0.198 revealed that benefit fit to the model by approximately 20%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than $p < 0.05$, the model is significant.

The coefficient table shows interesting and challenging job has the positive standardized coefficient $\beta = 0.460$, $p < 0.05$ and it has also positive and significant effect on employee performance.

4.6.7. Effect of recognition on performance

Table. 4.13 Effect of Recognition on Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.394 ^a	.155	.141	.65047

a. Predictors: (Constant), Rec.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	4.663	1	4.663	11.020	.002 ^b
1 Residual	25.387	60	.423		
Total	30.050	61			

a. Dependent Variable: Perfo.

b. Predictors: (Constant), Rec.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.244	.443		5.069	.000
Rec.	.399	.120	.394	3.320	.002

a. *Dependent Variable: perfo.*

Source: researcher's own compilation of Survey data 2018

The model revealed R² value of 0.155 indicates that 15.5% of the total variance occurred in employee performance was described by recognition. It also shows that the values of recognition can perfectly predict the values of the dependent variable performance by 15.5%. and the adjusted R² of 0.141 revealed that benefit fit to the model by approximately 14%.

The ANOVA table shows the overall significance of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than p<0.05, the model is significant.

The coefficient table shows recognition has the positive standardized coefficient $\beta = 0.394$, p<0.05 and it has also positive and significant effect on employee performance.

4.6.8. Effect of empowerment on employees' performance

Table. 4.14 Effect of Empowerment on Employee Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.212 ^a	.045	.029	.69154

a: *Predictors: (Constant), Emp.*

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.356	1	1.356	2.835	.097 ^b
Residual	28.694	60	.478		
Total	30.050	61			

a. *Dependent Variable: Perfo.*

b. *Predictors: (Constant), Emp.*

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.838	.512		5.542	.000
Emp.	.242	.143	.212	4.011	.000

a. *Dependent Variable: perfo.*

The model revealed R² value of 0.045 indicates that 4.5% of the total variance occurred in employee performance was described by empowerment. It also shows that the values of empowerment or autonomy can perfectly predict the values of the dependent variable performance by 4.5%, and the adjusted R² of 0.029 revealed that benefit fit to the model by approximately 3%. The coefficient table shows empowerment has the positive standardized coefficient $\beta = 0.212$, $p < 0.05$ and it has also positive and significant effect on employee performance.

4.7. Regression result on extrinsic and intrinsic reward

Table 4.15 regression result of extrinsic and intrinsic reward

Dependent Variable	Independent Variable	R Square	Adjusted R square	F val.	Beta	T	Sig.
Performance	Extrinsic Reward	.524	.516	66.143	.724	8.133	.000
	Intrinsic Reward	.205	.191	15.435	.452	3.929	.000

Source: researcher's own compilation of Survey data 2018

The results shown in the above table 4.15 indicates a relatively high percentage of employee performance which can be described by the variables of extrinsic variable. The coefficient of relationship illustrates that the value of R² for extrinsic reward is 0.524; which means 52% of the variance in performance was described by extrinsic rewards. Whereas R² for intrinsic reward is 0.205; which implies that 20.5% of the variance in employee performance was described by intrinsic rewards.

The column labeled Beta (P) value of standardized coefficients indicates the variables that contribute to the dependent variable. The regression analysis for this study indicates that employee performance is positively and significantly related with extrinsic rewards (P=. 724, p<0.05). Whereas the regression analysis of this study also indicates that employee performance is positively and significantly related with the intrinsic reward (P=0.205, P<0.05)

4.8. Discussion of Results

The main objective of this is to determine the effect of reward on employees' performance in united bank. Specific objectives include assessing the reward practice of united bank, identifying whether there is significant relationship between reward and employee performance, examining the effect of extrinsic and intrinsic rewards on employee performance. Moreover, the research is about assessing which factors of reward contribute to employees' performances in United Bank.

The reward practice of united bank it is found that the mean of extrinsic reward variables such as payment, benefits, promotion, and working condition rated by respondents. The result from this study shows that Payment, Benefit, Promotion, Supervision and working condition, with regard to their result, the extrinsic reward practiced in the bank is somehow satisfactory. The Mean of intrinsic reward variables such as challenging & interesting job, recognition and empowerment and autonomy (3.5161) rated by respondents. From the result it is observed that, the intrinsic reward practiced in the united bank is also somehow satisfactory. The response of the respondent for that dependent variable of performance with the Mean Result show that is somewhat above average. This implies that the employees of the united bank are moderately performed well.

Results from Pearson's Product Moment Correlation Coefficient revealed that, there is positive and statistically significant relationship between extrinsic and intrinsic reward and employee performance. The Regression result also shown the reward variables has the positive and significant effect on employee performance $p < 0.05$.

About extrinsic and intrinsic reward, the regression result shows extrinsic reward and an intrinsic reward has positive and significant effect on employees' performance.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

The purpose of the study to examine the effect reward employees' performance and based on the findings of the research and the literature discussed, the following conclusions can be drawn:

The descriptive statistics on extrinsic and intrinsic reward depicts the mean of extrinsic reward is range from 3.3-3.6 this indicates as seen by the respondents of united bank somewhat above average. It also shown that the mean of intrinsic reward range is between 3.5-3.6 implies it is above average. The employees' performance mean result 3.7 shown employees moderately performed. Reward and employee performance relationship result was shown in Pearson correlation coefficient leads to conclusion that there is strong and significant correlation between all dimensions with employees' performance except empowerment.

Conclusion drawn from regression result is that payment, benefit, promotion, working condition, supervision, challenging and interesting job, and recognition has positive significant effect on employees' performance in united bank while empowerment has no impact on employees' performance in United Bank.

5.2. Recommendations

From the findings the study recommends reward packages must be valuable to the employees and should be based on realistic and reliable standards. The rewards exercised at united bank SC must be clearly identified and should have some meaning for the employees and easily understood by the workers so that they can easily calculate personal cost benefits for various levels of effort put by them.

The United Bank management should consider that both extrinsic and intrinsic reward are important for employees' performance and also give emphasis for both types of rewards to improve employees' performance. Applying an effective total rewards system may result

satisfied, engaged and productive employees. As a whole, it is assumed that by making some adjustment in the reward, the United Bank able to raise employee working performance and advance to compute with other Banks.

This study also suggests that future research be directed to explore how other variable for example work life balance, career development, job security and the like can influence employee performance.

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ST. MARY UNIVERSITY
MASTERS OF ARTS PROGRAM IN PROJECT MANAGEMENT
QUESTIONNAIRE

Introduction

This questionnaire is intended to gather primary data on “Effect of Reward on Employees’ Performance in the United Bank. The purpose of the study is to fulfill a thesis requirement for the Master of Arts Degree in Project Management at St. Mary University. Your responses for the questions are very important for the success of completing this study. All information collected through the questionnaire will be used only for the purpose of the study and will be kept confidential. And thus, I would like to thank you in advance for your kindly cooperation.

Part One: Biographical Information (please use the right (√) mark to show your choice

1. Gender: Male Female

2. Age: 25 or below 26-35 years 36-45 years 46 or above

1. Educational Background Diploma BA/BSc MA/MSc

If other specify-----

2. How long have you served in United Bank?

Less than 3 years 3-5 years 6-10 years above 10 years

3. In which department are you working currently?

Control department finance and Accounts formation Technology

Part 2. Please indicate the extent to which you agree or disagree with the statement by putting tick (√) mark with the corresponding score value.

Regarding to extrinsic reward

S.N	Statement	Score Values				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
	Payment					
1	The pay system is clearly stated and communicated to me	1	2	3	4	5
2	The Basis of pay for performance is reasonable					
3	My salary is satisfactory in relation to the job I do					
4	I earn same salary with others doing the same job in the Bank					
5	Salary increments are decided in a fair manner					
6	Pay scale of the bank treats each employee equitable					
7	Performance related incentives improve my work motivation					
	Benefit					
8	There exists an opportunity for promotion in the bank					
9	Promotion is an important factor in my work performance					
10	I never faced problems of leave arrangements					
11	The bank's loan (housing loan) policy is attractive					
	Promotion					
12	There exists an opportunity for promotion in the bank					
13	Promotion is an important factor in my work performance					
14	The criteria for promotion are acceptable					
15	Staffs are promoted in a fair & honest way					
16	Everyone has equal chance to be promoted					
	Supervisor/Leadership					
17	My supervisor is satisfied with my work					
18	My Supervisor is cooperative					
19	I receive adequate guidance and support from my supervisor					
	Working Conditions					
20	My working hours are reasonable					
21	The office layout is convenient to do my job					
22	I'm free to be with my colleagues					
23	All the necessary resources for work are available					
24	I have good communication with my co-workers					

Regarding to Intrinsic reward

S.N	Statement	Score Values				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
	Challenging and interesting task					
25	I am interested in my work	1	2	3	4	5
26	I perform challenging work and it makes me happy					
27	My work consists of varieties of tasks					
28	I am happy of the work I am working					
	Appreciation and Recognition					
29	The feeling of accomplishment I get from the job					
30	I receive constructive criticisms about my work					
31	I get credit for what I do					
32	I am told that I am making progress					
	Empowerment and Autonomy					
33	I have part in decision making process					
34	I have certain degree of autonomy in my work					
35	I'm allowed to decide on the methods to perform my work					
36	I am independently of other when I perform my work					

Regarding Performance

37	The intrinsic reward practice of the Bank makes me competent and well performed					
38	The extrinsic reward practice of the bank makes me competent and well performed					
39	I feel encouraged by my organization effort to reward and to perform well					
40	I feel well performed by the organization effort to improve employee reward					
41	Overall I perform well by both intrinsic and extrinsic reward practice of my organization					

THANKYOU!