WOLKITE UNIVERSITY

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DEPARTMENT OF MANAGEMENT

THE ROLE OF INCENTIVE SCHEME IN PROMOTING EMPLOYEES JOB PERFORMANCE IN CASE OF ABYSSINIA BANK WOLKITE BRANCH

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Abstract

The study was conducted in Abyssinia Bank Wolkite Branch. The main objective of the study is to assess the role of incentives in promoting employees' job performance.

The study has used a descriptive type of research because the researcher describes the state of nature as it exists. The researcher used primary and secondary data to conduct the study. To collect the primary data, the researcher used open-ended and closed-ended questionnaires. For the purpose of this study, a census approach was employed, where all employees of Abyssinia Bank Wolkite Branch will be included in the study. A total of 19 questionnaires were distributed to all employees in the branch.

The main findings revealed that benefits such as promotion, rewards, and other incentive schemes contribute to employee job performance.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Given the global nature of the existing socioeconomic challenges, it has become quite difficult for most organizations to cope up with the unending employee demands, among them being the provision of an appropriate incentive scheme. Incentives provide an avenue through which management can effectively link performance and competence of the employees (Pay Review, 2013). According to Franco et al. (2002) an incentive is seen as an available means that is applied so as to influence the willingness of employees to enhance their input while maintaining their effort towards attaining organizational goals.

1.2 Statement of the Problem

In today's competitive organizational environment, motivating employees has become a critical aspect of achieving organizational goals. Incentive programs are fundamental in fostering employee satisfaction and increasing their productivity. However, many organizations, including Abyssinia Bank Wolkite Branch, face challenges in designing and implementing effective incentive systems that address employee needs and align with organizational objectives.

While incentives such as promotions, rewards, and moral recognition are known to enhance employee motivation and performance, their actual impact at the branch level remains unclear. Ineffective or insufficient incentive schemes can lead to low morale, reduced productivity, absenteeism, and high employee turnover, which in turn negatively affect organizational performance.

At Abyssinia Bank Wolkite Branch, it is essential to assess whether the existing incentive mechanisms adequately motivate employees and contribute to their overall job performance. Specifically, there is a need to explore how promotion opportunities, financial rewards, and

moral incentives influence the employees' commitment, creativity, and productivity. Without such insights, the bank may struggle to retain talent and improve its operational efficiency.

This study aims to address these gaps by evaluating the role of various incentive schemes in promoting employee performance at Abyssinia Bank Wolkite Branch. It was also identify areas for improvement in the current incentive system to better meet both employee and organizational goals.

1.3 Research Questions

What is the role of promotion in enhancing employee performance at the Abyssinia bank wolkite branch?

How does the reward system affect employees' performance at the Abyssinia bank?

What is the impact of moral incentives on improving workers' performance?

How do incentive schemes at the Abyssinia bank wolkite Branch contribute to promoting employees' performance?

1.4 Objectives of the study

There are general and specific objectives in this study.

1.4.1 General Objectives

The general objective of this study is to assess the role of incentive on promoting employees job performance in case of Abyssinia bank wolkite branch.

1.4.2 Specific Objectives

1. Explaining the role of promotion on promoting employees in Abyssinia bank wolkite branch.

2. Showing the role of reward on promoting employees performance in Abyssinia bank.

3. Showing the role of moral incentives in improving the workers' performance.

4. Identifying the role of incentive schemes at Abyssinia bank wolkite branch and its role in promoting these institutions' employees

1.5 Significance of the study

The findings of this research believed to be helpful for a number of stakeholders. It would help to know the best incentive schemes or system in organizations as it is essential to know the best incentive in order to motivate employees in the banks to get the best out of employees.

This research would help to give an insight into the effectiveness of the use of incentives in motivating employees. It also unravels the problems, frustrations, and anxieties that employees meet in their work environment, especially where incentives are emphasized it would help banks to know the likely incentives to put in place in motivating employees.

In addition, it would assist management to engage in staff welfare development in order to improve the output or productivity of employees. It would also assist management to create a situation where the organizational and employees in the form of wages and salaries, promotion, good working condition, etc.

1.6 Scope of the study

The main objective of the study was investigating the role of incentive schemes on promoting employees job performance. But due time and budget constraints the study confined only to Abyssinia bank wolkite branch.

1.7 Limitation of the Study

In conducting the research study, the following potential limitations are anticipated:

The researcher was face challenges in allocating sufficient time to thoroughly explore past studies and revise related literature. Limited access to published reference materials was restricting the breadth of information available for the study. Unwilling to respond to questionnaires was potentially affecting the data collection process. Efforts to minimize costs were limit the scope and depth of the research.

1.8 Organization of the Study

The study has five chapters. The first chapter deals introduction which consists of background of the study, background of the organization, statement of the problem, objective of the study ,significance of the study, Scope and limitation of the study and organization of the study. The second chapter emphasize on review of related literature, which is briefly discuss about the definition and concepts of incentives and employees job performance and other related concepts. The third chapters consist of methodology of the study and the fourth chapter consists of data presentation and analysis and the fifth and the last chapter consist of conclusion and recommendation.

CHAPTER-TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

By definition, incentives are an external persuading factor that encourages the motive which positively directs the individual into working harder, matching the required performance in the institution, as to get the incentive. Incentives are also defined both as methods used by institutions to encourage employees to work with high spirits and also as concrete and moral methods of satisfying the individuals' moral and material desires. Palmer (2012) defines incentives as the external temptations and encouraging factors that lead the individual to work harder; they are given due to the individual's excellent performance since he will work harder and produce more effectively when he feels satisfied in the institution. In addition to this, incentives can also be defined as the consideration of the excellent performance, assuming that the salary is enough to make the worker appreciate the value of the job that also satisfies his basic needs in life (Palmer, 2012).

Practically, incentives refer to all of the concrete and moral methods that Jordanian travel and tourism institutions give in order to positively encourage the employees in a way that increase the production rate and enhance the employees' performance, which has its importance in satisfying the employees' desires and guarantee a loyal attitude towards the institution.

2.2MEANING OF INCENTIVE (REWARD) SCHEMES

A broad definition of reward schemes is provided by Bratton (2007):

‘Reward system refers to all the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform.’

Rewards schemes may include extrinsic and intrinsic rewards. Extrinsic rewards are items such as financial payments and working conditions that the employee receives as part of the job. Intrinsic rewards relate to satisfaction that is derived from actually performing the job such as personal fulfillment, and a sense of contributing something to society. Many people who work

for charities, for example, work for much lower salaries than they might achieve if they worked for commercial organizations. In doing so, they are exchanging extrinsic rewards for the intrinsic reward of doing something that they believe is good for society.

According to Armstrong and Taylor (2014), "Reward schemes are a crucial aspect of human resource management, providing a tangible acknowledgment of employees' contributions while reinforcing their value within the organization."

2.3 Theories of Incentives

One of (McClelland, 1962) most well-known theories is the human motivation. He stated that inherent motivators are critical to meeting a person's needs and meeting the needs of users in library environment, because they describe a pattern of how an individual may behave. McClelland's theory of motivation dominated by three types of motivational needs: The achievement, affiliation and power. People have either one of these needs or a combination of these three needs which motivate them toward a certain pattern of behavior.

Atkinson & Birch (1970) suggested that the motive to avoid failure is determined by three similar considerations: the need to avoid failure which, like (1) the need to achieve success, (2) varies among individuals; the person's estimate of the likelihood of failure at the particular task; and (3) the incentive value of failure at that task, that is, how unpleasant it would be to fail. The relative sire of the motives to succeed and to avoid failure determines the level of task difficulty which people will prefer. But Ahmad (2000) explained the theory of expected value and identified two keys requirements for the individual's motivation of achievement; predicting a successful mission and its collection value. This will develop the individual's self-efficiency to achieve a goal and seek to deal with more complex problems previously dealt with them.

Recent study conducted by Ayasrah (2006) indicated that individual's satisfaction cannot be achieved as a result of reaching a goal, but rather as a result of the individual's awareness of his effort in achieving this goal. So, the individual achieves positive sense of confidence and satisfaction when he accepts the expected result in return for his effort. In addition, to identify positive and negative deviations, the standards should reflect the goals of the organization, which determine the organization's direction so as to enable it to take appropriate corrective action. The standards, however, differ from one organization to another, but they have common ones that

cover all areas of performance such as standards of profitability, market share, and productivity, human resource development, leadership and employees' behavior, social responsibility, the balance between the long and short- run goals (Gattas, 1998). Adlouni (2002) also believed that organization's performance indicators include customer or user`s satisfaction, employees' satisfaction, market share, gains and results, overall performance and leadership support.

These theories and concepts may be applied in the libraries to increase the productivity and performance of the employees' to meet the needs of end user and later to develop all services, processes, collections, and build integrated library.

A Study by Alwabel (2005) investigated the role of the financial and moral incentives in raising the performance level of employees from the viewpoint of public security officers participating in the Hajj season. The results showed that there are no incentives standards provided to the officers but the degree of their satisfaction is very high and incentives played a major role in raising the level of performance. But the lessons from a Game of Charades (Shawn, Patricia & Marlon 2007) described a modified game of Charades that was developed to facilitate a discussion on the basic principles of effective reward system design. Students are organized into small groups. Incentive schemes are then manipulated so that one player within the group strives for an individual incentive, while the rest of the team play for a group reward. Through this simple and "fun" activity, students learn firsthand what happens when individual and team`s interests and incentives are not aligned. This experiential learning activity also offered excellent opportunities to discuss group dynamics, communication and coordination, and the importance of maintaining a systemic view of the employees' performance.

A recent study by Abang, A., May-Chiun, & Maw (2009) also found that firm performance has important implications for employees and organizations by examining human resource practices and the impact of incentives on manufacturing companies in the Malaysia context. The results indicated that the two components of human resource practices were namely, training and information technology that had direct impact on employee's performance. It was found that incentive was positively related to employees` performance but did not moderate the relationship between both HR practices and employees' performance.

The role of incentive in the organization is as follows: Koonmee (2010) discussed Development of Organizational Justice in Incentive Allocation of the Public Sector by comparing the roles of distributive and procedural justice with the national personnel's attitudinal outcomes (incentive satisfaction and job performance). He found that distributive justice and procedural justice played more important roles in predicting incentive satisfaction and job performance in 2008 than in 2006. Another paper by Schmidt (2010) indicated that the efforts of economists to emphasize the importance of incentives as determinants of employees performance, while successful to some degree, may have left the mistaken impression that "getting the incentives right" is the only task requiring the attention of senior executives when designing corporate organizations. The author identified the incentive intensive companies envisioned by economists as "mercenary organizations", or companies whose distinguishing feature is near-complete reliance on financial rewards and controls. Suggested that difficulties of devising an effective incentive system that cannot be gamed (which he calls the organizational equivalent of 'an anti-gravity machine'), the article questions whether such organizations are likely to yield superior performance.

2.4The Importance of Incentives

The idea of incentives triggers much consideration especially from the beginning of looking for qualified employees who are able to efficiently achieve the institution's goals; it is because incentives play a major role in the employees' productivity. The importance of incentives originates from the need for the employee to be recognized and appreciated for his or her efforts. Actually, appreciating people for their efforts by giving them incentives is a very significant factor in satisfying the internal desires of an individual. The individuals' own skills are not enough to let them work with high productivity unless there is an incentive system that encourages their internal motives and then leads very hardworking efforts (Locke and Braver, 2008).

A successful organization is the one which can efficiently exploit its employees' skills and qualifications. Therefore, scholars have worked hard as to come up with a comprehensive description of how to enhance the professionalism of the employees and how the administration chooses active individuals, and also how to connect the institutions' goals to the personal objectives of the individuals which will improve their performance. It is plausible to say that

successful organizations set an active incentive system capable of affecting the employees' performance in a way that pushes them into working harder and maintaining the goals of the institution. In addition, it is noticeable that motivating employees may help them to overcome a lot of their obstacles at work (Palmer, 2012). On the other hand, for the administrator to be inventively, he must try to create confidence and an environment of tranquility, security and respect in an honest and actual manner. One must know that appreciating or people's work and praising their achievements do not affect one's own success, so one must do this directly to who deserves it or just in front of a group of people by praising their accomplishment (Locke and Braver, 2008).

2.5 Types of Incentives

Incentive is concept of material and moral values and they are also a central point for different activities in the modern institutions and work environments. Concrete incentives are what called direct compensation systems such as salaries, rates and bonuses. On the other hand, moral incentives are called indirect compensation systems such as the stability of the work, participating in decision-making, commitment, pertinence, promotion and appreciating the employees' performance by thanking them. This shows that incentives are the consideration of excellent performance, which could be in the quality, quantity or abundance in the work's time or even in the costs (Palmer, 2012).

Incentives have been classified into different types, and they tend to interfere. They have been classified by searchers into different ways and techniques that can be used by the administration to get the highest amount of qualification from the human performance. Some have classified them depending on their effect on each individual, while some based them on the way they are given out, or on their goals and other ways of classifications which after a long way of research can be put under two main types of incentives which are: incentives based on the purpose and

Incentives based on the kind of the incentive itself (Robbins and Judge, 2007).

Firstly: incentives based on the purpose of the incentive, classified into two types: the first one is the positive Incentives which is the ways that positively affect people's behavior through satisfying their needs such as promising the employees of cash bonuses when they reach a stage of highly qualified performance. Such incentives are helpful for both the needs and sake of the

employees and that of the institution; it is because rise in the production, improving the quality, working according to high standards, coming up with inventories along with high responsibilities are all positive consequences for the institution, which, in return, rewards its employees with concrete, moral or social incentives. (Robbins and Judge, 2007). The second classification of incentives based on purpose is the negative incentives which are the ways of affecting people's behavior by threatening employees of depriving them of some privileges such as truncating part of their salary if they violated any of the work's principles. These ways are methods used by the administration in order to reduce negative behaviors and unacceptable manners among employees such as following orders, lack of responsibility and laziness. This kind of methods of includes ways of cautions and warning, preventing the employee of some privileges for a specific time, delaying promotion or even lowering the job position and transfer to other departments. These methods are used according to the degree of violation; such negative incentives are called deterrent incentives. However, the use of negative incentives is sometimes necessary for increasing efficiency in production especially when dealing with lazy employees (Palmer, 2012).

Secondly: incentives based on the type of the incentive itself; are classified into two types:

A- Concrete incentives including classified into three types:

1-The concrete incentive which is the most important one since it is considered the only source of living in addition to its being the base on which people depend in order to satisfy their basic needs and security. This kind of incentives includes rates, encouraging cash bonuses, commissions, periodical promotions, motivational promotions and sharing in some of the institutions' profits along with gifts for extra work.

2- Security and stability at work which is achieved through real guarantees that prevent abuse towards the employee if he commits a violation. Such guarantees create an atmosphere of security and stability and it also softens the morale of the employees which enhances productivity. Therefore, the institution must make a connection between the stability of the employee and his role in increasing production in the institution. This stability is given only to successful employees who work hard (Robbins and Judge, 2007). 3-Enrolling the employees in training sessions help in increasing the morale of these employees; it also provides them with

suitable work conditions and persuades them to work harder. This is due to the features of service that positively improve manners performances in the institution (Abu Shaikhah 2000).

In general, concrete incentives could be considered one of the most effective factors in encouraging the employees into working honestly when there are suitable rates that satisfy the individual's needs. On the contrary, low and unfair rates are a major factor in neglecting the required work and low productivity, when the given rates do not satisfy the needs of the individual (Robbins and Judge, 2007). In addition, it is noteworthy that concrete incentives are one of the old incentives that are both fast and immediate and it appreciates immediately the individual's efforts. Also, concrete incentives might be positive such as bonuses, aids, promotions and exceptional extra cash over the salary, or they might be negative such as depriving the employees from the bonuses and promotions, or even lowering their salaries (Helal 2009).

B-Moral incentives which include:

1- Delegating part of the chief's powers to his subordinates is a great incentive for them which appreciates their capabilities and creates an atmosphere of confidence in their performance.

Delegating some powers helps easing the burdens and provides flexibility but it should have legal and physical controls as to achieve the desired success.

2- Knowing the results of the individual's efforts gives the individual a feeling of pride and excellence and it is considered an important incentive for the employee to improve his performance when he feels satisfied and appreciated in his position.

3-Appreciative promotions

4- Honors and medals to appreciate the achievements and innovations accomplished by the employee.

5- Appreciation and thanking speeches directed to the employee.

6- Honor boards in order to list the hardworking employees. (Robbins and Judge, 2007).

It is worth mentioning that moral incentives in the work environment that satisfies the individual's needs are the reasons for attracting the individuals into work, since such incentives satisfy a specific need for the individual. Therefore, the administrations should not stick only to cash incentives, which satisfy only one need for the individual and somehow neglect other social and psychological needs. So it is the moral incentives that encourage the individual and satisfy the other social and psychological needs, which consequently creates a feeling of devotion towards work and motivates cooperation among colleagues. In short, moral incentives are as important as concrete ones regarding their role in improving human relations increasing the individuals' productivity inside the organization, because, as mentioned earlier, some concrete incentives may not work unless they are accompanied with moral ones (Abu Shaikhah 2000).

2.6 The Role of Organizational Culture in Incentive Design

Organizational culture significantly influences the effectiveness of incentive schemes. A study by Hofstede (1980) on cultural dimensions revealed that individualistic cultures respond better to personalized incentive systems, whereas collectivist cultures prefer group-based rewards. Therefore, organizations must align their incentive structures with cultural preferences to optimize their impact on employee performance.

2.7 Impact of Financial and Non-Financial Incentives

Research by Armstrong (2007) indicates that financial incentives play a pivotal role in meeting employees’ basic needs, but their long-term effect on motivation is limited. Non-financial incentives, such as career advancement opportunities, professional training, and recognition, have a more profound impact on employee satisfaction and loyalty. A balanced approach combining both types is recommended for sustained performance improvements.

2.8 Incentives and Employee Turnover

Numerous studies highlight the relationship between incentives and employee retention. Shaw et al. (2009) demonstrated that organizations offering competitive pay and recognition programs reported lower turnover rates. Similarly, Cappelli (2000) argued that firms investing in employee development and promoting from within reduce attrition and improve workforce stability.

Designing and implementing effective incentive programs pose several challenges, such as cost management, avoiding favoritism, and ensuring alignment with organizational goals. Misaligned incentives may lead to undesired outcomes, such as excessive focus on quantity over quality (Wright et al., 1993). Additionally, a study by Rynes et al. (2005) highlighted that poorly designed incentive schemes might demotivate employees and create resentment, especially when rewards are perceived as inconsistent or biased.

2.9 Psychological and Behavioral Aspects of Incentives

Incentives not only influence employee productivity but also affect psychological and behavioral outcomes. Adams' Equity Theory (1963) suggests that perceived fairness in rewards significantly impacts employee morale. Employees who believe they are fairly compensated are more likely to display positive behaviors, such as teamwork and organizational citizenship, while those perceiving inequity may exhibit counterproductive behaviors.

2.10 Emerging Trends in Incentive Systems

The increasing adoption of technology has revolutionized incentive systems. Organizations are leveraging data analysis and artificial intelligence to design personalized rewards tailored to employee preferences and performance. Ramification, a modern trend, integrates elements of competition and rewards into everyday tasks, making work more engaging and productive (Werbach & Hunter, 2012).

2.11 Gender and Incentive Preferences

Studies show that gender differences influence how incentives are perceived and valued. Men tend to prioritize financial rewards, while women place more value on work-life balance and recognition (Hakim, 2000). These insights suggest that organizations should consider demographic factors when designing and implementing incentive programs.

2.12 Incentives in Public vs. Private Sectors

The effectiveness of incentive programs varies across sectors. Public sector organizations often face budget constraints, which limit the scope of monetary rewards, whereas private sector organizations typically have more flexibility in offering comprehensive incentive packages.

Research by Perry etal. (2010) found that public sector employees are more motivated by intrinsic rewards such as meaningful work and opportunities to serve the public interest, while private sector employees are driven more by financial rewards and career growth opportunities.

2.13 The Job Performance of the Employees

In general, the concept of performance means the goals that institutions seek to achieve through their employees. It connects activities and goals via employees' duties inside institutions.

In other words, it's the individuals' responsibilities, activities and duties, that their work consists of, which should be done in the right way with taking into consideration the qualified employees' abilities to do them. Employee's performance can be defined as doing different activities and duties that their work consists of (Al-Rabayah 2003). Most individuals spend big parts of their lives searching for job satisfaction due to its positive efforts on their personal and professional lives. It also leads to increase institutions and employees productivity and benefit. Therefore, it's so hard to achieve high levels of the long term productivity unless the job satisfaction is there. However, many studies indicate the strong relationship between motivations given to employees and their satisfaction. As a result, that helps improve their performance which expresses individual's efforts' results that start from their abilities and realizing their duties. In conclusion, the concept of performance indicates the percentage of achieving and completing individuals' duties their jobs consist of.

2.13.1Ways of Measuring the Performance of the Employees

1-The Amount of the Effort: It refers to the amount of the physical or mental energy that the individual spends in a specific period of time in the work, in addition to the speed in performance.

2- The Quality of the Effort: It refers to the level of the quality of the done work and the degree of matching between the done work and some specific standards. Some kinds of work are not measured by the amount or the speed of performance; but rather by the degree of error-free performance and matching between the production and the required standards.

3-Rates of Performance: It refers to the process in which the evaluator increases the employee's productivity in order to determine the efficiency, the quality and the amount of the employee's

work in a specific period of time. Then, he compares the employee's done work with the specified rate. (Al-Rabayah 2003).

2.13.2 Objectives of Performance Evaluation

Several objectives can be achieved through applying incentive evaluation systems. One of the most important evaluation systems is choosing qualified individuals whose abilities and qualifications suite the required work. Therefore, it is possible to say that evaluating performance can offer standard and scientific bases used to promote individuals such as giving bonuses and incentives in order to increase the production and improve its quality. In addition to this, evaluating performance can also show the personal qualities of the employees that need training; also, such evaluation may suggest some steps to improve this performance (Al-Rabayah 2003). Finally, performance evaluation program raises the morale of the employees by appreciating their efforts, which results in improving their salaries (Abbas and Hamadi 2009).

2.13.3 Conceptual framework

This study investigates the role of incentives on employee performance. Promotion, rewards and moral incentives are the independent variables and the employee's job performance is the dependent variables.

CHAPTER THREE

RESEARCH METHODOLOGIES AND DESIGN

3.1 Introduction

This chapter outlines the steps followed in executing the study. It includes the research design, population of the study, census approach, data collection, and data analysis.

3.2 Research Design

The research design adopted for this study was descriptive. This method is suitable because the research examines the role of incentive schemes on employees' job performance and describes the state of affairs as they currently exist.

A descriptive research design records, analyzes, and interprets existing conditions. It is appropriate for this study as it aims to explore the role of incentive schemes in promoting employee performance at the Abyssinia Bank, Wolkite Branch.

3.3 Study Area, Population, and Period

The study would be conducted in wolkite Town, Gurage Zone, which is located in central part of Ethiopia and about 160 km from Addis Ababa. The zone shares common frontier with sodo district ,near west of kembata Tembaro zone, North of butajira and south of Hadiya zone.Wolkite is situated at a latitude of 8°17′N and a longitude of 37°47′E. In decimal format, these coordinates are approximately 8.2833° N and 37.7833° E.

The research period was span from February 2024 to May 2025 GC.

Population refers to the entire group of people or events of interest that the study seeks to investigate (Sekaran, 2003). In this study, the target population comprises 16 employees working at the Abyssinia Bank, Wolkite Branch.

3.4 Research approach

The researcher was used qualitative and quantitative research method. Quantitative method was used to apply percentage of respondents data collected through questionnaire techniques by the use of table and percentage analysis using results.

3.5 Census Approach

This research used census approach, where data is collected from 16 employees of Abyssinia Bank, Wolkite Branch. The remaining three questionnaires were not collected due to various reasons. The census approach is chosen to eliminate sampling errors and ensure comprehensive data collection, providing a complete representation of the population under study.

3.6 Data Collection

The study utilizes both primary and secondary data sources:

1. Primary Data: Data was collected through structured questionnaires administered on a drop-and-pick basis. The questionnaire consists of both open-ended and closed-ended questions and is divided into two parts:

Part One: Focuses on demographic data.

Part Two: Examines the role of incentive schemes on employee performance.

2. Secondary Data: Published and unpublished materials, along with related books, were used to gather additional information relevant to the study.

3.7 Data Analysis Method

Data analysis is the process of systematically applying statistical and logical techniques to describe, condense, and evaluate data.

The data was analyzed using descriptive statistics, including frequencies and percentages. The results were presented using tables ensuring clear and effective communication of findings.

CHAPTER FOUR

DATA ANALYSIS

4. RESULTS AND DISCUSSIONS

4.1 Introduction

The results of the statistical analysis, generated on the basis of the use of descriptive statistics, are presented in the forms of tables.

The general purpose of the study was to assess the role of incentive schemes in promoting employees job performance in case of Abyssinia bank wolkite branch. In doing so questionnaires that consists of 19 items was prepared. The data gathered were presented and interpreted one after the other. All the data presented, analyzed and interpreted here are obtained from questionnaires.

The questionnaires were organized based on the sequences which were provided in the questionnaire. A total of 19 respondents were taken to fill the questionnaires. Among 19 questionnaires distributed only 3 questionnaires were not collected. This means 16 respondents were properly filled the questionnaires and giving a response rate of 84%.The remaining three questionnaires were not collected due to various reasons, such as respondents' busy schedules, lack of interest, or unforeseen circumstances preventing them from completing the survey. The collected data is analyzed and interpreted in the subsequent sections based on the questionnaire structure.

4.2 Background Characteristics of Respondents

This section shows the gender of the respondents, marital status, age, and level of education.

4.2.1 Gender of respondents

Gender	Frequency	Percentage
Male	14	88
Female	2	12
Total	16	100

Table 1 gender of respondents

The result as indicated in table 1 revealed that 88% were male and 12% were female. This implies that the organization employs both the male and female employees though the majorities are male. It's an indication that there were no statistically significant differences in the work motivation and performance based on gender.

4.2.3 Age of respondents

Age	Frequency	Percentage
<25	9	56
26-35	6	38
36-45	1	6
46-55	0	0
>55	0	0
Total	16	100

Table 2 Age composition of employee

As indicated in table 2 it is seen that 56 % of the respondents who work in bank are within the age group of below 25 years followed by those in the age group of 26-35 years at38%, those between 36-45 is also 6% and lastly above 45 years there is no respondent. This means that Abyssinia is more interested in people below 26-35 ages because these are energetic and thirst to achieve a lot ahead. Management should recruit fresh graduates from colleges and universities since that target age group of the bank motivates workers in performance.

4.2.3 Marital status of respondents

Marital status	Frequency	Percentage
Single	13	81
Married	3	19
Widowed	0	0
Divorced	0	0
Total	16	100

Table 3 Marital status of respondents

Table 3 shows that 19% of the respondents who work in the bank are married, the single are 81%, the divorced are 0% and widower is 0%. This implies that the bank employees single workers are 81% indicated in the above chart. Therefore, management interested in singles employees, such a labor force is more productive and not attached to so many responsibilities.

4.2.4 Education level of Employees

Education level	Frequency	percentage
BA/BSC	15	94
MA/MSC	1	6
PHD	0	0

Total	16	100

Table 4 educational level of employees

The findings as indicated in table 4 shows that 94% of the respondents who work with Abyssinia bank wolkite branch are university graduates in bachelor's degree, followed by those who have master's degree at 6%. This means that the bank highly employed fresh graduate student. Therefore, management should constantly revise its practices in order to maintain the present standard.

4.3 Response about the study

4.3.1 Response towards promotion

Table 5 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I think that promotion mechanisms are appropriate	3	19	7	44	3	19	2	12	1	6	16	100

63% Positive (S.A + Agree) — A majority believe promotion mechanisms are appropriate.19% Neutral — A notable group is unsure, suggesting uncertainty about the process.18% Negative (Disagree + S.D) — Indicates some discontent with the system.

Key Insight:

While most employees support the promotion system, the neutral and negative responses suggest a lack of clarity or perceived unfairness in how promotions are handled.

Table 6 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I notice that job promotion affect me positively	3	19	9	56	1	6	2	12	1	6	16	100

75% Positive (S. A + Agree) — Most employees feel promotions boost their motivation and performance.6% Neutral — A small portion remains indifferent, possibly due to lack of promotion opportunities.18% Negative (Disagree + S.D) — A concerning percentage don't feel positively affected by promotions.

Key Insight:

Promotions are widely seen as motivational, but those who disagree may feel overlooked or unfairly treated.

Table 7 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
The majority of promotions is based on performance	1	6	6	37	4	25	3	19	2	13	16	100

43% Positive (S.A + Agree) — Less than half believe promotions are performance-based.25% Neutral — A large percentage are unsure, implying a lack of transparency.

32% Negative (Disagree + S.D) — A significant portion distrusts that performance drives promotions.

Key Insight:

Employees doubt the fairness of promotions — this perception can lower motivation and engagement, especially among high performers.

Table 8 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%

I think managers and supervisors promoted fairly	1	6	8	50	2	13	5	31	0	0	16	100

56% Positive — Over half believe managerial promotions are fair, which is a good sign of trust in leadership.13% Neutral — A small portion remains uncertain, indicating mixed experiences or limited visibility of promotion decisions.31% Negative — A large group disagrees, implying some employees feel favoritism or bias exists in managerial promotions.

Key Insight:

While the majority trusts managerial promotions, 31.25% disagreement is high enough to suggest a leadership credibility issue.

4.3.2 Response towards reward

Table 9 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I think that regulations in the incentive schemes	9	56	5	31	2	13	0	0	0	0	16	100

are fair												

87% Positive — A large majority believe incentive regulations are fair, reflecting satisfaction with the system.13% Neutral — A small number are undecided, possibly due to inconsistent application of incentives.0% Negative — No disagreement is a strong indicator of fair and consistent incentive policies.

Key Insight:

This is a positive result — employees largely trust the incentive scheme, which supports motivation.

Table 10 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I notice that giving rewards affect employees positively	2	13	11	69	1	6	2	12	0	0	16	100

82% Positive — The majority agree rewards positively influence performance, confirming rewards are motivating.6% Neutral — A very small group remains indifferent, suggesting rewards may not motivate everyone equally.12% Negative — A small group disagrees, possibly feeling rewards are unfair or insufficient.

Key Insight:

Rewards are generally effective, but some employees may feel overlooked or undervalued.

Table 11 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
The majority of rewards given at work places are according to seriousness and hard work	0	0	3	19	3	19	8	50	2	12	16	100

19% Positive — Only a small group believes rewards are based on hard work.19% Neutral — Some remain undecided, possibly lacking visibility into reward criteria.62% Negative — A majority disagree, indicating strong perceptions of unfairness in reward distribution.

Key Insight:

The bank faces a serious issue — employees feel hard work isn't recognized, which demotivates high performers.

4.3.3 Response towards moral incentive

Table 12 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
My direct manager plays a major role in improving my performance	1	6	2	12	3	19	7	44	3	19	16	100

18% Positive — Only a small group sees their manager as performance-enhancing.19% Neutral — Some are indifferent, possibly reflecting inconsistent managerial support.63% Negative — A majority disagree, indicating managerial leadership gaps.

Key Insight: Managers are not perceived as performance motivators, which can hinder productivity.

Table 13 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
My direct manager appreciates my effort at work place	4	25	6	37	0	0	3	19	3	19	16	100

62% Positive (S.A + Agree) — A majority feel appreciated by their managers, which is a good sign of existing managerial recognition.0% Neutral — The absence of neutral responses suggests employees feel strongly one way or the other — they either feel appreciated or they don't.38% Negative (Disagree + S.D) — Over a third don't feel appreciated — a significant portion that indicates inconsistent managerial recognition.

Key Insight:

While most employees feel recognized, the large negative portion signals inconsistent appreciation practices among managers. This can lower motivation, reduce engagement, and impact performance — especially for employees who work hard but feel overlooked.

Table 14 from the questionnaire 2017

factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
The bank offers medals for those who deserve	1	6	8	50	1	6	5	31	1	7	16	100

56% Positive — More than half believe deserving employees get recognized with medals.6% Neutral — A small portion is unsure, indicating lack of visibility in the recognition process.38% Negative — A sizable group disagrees, suggesting inconsistent or unfair recognition practices.

Key Insight:

Recognition exists, but the high disagreement rate suggests employees feel undervalued or overlooked.

4.4 Response about employee's performance

Table 15 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I am always ready to do the best due to good treatment from my colleagues at work	6	38	4	25	2	13	3	19	1	6	16	100

63% Positive — A strong majority feel motivated by good treatment from colleagues.13% Neutral — A small group is undecided, possibly reflecting mixed team experiences.25% Negative — A quarter of respondents disagree, indicating team dynamics issues.

Key Insight:

Positive relationships boost performance, but team friction may demotivate a portion of the workforce.

Table 16 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I care about my performance evaluation because of they are a chance to get bonuses	1	6	8	50	2	13	4	25	Ï1	6	16	100

56% Positive — Over half see evaluations as an opportunity for bonuses.13% Neutral — Some employees remain indifferent, possibly due to infrequent or unclear evaluations.31% Negative — A significant portion disagrees, doubting the link between performance evaluations and bonuses.

Key Insight:

Employees value performance evaluations when they feel bonuses are achievable, but many believe evaluations aren't fair or effective.

Table 17 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%

I finish the required work even if it requires extra effort	8	50	7	44	1	6	0	0	0	0	16	100

94% Positive — A powerful majority are willing to put in extra effort to complete tasks.6% Neutral — Very few are undecided.0% Negative — No one disagrees, indicating strong commitment and work ethic.

Key Insight: Employees show high dedication — a positive sign for job performance.

Table 18 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I am willing to work harder	2	13	6	37	3	19	3	19	2	12	16	100

50% Positive — half are willing to work harder.19% Neutral — a significant portion is undecided.31% Negative — many aren't willing to put in extra effort, likely due to lack of motivation or perceived unfairness.

Key Insight: Motivation isn't universal — showing engagement gaps among employees.

Table 19 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I do my job according to the required quality standard	6	38	7	44	2	12	1	6	0	0	16	100

82% Positive — the majority meet quality standards.12% Neutral — some feel disconnected from quality goals.6% Negative — a small portion disagrees, indicating possible skill gaps or disengagement.

Key Insight: Strong compliance with quality standards, but some employees may need more guidance or training.

Table 20 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
	No	%	No	%	No	%	No	%	No	%	No	%
I have no disagreement with my boss	3	19	4	25	1	6	5	31	3	19	16	100

44% Positive (S.A + Agree) — Less than half say they have no disagreements with their boss, which shows a lack of strong manager-employee harmony.6% Neutral — A small group is undecided, possibly reflecting infrequent interactions with their boss.50% Negative (Disagree + S.D) — Half of the employees admit to having disagreements with their boss, indicating serious communication gaps or mismatched leadership styles.

Key Insight:

The high percentage of disagreement (50%) suggests strained relationships between employees and their managers, which can impact morale, productivity, and retention. Poor relationships with leadership are often linked to reduced job performance and higher turnover.

Table 21 from the questionnaire 2017

Factors	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Yotal	
	No	%	No	%	No	%	No	%	No	%	No	%
	4	25	5	31	3	19	3	19	1	6	16	100

I follow instructions and regulations at work												

56% Positive (S.A + Agree) — A moderate majority claim they follow workplace instructions and policies.19% Neutral — This suggests some employees may feel indifferent or confused about the rules.25% Negative (Disagree + S.D) — A quarter admit they don't consistently follow rules, indicating resistance, unclear policies, or poor enforcement.

Key Insight:

While over half follow the rules, the 25% non-compliance are concerning — it may stem from poor communication of policies, lack of accountability, or disengagement. If employees don't respect guidelines, performance and productivity could suffer, and conflict may arise.

Table 22 Response about incentive systems in the organization

Items	Response	No of response	Percentage
Do you think incentive systems should be changed	Yes	3	19
	No	13	81
Total		16	100

As shown in table 18 among total respondents 13(81%) said no which indicate that the incentive systems in the organization is good and 3(19%) said "NO" which indicate there were not a sense

of satisfaction incentive schemes in the organization. Therefore, since the majority of resonances were satisfied it is better for the organization to not change the system. IN addition to this employee who were asked what types of incentives should rewarded for employees said incentive like

•bonus,

•medals for best employee in the year,

•promotion, and

•enough salary payment etc.

Employees who were asked that what restricts them from performing their best performance listed the management's flexibility as a main concern the management does not tolerate any errors in the work place in order to be effective employees must have flexible work place.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the introduction, summary of the study findings, conclusion and recommendations for further research

SUMMARY OF FINDINGS

The study examined the role of incentive schemes in promoting employee performance, focusing on benefits such as promotions, moral incentives, rewards, and other motivational schemes. The findings revealed that incentives significantly enhance employee performance, with both financial (salary increments, bonuses) and non-financial (recognition programs) incentives playing a crucial role in motivation. Employees who consistently receive incentives tend to be more engaged, motivated, and productive. However, the study also highlighted several challenges in the incentive system, including delayed promotions, limited benefits, and inconsistencies in reward distribution, leading to employee dissatisfaction. Many employees expressed concerns regarding the regulation of incentive schemes, particularly in terms of fairness and transparency. While the reward system was generally viewed positively, employees were dissatisfied with how it was administered. The presence of a moral incentive scheme was noted, but employees felt that their managers did not play a sufficient role in enhancing their performance. Employees also reported a lack of appreciation from managers, which negatively affected their motivation. Despite this, promotions were considered fair and contributed to employee performance, though their implementation was sometimes delayed. The study further investigated the effectiveness of incentive schemes in the bank and found that management was not fulfilling its responsibilities effectively. A significant number of employees reported that they did not receive feedback or recognition from their superiors, which impacted their motivation levels. While rewards were generally perceived as fairly distributed based on effort and seriousness, employees still had concerns about the overall structure of the incentive system. Interestingly, the study found that employees were willing to work hard and follow instructions

despite their dissatisfaction with the management's approach to incentives. Employees also demonstrated commitment to meeting job regulations and quality standards, even when extra effort was required. However, disagreements between employees and managers were common, suggesting a gap in communication and leadership effectiveness. The study concluded that while the incentive scheme at the Abyssinia bank wolkite branch was effective in motivating employees, poor management practices and regulatory inefficiencies hindered its full potential. An improved incentive system, coupled with better managerial engagement and communication, could further enhance employee satisfaction, motivation, and overall job performance. Ultimately, a well-structured incentive framework leads to increased efficiency, reduced turnover, and a positive work environment, making it an essential factor in organizational success. The findings underscore the need for management to actively support and appreciate employees to create a more motivated and productive workforce.

CONCLUSIONS

The study's findings highlight the significant impact of incentives on employee motivation, job performance, and overall satisfaction. Both monetary and non-monetary rewards play a crucial role in enhancing employee engagement, with monetary incentives proving to be more influential in boosting motivation. Employees who receive appropriate rewards, such as promotions and performance-based incentives, demonstrate increased productivity, as they recognize that their efforts contribute to the organization's success and will be fairly compensated. Additionally, while some employees expressed satisfaction with moral incentives, there was a noticeable dissatisfaction with managerial appreciation, indicating that managers do not effectively acknowledge employee contributions. To address this gap, employees suggested implementing more structured reward systems, including year-end bonuses, medals, promotions, and other incentives to improve job performance and morale. The study further revealed that employees at the Abyssinia bank wolkite branch adhere to regulations and quality standards, often putting in extra effort to complete their tasks. This suggests that the bank has a relatively effective incentive scheme in place, which encourages employees to meet organizational goals. However, improvements in managerial recognition and appreciation could further enhance the effectiveness of these incentive programs. Organizations that invest in well-structured incentive programs tend to experience better employee retention, increased productivity, and overall job

satisfaction. Therefore, companies should strive to create comprehensive incentive structures that balance both financial and moral rewards while ensuring that managers actively appreciate and recognize employee contributions. By doing so, organizations can foster a motivated and high-performing workforce, ultimately leading to long-term success.

RECOMMENDATIONS

Based on the analysis of fact and findings, the following are recommended to promote employees job performances in Abyssinia bank wolkite branch.

1. Giving incentives should be linked practically with the level of performance as to distinguish the excellent employees according to their performance; this will enhance the employees to do their best in order to improve their performance, and therefore incentives will be linked to improving the performance.

2. Keeping on giving incentives in the appropriate method in order to achieve the goal of the incentives.

3. Supporting incentives in fair and appropriate regulations and using performances as a major criterion for promoting and rewarding employees.

4. Incentives are given according to the level of performance in order to persuade the employees into doing their best as to improve their performance; by doing so, incentives will be associated with improving the performance and vice versa, without having any vested interests.

5. The results of performance evaluation should necessarily be the base for both appreciation and punishment, especially when using either positive or negative incentives as to guarantee achieving the purposes of incentive and bonuses regulations.

6. Enhancing Incentive Programs: The bank should develop a clear and structured incentive program that aligns with employee needs and expectations.

7. Timely and Fair Reward System: Ensure that incentives, such as promotions and bonuses, are awarded fairly and without delays.

8. Employee Feedback Mechanism: Implement a system where employees can provide feedback on the effectiveness of the incentives they receive.

9. Training and Development: Non-monetary incentives, such as training and career development opportunities, should be expanded to improve skills and job satisfaction.

10. Regular Evaluation: Conduct periodic reviews of the incentive system to ensure its effectiveness and make necessary adjustments.

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Appendix

Questionnaire

Dear repondent;

This questionnaire is prepared by 4th year graduate of management department and the objective of this questionnaire is to collect data about the role of incentive scheme in promoting employees performance (in case of Abyssinia bank wolkite branch). The data you provide will be valuable for successful achievement of the study.

Thus, you are kindly requested to fill out the questionnaire accurately and frankly.

Instruction:

1. No need of writing your name,

2. Put (√) mark in the box close ended questions, and

3. Please add justification for open ended questions.

I would like thank you in advance for your cooperation.

Part A

Personal Information

1. Gender; Male [ ] female [ ]

2. Age

Below 25 years [ ]

26-35 Years [ ]

36-45 [ ]

46-55years [ ]

Over 55 years [ ]

3. Marital status

Single [ ]

Married [ ]

Widowed [ ]

Divorced [ ]

4. Education level

Bachelor's Degree [ ]

Master's Degree [ ]

Other: (specify) _____

Part B

Questions related to study

No	Factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I think that promotion mechanisms are appropriate					
2	I notice that job promotion affected me positively					
3	the majority of					

	promotions was based on performance					
4	I think managers and supervisors promoted fairly					
5	I think that regulations in the incentive schemes are fair					
6	I notice that giving rewards affect employees positively					
7	The majority of rewards given at work places are according to seriousness and hard work					
8	my direct manager plays a major role in improving my performance					
9	My direct manager appreciates my effort at work place					
10	the bank offers medals for those who deserve					
11	I am always ready to do the best due to good treatment from my					

	colleagues at work					
12	I care about my performance evaluation because they Are a chance to get bonuses					
13	I finish the required work even if it requires extra Effort					
14	I am willing to work harder					
15	I do my job according to the required quality standards					
16	I have no disagreements between with my boss					
17	I follow instructions and regulations at work					

Part c

1 Do you think that the incentive system should be changed?

Yes [ ] No [ ]

2 If you answer for question number one is yes, why?

_____

_____

_____

3 What type of incentive should be rewarded for Employees?

_____

_____

_____

4 What are the reasons that restrict you to show your best performance?

_____

_____

_____

5 General comments if any

_____

_____

_____