

YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

**THE EFFECT OF REWARD SYSTEM ON EMPLOYEE
PERFORMANCE OF KBZ BANK**

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NOVEMBER, 2018

**THE EFFECT OF REWARD SYSTEM ON EMPLOYEE
PERFORMANCE OF KBZ BANK**

This thesis is submitted to the Board of Examiners in Partial fulfillment of the
requirements for Degree of Master of Commerce (M.Com)

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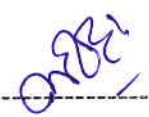


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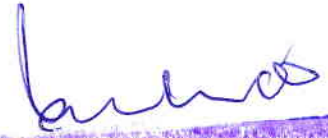

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ABSTRACT

The main objective is to identify reward system and also analyze the effect of reward system on employee performance of KBZ Bank in Yangon. In order to carry out these objectives, both secondary and primary data are used in this study. Secondary data are obtained from the bank and are used to describe the reward practices of the bank. Primary data are collected from the employee working at KBZ Bank. From the population of employees, a sample of 200 employees is chosen using a random sampling method. And then, data has been analyzed using descriptive method, Pearson's correlation co-efficient and regression analysis. Data analysis was conducted using SPSS software. In order to collect the required data from the chosen employees, questionnaires are used. The questionnaires are developed to explore extrinsic and intrinsic factors of KBZ Bank based on Herzberg's two factors theory. The questionnaires include two main parts. The first part includes questions related to demographic characteristics of employees. The second part consists of (60) questions on extrinsic rewards (salary, bonus, promotion, fringe benefits), intrinsic rewards (recognition, responsibility, career development, and working environment and performance management) and employee performance indicators are team work, quality of work and absenteeism. Each question is measured on five-point Likert scale. In this analysis, employees at manager and non-manager levels are moderately satisfied with pay, bonus, and fringe benefits are moderately satisfied. And then, they are disagreed with promotion plan. In addition, respondents at manager and non-manager levels are recognized to keep in good performance for long term and they are not really satisfied with non- cash awards (dinner, trips to abroad) offered by firm. Results proven that both extrinsic and intrinsic rewards have significant and strong worthy relationship in employee performance at KBZ Bank. Majority of employees at manager and non-manager levels in KBZ Bank are motivated by intrinsic rewards. But, few are neutrally satisfied by extrinsic factors. Therefore, KBZ should make respondents at each level motivated by extrinsic and intrinsic factors like other banks.

ACKNOWLEDGEMENTS

Firstly, I am indebted to Prof. Dr. Tin Win, Rector of Yangon University of Economics, for providing me with excellent chance to carry out this thesis of present master degree.

I also wish to extend my special thanks to Prof. Dr. Soe Thu, Head of Department of Commerce, Yangon University of Economics, which has accepted me for the program and for guiding me to substantively accomplish thesis with invaluable insights, and kindness to me as not only her students to make life easier preciously but also own daughter.

I mention my deepest gratitude to my mentor, Daw Khin Khin Saw, Lecturer, for continuous support of my M.com thesis and for her patience, motivation, and enthusiasm. Without mentorship, my work would never have been completed.

Finally, I would like to thanks to all my friends for their friendly assistances and interrelationship and memorable life time throughout M.Com degree. And then, I am deeply grateful to all manager and employees in KBZ Bank who helped me for their contribution in completing questions and documents.

TABLE OF CONTENTS

| | Page |
|--|-------------|
| ABSTRACT | i |
| ACKNOWLEDGEMENTS | ii |
| TABLE OF CONTENTS | iii |
| LIST OF TABLES | v |
| LIST OF FIGURES | vi |
| LIST OF ABBREVIATIONS | vii |
| CHAPTER 1 INTRODUCTION | 1 |
| 1.1 Rationale of Study | 2 |
| 1.2 Objectives of Study | 3 |
| 1.3 Scope and Method of Study | 3 |
| 1.4 Organization of Study | 4 |
| CHAPTER 2 THEORETICAL BACKGROUND | 5 |
| 2.1 Theories of motivation | 5 |
| 2.2 Role and Nature of Reward System | 6 |
| 2.3 Types of Rewards | 7 |
| 2.4 The Relationship between Extrinsic Rewards and Employee Performance | 7 |
| 2.5 The Relationship between Intrinsic Rewards and Employee Performance | 10 |
| 2.6 Employee Performance | 14 |
| 2.7 Previous Study | 16 |
| 2.8 Conceptual Framework of the Study | 17 |
| CHAPTER 3 BACKGROUND OF KBZ BANK | 19 |
| 3.1 Profile of KBZ Bank | 19 |
| 3.2 Organizational Structure of KBZ Bank | 20 |
| 3.3 Services provided by KBZ Bank | 20 |
| 3.4 Reward System of KBZ Bank | 23 |

| | |
|---|----|
| CHAPTER4 RESEARCH METHODOLOGY | 28 |
| 4.1 Research Design | 28 |
| 4.2 Profile of Respondents | 28 |
| 4.3 Perception of Respondents on Reward System | 33 |
| 4.4 Self- Perception of Respondents on Employee Performance | 43 |
| 4.5 Relationship between Rewards and Employee Performance of Respondents | 45 |
| 4.6 Regression Analysis of Reward System on Employee Performance | 47 |
| | |
| CHAPTER 5 CONCLUSION | 51 |
| 5.1 Findings and Discussion | 51 |
| 5.2 Conclusion and Suggestion | 53 |
| 5.3 Needs for further study | 54 |

REFERENCES

APPENDICES

LIST OF TABLES

| Table No. | Title | Page |
|------------------|--|-------------|
| 3.1 | Salary Structure of KBZ Bank | 24 |
| 3.2 | Bonus Structure of KBZ Bank | 25 |
| 4.1 | Gender Distribution of Respondents | 29 |
| 4.2 | Age Distribution of Respondents | 29 |
| 4.3 | Marital Status Distribution of Respondents | 30 |
| 4.4 | Education level Distribution of Respondents | 30 |
| 4.5 | Department Distribution of Respondents | 31 |
| 4.6 | Working Experience Distribution of Respondents | 31 |
| 4.7 | Position Distribution of Respondents | 32 |
| 4.8 | Monthly Salary Distribution of Respondents | 33 |
| 4.9 | Perception of Respondents on Basic Pay | 34 |
| 4.10 | Perception of Respondents on Bonus | 35 |
| 4.11 | Perception of Respondents on Promotion | 36 |
| 4.12 | Perception of Respondents on Fringe Benefits | 37 |
| 4.13 | Perception of Respondents on Working Environment | 38 |
| 4.14 | Perception of Respondents on Responsibility | 39 |
| 4.15 | Perception of Respondents on Recognition | 40 |
| 4.16 | Perception of Respondents on Career Development | 41 |
| 4.17 | Perception of Respondents on Performance Management | 42 |
| 4.18 | Self – Perception of Respondents on Team Work | 43 |
| 4.19 | Self – Perception of Respondents on Quality of Work | 44 |
| 4.20 | Self – Perception of Respondents on Absenteeism | 45 |
| 4.21 | Correlation between Rewards and Team Work of Respondents | 46 |
| 4.22 | Correlation between Rewards and Quality of Work of Respondents | 46 |
| 4.23 | Correlation between Rewards and Absenteeism of Respondents | 47 |
| 4.24 | Regression Results of Team Work on Reward System | 48 |
| 4.25 | Regression Results of Quality of Work on Reward System | 49 |
| 4.26 | Regression Results of Absenteeism on Reward System | 50 |

LIST OF FIGURES

| Figure No. | Title | Page |
|-------------------|-----------------------------------|-------------|
| 2.1 | Previous Study | 17 |
| 2.2 | Conceptual Framework of the Study | 18 |

LIST OF ABBREVIATIONS

| | |
|------|--|
| KBZ | Kanbawza |
| MD | Managing Director |
| Dy | Deputy |
| IABS | International Audit & Branches Supervision |
| HRD | Human Resources Development |
| IBD | International Banking Division |
| ICT | Information Communication Technology |
| BOD | Board of Directors |
| IR | International Relation |
| ATM | Automatic Teller Machine |
| Dept | Department |

CHAPTER 1

INTRODUCTION

Human resource is the most important asset of every organization. The success of an organization depends on not only its technical efficiency, machinery, and plant layout but also its human resource. In the age of global competition, acquiring qualified, skillful employees and retaining it becomes the most important challenge of all organizations. It is particularly true for the banks since the value of human resource is highly visible by the customers in their banks by their inherent nature. Banks are now having their attainment to develop and maintain adequate and qualified employees for their survival. Thus, banks need to provide appropriate rewards to motivate and retain qualified employees to enhance their performance. Baron (1983) described motivation as, “an accumulation of different process which influence and direct our behavior to achieve some specific goals.”

Reward is one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business. Reward had been seen to be a vital instrument in employee performance. The rewards are categorized into two groups extrinsic and intrinsic. Extrinsic rewards include pay, bonuses, incentives, promotions, job security, and fringe benefits, etc. Intrinsic rewards include appreciation, career development, working conditions, meeting the new challenges, etc.

A properly administered system of reward can provide incentive for quality workmanship and staff performance. A 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 employer, and their career and self-development are also being honed and taken care of their company.

The reward system in an organization is a program that is developed to provide appreciation for high performers and provide incentive for low performers to increase their performance. The purpose of reward system according to (Griffin and Moorhead) is to “attract, retain and motivate qualified employees”. Reward system can shape the behavior of employee towards the organization and their jobs. Organizations can use this approach to shape favorable employee behavior

Effective reward system enhances employee motivation and increases employee's productivity all of which to improve organizational performance (Deeprise, 1994). Motivated employee is more productive, more efficient and more willing to work towards organizational goals than employee who are experiencing low level of motivation (Hunter et al 1990). The highly motivated employee serves as competitive advantage for any company because their performance leads an organization to well accomplish its goals.

1.1 Rationale of the Study

Attitudes towards banking industry and its benefits have evolved steadily over last decades. Bank plays an important role in promoting economic development of a country. Current banking industry in Myanmar is highly competitive because of a number of factors. These are (1) increasing number of new banks, (2) relaxation of some rules allow banks to be able to handle foreign exchange transactions and international banking transactions, (3) globalization and regionalization bring foreign competition.

Therefore, all banks need to offer better and quicker services to maintain and expand their customer's base. Accordingly, the role of employees in banks is very essential to be fulfilled for customer's services. One of the competitive weapons of the banks is the ability of their resources to identify and satisfy customer's need better than rivals. It wholly depends on the competence and motivation of their people. If the banking transactions are handled personal with inattentive, demotivated, and incompetence characteristics, it becomes unhappy customers and then quickly deteriorates the performance of bank. Above all, employees must make their customers satisfied when it provides services that customers need.

Besides that, later there are a lot of employee turnover because of not being enough for their salary, promotion, bonus, etc in Myanmar. In the age of the global competition, acquiring qualified, skillful workforce and retaining it becomes the most important challenge of all organization. Therefore, it needs to provide rewards for employees to be satisfied, steady and comfortable in workplace. If employees have lack of motivation, employees are not motivated and as a consequence of employee performance will be poor. Therefore, they are not able to serve for their company

absolutely. Moreover, the company would no longer survive and greater profit in the long term.

Today, banking industry is in need of employees that are motivated and satisfied (Goodwin and Gremler, 1996). As Myanmar banking sector grows in terms of size and complexity, staff are employed around 70,000 in local banks (GIZ report, 2016). There are a total of 24 local banks and 13 foreign branches banks in Myanmar. Among them, there are 14 privates' banks in Myanmar. One of the private banks, KBZ Bank is operating with staff 18,000 and over 491 branches all regions in Myanmar.

Reward system occupies an important position in KBZ Bank. Reward system is used to maximize productivity of employees to gain competitive advantage. Respective employees are rewarded by giving among of many profits as bonus. Giving bonus in KBZ Bank is better than other banks. But later, although KBZ Bank fulfill bonus for employees, it provides fewer for them as usual. And then, employees are not being promoted regularly within two years by bank before. KBZ Bank must later practice by evaluating employee performance to be promoted. This study focuses on that whether current reward system in KBZ Bank can make employees performance to increase or not.

1.2 Objectives of the Study

The aim of this study is to understand the effect of reward system on employee performance with KBZ Bank. This research is intended to achieve the following objectives;

1. To identify the reward system of KBZ Bank.
2. To analyze the effect of reward system on employee performance of KBZ Bank.

1.3 Scope and Method of the Study

This study aims to determine the effect of reward system on employee performance of KBZ Bank. Out of many banking industries, KBZ Bank is selected in this paper. KBZ Bank has expanded over 491 branches and 18,000 employees all regions in Myanmar. This study took sample size 200 employees representing total

population for manager and non-manager levels from KBZ Head Office and KBZ's 5 Branches in Yangon.

The method used in this study is based on the descriptive research method, Pearson's coefficient correlation analysis and regression analysis. To implement the objectives of the study, both primary data and secondary data are used. For primary data, it is collected by employing the questionnaires for acquiring information from responsible persons of KBZ Bank. Secondary data are collected from documents relating motivating programs of bank, interview with authorized persons of KBZ Bank, relevant articles and journals and internet web sites.

Well-structured questionnaires are constructed based on previous studies and is used for survey. It mainly includes two parts: demographic information of respondents and five point likert scale was used to measure the provision of reward on employee performance of KBZ Bank.

1.4 Organization of the Study

This paper is organized into five chapters. The chapter one starts with introduction section which includes rationale of the study, objectives of the study, scope and method of the study, organization of the study. The chapter two contains the theoretical background of reward system on employee performance related to this study. The chapter three describes brief profiles of KBZ Bank, current services and reward practices in KBZ Bank. The chapter four deals with research methodology employed in investigating the effect of reward system on employee performance in KBZ Bank. The questions appeared on the questionnaire are analyzed together with the results. The chapter five is the conclusion which consists of findings and discussions, suggestions and limitation and needs for further research. In the last part, there is a list of references and appendices for compiling thesis.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter presents a review of the relevant literature of reward system on employee performance followed by Herzberg's two factors theory, role and nature of reward system, types of rewards, the relationship between extrinsic rewards and intrinsic rewards on employee performance. The last part of the chapter deals with the conceptual framework of the study.

2.1 Theories of motivation

These theories try to explain why the needs of individuals keep changing overtime and therefore focus on the specific factors that motivate them. In general, these theories explain motivation as the product of internal drives that encourage an individual to move towards the satisfaction of individual needs. It is used Herzberg's two factors theory among motivation theories in this study.

Herzberg's two factors theory

A well cited motivation theory is Herzberg's two factor theory. These attempt to explain the factors that motivate individuals through identifying and satisfying their individual needs, desires and the aims pursued to satisfy these desires. The two factor theory of motivation comprises two categories, namely motivators and hygiene factors. Herzberg's motivators are factors that motivate employees to highest level of performance. The motivators are an integral part of the work itself. The fulfillment of motivating factors is a prerequisite for motivation is long term and their non-fulfillment does not mean dissatisfaction. Motivation factors include the nature of the work, person's sense of achievement, level of responsibility, personal development and recognition for a job well done and feedback (Schultz, 1982). The relevance of Herzberg's theory to the discussion first give attention to hygiene factors before introducing motivators into the workplace (Nel et al., 2001).

Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long term. Hygiene factors typically ensure that the staff remains happy and satisfied but they do not feel comfortable. The presence of hygiene factors will not motivate employees

while their absence creates job and organization dissatisfactions. Hygiene factors, on the other hand, include company policy and administration, supervision, salary, working condition, and internal relations. These factors are associated with an individual's negative feelings and are related to context or environment in which the job is performed and these extrinsic factors to the job (Kim, 2006).

2.2 Role and Nature of Reward System

Reward system is an important tool that management can use to channel employee motivation in desired ways (Puwanenethiren.P. 2011). Effective business is difficult to attract employees without good reward and motivation. Clark (2001) said that material interests of workers must cooperate with objectives of the organizations that allow using the human resources in the best way, to optimize and reduce labor costs maintaining the optimal number of workers. All of these goals are achieved through appropriate reward system.

A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performance, hence end up accomplishing the organizational goals and objectives (Njirija.W.L, 2013). If reward system is used effectively and accurately, it can have great positive impacts on company and its employees.

Carraher et al. (2006) advocated that there should be an effective reward system for organization performance and reward should be related to their productivity. Thus, organization must shape policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction. Bishop (1987) suggested that pay is directly related to productivity and reward system depends upon the size of an organization.

Armstrong (2000) defined a reward system as tools available and used by employers in order to attract, retain, motivate and satisfy their employees. A reward system is a combination of financial rewards as well as employee benefit and these two elements compose the total remuneration for employee. The total reward system also embodies non-financial rewards which also includes performance processes (Kaplan et al 1998).

2.3 Types of Rewards

According to McCormick and Tiffelin (1979), rewards can be classified into non-financial (intrinsic) or financial (extrinsic) rewards. Intrinsic rewards are those that are inherent in the job and which the individual enjoys as a result of successfully completing the task or attaining his goals. On the other hand, extrinsic rewards come from external and it is tangible in order to appreciate the task performed by employee. Extrinsic rewards are external to task of the job, including pay, working condition, fringe benefits, security, and promotion, incentives. (Badrinarayan and Tilelara, 20011). Thus, there is a need for an organization such as commercial banking in determining the reward system to offer at the organizational level rather than the individual managers.

2.4 The Relationship between Extrinsic Rewards and Employee Performance

Farooqui and Nagendra (2014) defined extrinsic rewards as employee compensation or rewards in form of fringe benefits, payments and other tangible employees' benefits get from an organization for achieving objectives, or just for being part of the organization. In most hospitality organizations, extrinsic rewards take the form of salary and wages, annual leave payment, vacation payment as well as annual bonuses (Siti-Nabihaetal., 2012). The hospitality sector is highly competitive and it is required for employers in formulating rewards are important since it plays a critical role in motivating employees' performance.

Extrinsic rewards are designed on the basic of the organizational process of performance structures that determine the level of compensation for employees. According to Bustaman, Teng and Abdullar (2014), the presence of extrinsic rewards may not be a good motivators but their absence may be a negative impact on motivation. The absence of rewards creates an unpleasant environment that lead to low employee morale because extrinsic rewards assist in meeting basic needs such as respect and belonging (Aguinis, Joo and Gotffredson, 2013).

In other words, it makes people to do things in order to achieve tangible rewards or an outcome. Empirical research has shown that extrinsic rewards enhance individuals' creative performance. Sometimes, management pays more attention to

extrinsic rewards but intrinsic rewards are equally important for employee's motivation. An extrinsically motivated person might work on task even when they have little interest on it. This type of motivation usually has an immediate and powerful effect, however it does not tend to be last for long term (Armstrong, 1998).

2.4.1 The Relationship between Basic Pay and Employee Performance

Paying is a vital factor which affects employee's motivation (Kalim et al, 2010). Both motivation and satisfaction, as the antecedents of job and pay security, are the most important job simulations to determine the future events and satisfaction with promotion opportunity is another striking motivator type (Clark, 2001).

McShane & Vin Glinnow (2005) and Henderson (2009) in a HR management scope, reward is often seemed as an employer's system, who designs and runs the different types of wage system to the employees who provide services or accomplish a confident task. It should be noted that employers plan on reward system is based on their employees efficiency and effectiveness.

The motivation by pay is based on seniority and is a reward when the staffs do the job well and tend to receive monetary reward: and in such as system, the pay level is because of staffs skills, attempt, and doing their responsibilities as well as the job status (Figart, 2000; Bergmann & Scarpello, 2002; McShane & Von Glinow, 2005).

Performance-based pay includes two kinds: group performance pay and individual performance like value bonus, pay, promotion and other different pay types (Milkovich & Newman, 2009). Although the pay rewarding performance has differ kinds, most of the managers use the same methods to compensate and this way include adding extra money to the wage base (Lawler et al., 1993; Chang & Hahn, 2006; Lee et al., 1999).

2.4.2 The Relationship between Bonus and Employee Performance

Bonus pay is a monetary reward given to employees in addition to their fixed compensation (Mikovich & Newman, 2005). This pay is also ostensibly based on individual performance, but bonuses do not increase employees' base pay and therefore are not permanent (Sturman & Short, 2000).

Bonus pay also has been widely used in organization to motivate employees' performance (Joseph & Kalwani, 1998; Sturman & Short, 2000), and a number of surveys reported that the popularity of bonus pay is increasing (Sturman & Short, 2000). Bonus pay is attractive from the company's point of view because the one-time cash reward links pay to performance (Lawler, 1981; Lowery, Petty & Thompson, 1996) but does not increase fixed labor costs (Kahn & Sherer, 1990; Sturman & Short, 2000).

Although bonus pay is flexible, it has similar potential problems to merit pay (Gomez-Mejia & Balkin, 1989). Discretionary payment sometimes fails to provide a strong link between pay and employees' performance, therefore it is also possible that the difference in rewards between performers may not be very significant (Gomez-Mejia & Balkin, 1989). Furthermore, because bonuses are one-time payments, they have less economic value. In short, the effectiveness of the bonuses should also depend on the level of expectancy and valence of compensation system.

2.4.3 The Relationship between Promotion and Employee Performance

An optimistic link exists between job uncertainty and intentions to turnover and also there is a small negative association between job insecurity and employee' commitment (Filipkowski & Johnson, 2008). Furthermore, there is a direct link between job satisfaction elements like pay, promotion, co-workers, and the work condition itself and performance of the employees.

Promotion is an important feature of employee's life style and occupation, affecting other job experience levels (Kosteus 2009, Cobb-Clark 2001; Blau and DeVaro 2007; Francesconi 2001) and can have an obvious impact on other job aspects like job attachment and responsibilities. In this case, the firms apply promotions as a compensation factor for high-performance employees, developing an encouragement for them to do their superior effort. Additionally, promotion influence the instrument of exerting better attempts, if employees put an important value on it. If not, the companies would focus on pay increase to reward high effort and productivity. Indeed, the employees may be worth the promotions since they make an increase in job services like spending account or a bigger office or since they enjoy good performance (Pergamit & Veum, 1999).

2.4.4 The Relationship between Fringe Benefits and Employee Performance

According to Mathis and Jackson (2003), fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership. Fringe benefits focus on the quality of life for employees and providing a level of protection and financial security for workers and their family members. Mathis and Jackson (2003) stated that an employer that provides a more attractive benefits package often enjoys an advantage over other employers in hiring and retaining qualified employees when the competing firms offered similar basic pay. In fact, such benefits may create “golden handcuffs,” making employees more reticent to move to other employers. Some examples are retirement or pension plans, medical and dental insurance, education reimbursement, time off, paid vacation and use of company car.

2.5 The Relationship between Intrinsic Rewards and Employees Performance

Intrinsic rewards may include working environment, recognition, more responsibility, positive feedback, and career development. In hindsight, recognition is one of the main significant non-financial rewards that are specifically valued by some staffs. Although the extrinsic rewards enhance a subsistence level, the intrinsic rewards are strong motivators. In fact, staffs need to be motivated by intrinsic rewards such as being satisfied by doing an effective job and a feeling to do something valuable and worthwhile. These motivators which are concerned with the quality of work life, tend to have a long-term effect since they are inherent in individual (Armstrong, 1988).

However, both extrinsic and intrinsic rewards stimulate the employees to have higher levels of performance and productivity (Reio&Cakkahon, 2004). Overall, intrinsic motivation, obtained from person or its movement, impacts the performance and the well-being feeling (Ryan &Deci, 2000). However, they can also motivate and inspire employees to stay with the firm. Some of these rewards are additional birthday and holidays presents, work life balance benefits (e.g. flexible working hours, free tea and coffee, cinema tickets, and subsidize different sport facilities, subsidized services or goods related to business networks or suppliers).

These benefit types are valued by staff since they enhance the working life. Furthermore, rewarding the employee's attempts and causing them to feel appreciated will add value to the hiring contract. In fact, researchers should consider the outcomes that rewards may cause for both employees and employer. To redefine intrinsic rewards, they exist in the job itself like satisfaction of being prosperous in performing a task, getting admiration from management and autonomy.

2.5.1 The Relationship between Working Environment and Employee Performance

According to Tripathi and Agrawal (2014), conducive working environment contributes significantly to employee performance. The physical attributes of a work environment are just as important as the emotional attributes of a work environment. Employees normally develop attachment to their work environment since they spend most of their time at work (Hafiza et al., 2011). The hospitality industry prides itself in providing relaxation and comfort for people seeking vacation, accommodation, and meals, and other luxury services.

Ozcelik and Ferman (2010) conducted that the impact of the working environment on employee performance indicated employees with a good working environment were highly motivated to get to work compared to those who indicated that they did not like their work environment. Respondents who indicated that they had good working environment exhibited high performance levels. Good work environment made employees get to work early and leave late. As a result, they put in more compared to employees who did not like their work place and who came in late and left work early. Soderquist, et al., (2010) posited that a poor working environment, coupled with poor working relations can have a negative effect on the emotional well-being of the employees.

2.5.2 The Relationship between Responsibility and Employee Performance

Vincent E. Barry has defined the term responsibility, when used in business affairs, as referring to "a sphere of duty or obligation assigned to a person by the nature of that person's position, function, or work". Responsibility could be viewed as a bundle of obligation with a job or function. A responsibility actor may be seen as

one whose job involves a predetermined set of obligations that must be met in order to the job to be accomplished. Thus, responsibility assumes that the actor becomes also a morale agent possessed of a certain level of morale maturity and ability to reason. It is important to note that as early as Aristotle, moral responsibility was viewed with moral agent and grew out of ability to reason and a willingness to act free from external compulsion. Will Barret pointed out moral responsibility can be assumed as a capacity for making rational decision, which in turn justifies holding morale agents accountable for their actions.

2.5.3 The Relationship between Recognition and Employee Performance

Rukhamani et al. (2010) defined recognition is the ability to identify and acknowledge an employee usually by a senior manager or supervisor for a positive thing done in the course of their work. It is important that management identifies and recognizes their employees for their exemplary performance. Wand (2014) argued that recognition is an intrinsic motivation that is essential in driving employees to feel valued.

Some of the ways in which organization can offer recognition to their employees' include acknowledging the employee performance publicly, providing employees with a day off, and providing them with good office working space (Njamb, 2014). Tremblay et al (2010) who studied the motivational needs of employees and performance found that recognition from managers to employees was a significant driver of performance in the hospitality industry in South Africa. Recognition therefore is a significant motivator to performance since it not only enhances employee's impetus to good performance, but also enhances employee management relationship (Hafiza et al., 2011).

2.5.4 The Relationship between Career Development and Employee Performance

According to Greenhas,et al. (2010) stated that career development is a continuous process of work life. Career development benefits not only the individual employee, but also the organization. In addition, a career development practice enables organizations to develop and place employees in positions compatible with

their individual career interest, needs and goals. This promotes employees satisfaction and optimal use of employee abilities. Moreover, career development helps to retain and motivate employee through the career development process, therefore employees are assisted in setting realistic goals and to develop the required skills and abilities for target position (Hall & Lorgan, 2009).

Beardwell, Holden and Claydon (2004) pointed out that career advancement is a form of motivation which is increasingly seen by managers as a mechanism for improvement. Other career development practices have been confirmed by Mwenbirinda (2008) who acknowledged that employees' performance can be enhanced by formal education and training that addresses and identifies employees' weakness.

2.5.5 The Relationship between Performance Management and Employee Performance

According to Fletcher (2001), who gave a completed and comprehensive HR related performance management definition which is 'an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and organization'. Similarly, performance management is a management process for ensuring employees is focusing on their work efforts in ways that contribute to achieving the organization's mission. Armstrong (2004) defined performance management as a means of getting better results from the whole organization by understanding and managing within an agreed framework, performance of planned goals.

Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well motivating the human resource (Kandual, 2006:5). The performance management must be in line with company's long term polices (Kandula, 2006). Performance management involves managing employee efforts based on performance outcomes. Therefore, determining what constitutes good performance and how the different aspects for high performance can be measured is critical to the design of an effective performance management process.

2.6 Employee Performance

Employee performance is a term typical to the human resource field where employee performance can refer to the ability of employees to achieve organizational goals more effectively or efficiently. Galbraith (2003) noted that effective reward management practices are aligned to motivate employees' performance that is consistent with firm's strategy attract and retain people with knowledge, skills and abilities required to realize the firm's strategic goals and create a supportive working environment.

According to Author Kim (2012), individual employee performance is the unit of overall organization performance. This is because the sum of performance at all individuals adds up to make the overall organization performances. According to his perspective, individual performance contributes to team performance and team performance contributes to departmental performance and performances of all departments show organization performance. The reward system of firm is used as a tool to monitor the performance of employees as well as a method to motivate employees.

Employee performance assessments can be extremely useful-indeed indispensable tools. But if these are to be reliable, they must be accurate, unbiased, and otherwise fair and constructively capture the key parameters of employee performance. Ideally, the measures of employee performance should be known to the employee as core defining job expectations, against which the employee can not only measure actual performance, but also motivate it.

In focusing on employee performance for the purposes of cost analysis, promotion, salary increases, dismissal, retention, etc., the measures of employee performance adopted should ideally be transparent to the employee, with performance expectations and standards made clear to the employee from the outset, in the interest of fairness and clarity. Employee performance is a key factor that contributes directly to the performance of the company. Companies today, with increased competition in the business arena, are keen to boost employee performance in order to enhance their profitability, market reach and brand recognition.

Usually employee performance measurement is not an easy task and companies need to plan it well in order to execute it well. If a company wants to

assess the performance levels of all the employees in an organization, the owner needs proper planning with a performance administrator. Based on that discussion certain standards need to be set and continuous evaluation of the employee on various aspects needs to be done.

2.6.1 Employee Performance Indicators

According to Bob Kellerher (2013) and David Hakala (2008), employee performance is measured to three ways: team work, quality of work, and absenteeism.

(1) Team work

Jones et al (2007) stated that understanding the impact of team work on performance is important because team work is viewed by some researchers as one of the key driving force for improving a firm's performance. Team members enhance the skills, knowledge and abilities while working in team (Frobel and Marchington, 2005). Team work can be accurately defined as a group of individuals who work cooperatively to achieve a specific task or goal. This skill has become appreciated that many large organization have designed special tests to determine the abilities of their employees to work on teams. Therefore, team work ability became an essential skill that every worker must have in order to be accepted in the job.

(2) Quality of Work

According to John Spcey, quality of work is the value of work delivered by an individual, team, or organization. This can include quality of task completion, interaction and deliverable. It is a common consideration in managing the performance of programs, projects, vendors and individuals. The completed quality work is important, but quality of work can often be crucial. Measurement of quality is often subjective, depending on a worker's specific duties. One way to capture work quality is to ask each worker's direct supervisor to score his or her work on a consistent scale. Other methods include capturing the percentage of work output that must be redone, error rates, or customer satisfaction levels

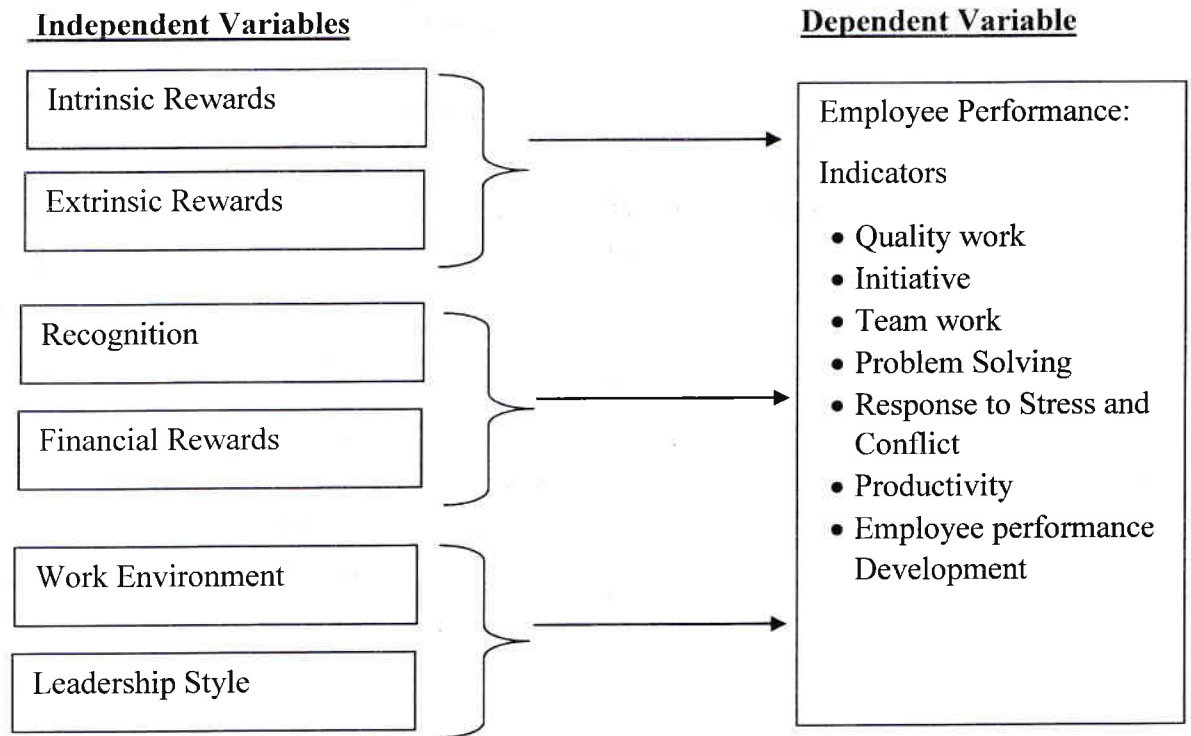
(3) Absenteeism

Absenteeism is a habitual pattern of absence from a duty or obligation without having good reason. According to David Hakala, employee absenteeism is performance indicator for employee. Absenteeism is unplanned absences. Absenteeism has been viewed as an indicator of poor individual performance, as well as breach of an implicit contract between employee and employer. It is seen as a management problem and framed in economic. More recent scholarship seeks to understand absenteeism as an indicator of psychological, medical, or social adjustment to work. According to David Hakala, an employee is obviously not performing when he or she does not work. Other employee performance may be adversely by absences. Therefore, to reduce this issue, organization should create good working environment.

2.7 Previous Study

This conceptual framework is represented by Daniel Njoya Ndungu, Kenyatta University, 2012. Figure 2.1 shows relationships between the independent variable (extrinsic and intrinsic rewards, recognition and financial rewards, working environment and leadership styles) and dependent variable (employee performance) which can be measured using the following employee performance indicators: quality of work, team work, problem solving, response to stress and conflict, and productivity and employee performance development). Katou (2008) conducted a study that measured the impact of HRM on organizational performance in the context of Greece. The results indicated that the relationship between HRM policies and organizational performance was facilitated by employee attitudes and behaviors. In this case, performance was judged through the behavioral dimensions of the employees (satisfaction, motivation, knowledge, etc.). This dimensions were in order of importance of Human Resource Management survey results.

Figure 2.1 Conceptual Framework of the Previous Study



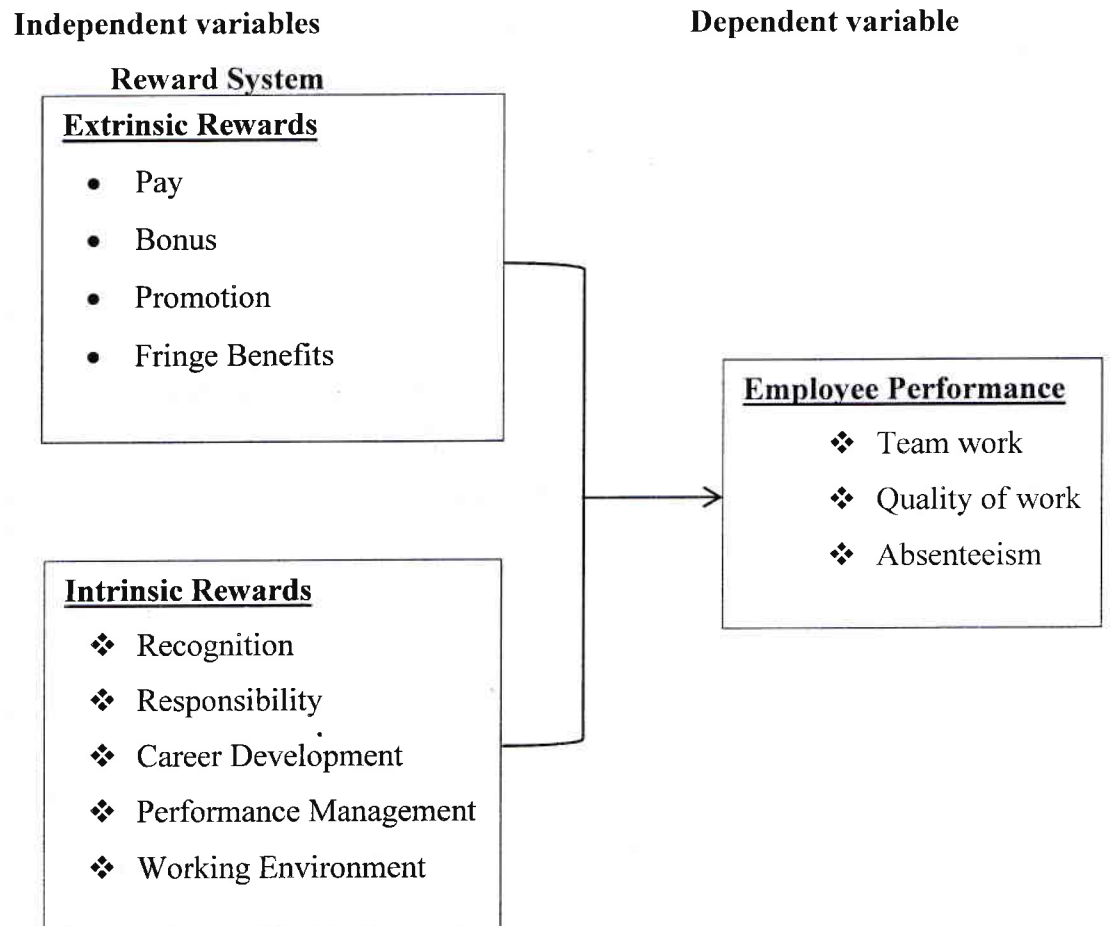
Source: Daniel Njoya Ndungu, Kenyatta University, 2012

2.8 Conceptual Framework of the Study

This framework is modified from previous study by Daniel Njoya Ndungu, Kenyatta University, 2012 to describe about the reward system is categorized into extrinsic and intrinsic rewards that are linked to employee performance. Independent variables are extrinsic and intrinsic rewards. Dependent variable is employee performance. Employee performance indicators are team work, quality of work and absenteeism. These variables are based on Herzberg's two factors theory of motivation. A survey also shows that employees are motivated with extrinsic factors, such as wages and salary, bonus, promotion, fringe benefits, etc. It includes motivational characteristics of the job such as recognition, responsibility, working environment, and career development and performance management. According to Buston, Teng and Abullar (2014), the presence of extrinsic rewards may not be a good motivation but their absence has a negative impact on employee motivation. The absence of rewards creates an unpleasant environment that leads to low employee morale because extrinsic rewards assist in meeting basic needs such as respect and belonging (Aguinis, Joo, and Gottfredson, 2013).

Intrinsic rewards refer to intangible benefits that arise from content of job itself and have consequences for the psychological development of employees. (Williamson, Burnett, and Bartol, 2009). In fact, staff needs to be motivated by intrinsic rewards such as being satisfied by doing an effective job and a feeling to do something valuable and worthwhile.

Figure (2.2) Conceptual Framework of the Study



Source: Own Compilation

CHAPTER 3

BACKGROUND OF KBZ BANK

This Chapter is divided into four parts such as profile of KBZ Bank, organizational structure of the bank, services provided by KBZ Bank, reward system of KBZ Bank.

3.1 Profile of KBZ Bank

The name Kanbawza is a traditional name for Shan State, an ethnic minority state of the Republic of the Union of Myanmar. KBZ Bank was established on the 1st of July 1994 in Taunggyi, located in the southern part of Shan State. Initially, the bank catered the local population in Taunggyi. In November 1999, present Chairman U Aung Ko Win took over the high level management and he reformed the banking business organizational structure into the biggest private banks in Myanmar. In April 2000, KBZ Headquarters was relocated to Yangon, the business capital of Myanmar. At present, KBZ Bank has more than 491 branches across the country with nearly 980 ATMs, and over 190 currency exchange counter.

In February 2010, the bank bought an 80% share in Myanmar Airways international. In November 2011, the Central Bank of Myanmar granted on Authorized Dealer License (ADL) to KBZ Bank as the first step to operate foreign banking business. KBZ Bank will maintain a continuous growth in financial industry along with the development of Myanmar. KBZ Bank's vision is to become Myanmar's premier bank with a wide variety of products and services for commercial and private customers. KBZ Bank's mission is to ensure a high level of client satisfaction by providing excellent banking services, to continually improve the quality of our financial services by investing in innovative technology and enhancing human capital, to offer rewarding career opportunities and promote staff accountability and to act as a responsive corporate citizen by combining commercial pursuit, fair business ethic and socially responsible behavior.

3.2 Organizational Structure of KBZ Bank

KBZ Bank's Head Offices are formed with (20) departments. The proper organizational structure of KBZ is stated below. Chairman sits on the very top of the organization chart which directly goes down to two Deputy Chairman, three Directors and Executive Director. And then goes down to Senior Managing Director, Managing Director and Deputy Managing Director. The Deputy Managing Director is supported by Legal Advisors. Senior Managing Director and Managing Director are responsible for (20) departments. The organizational structure is presented in Appendix (A).

3.3 Services provided by KBZ Bank

The bank's aim is to provide as many financial services as possible for the convenience and satisfaction of bank's customers. Currently, financial services offered by the KBZ bank are as follow.

3.3.1 Deposit Products

Deposit products include saving deposit account, current account, fixed deposit account, and call deposit account.

(1) Saving Deposit Account

Eligible individuals and organization can watch their money grow with KBZ saving deposit account. A passbook is issued to the account holder upon successful opening of an account. Withdrawals can be made at any bank branches by the account holder. Representative of the account holder can make withdrawals on behalf of the account holder by presenting their national ID, the account passbook and a withdrawal from signed by the account holder. Money can be easily transferred from any KBZ branch directly to anyone with an account. Transfer money directly into Saving A/C from overseas. Annual interest rate of saving is 8.25%. Interest can be withdrawn quarterly. If no interest is withdrawn during each quarter, the interest is added to account. Saving A/C as insurance is used for apply for a loan. Initial Deposit is 1000 MMK. Minimum balance is 1000 MMK is required to keep the account active.

(2) Current Account

Current A/C (local) is suitable for individual businessmen, merchants and foreigners working locally. All account holders will be used with a cheque book. This cheque book allows easy transfer and withdrawals at KBZ branches. Only designed account holders are allowed to sign cheques. This account is not eligible for interest. The current A/C is linked to saving A/C. Initial Deposit is 1000 MMK. Minimum Balances is 1000 MMK.

(3) Fixed Deposit Account

Citizens, over the age of 18, are eligible to open a fixed deposit account. This account is most suitable for individuals interested in long-term deposits. A passbook is issued to the account holder. Eligible for higher interest rates are dependent on the length of the deposit. Unlike saving deposit accounts, this account holder is able to deposit during anytime of the month and still be eligible for interest. Interest rate is 9% in 1month, 9.25% in 3 months, 9.50% in 6 months, 9.75% in 9 months, and 10% in 12 months.

(4) Call Deposit Account

Small business owners, traders, merchants and individuals over the age of 18, can open a Call Deposit A/C. A Passbook is issued to the account holder upon successful opening of an account. Call deposit A/C holder can use internet banking. Account holders can enjoy interest on daily basic. Interest rate is MMK 10,000,000 above 8% per annum and below MMK 10,000,000 – 4% per annum. The interest is compounded into the account quarterly. Initial deposit is MMK 100,000. Minimum balance MMK 100,000 is required to keep the account active.

3.3.2 Cards

Cards services include Kanbawza deposit card, teens debit card, prepaid card, and domestic credit card.

(1) Kanbawza Deposit Card

KBZ Bank gives the customer for convenience to purchase at shops and stores withdrawals without having to carry material cash. Anyone over the age of 18 can apply for the Explore Deposit Card. The customer can also withdrawals cash from any KBZ's ATM without incurring a transaction fee, but charges may apply for non-KBZ ATM transactions. All Kanbawza cards are embedded with EMV (Euro pay, Master Card and Visa) Smart Chip to reduce the chances of card information being cloned for fraud and illegal transactions. Kanbawza ATMs are available 24 hours across the nation-wide. Daily withdraw limit at ATM is up to MMK 1,000,000. POS Transaction daily spending limit can be capped to MMK 5,000,000. Annual Fee is MMK 3000. Replacement for lost card is MMK 3000. Annual Fee is waived for the 1st year.

(2) Teens Debit Card

Teens Card is perfect for teens under 18 years of age and particularly students. This card allows young customer to make payments at online stores, minimarts, shopping centers and restaurants without the inconvenience of carrying cash around all the time. There are no transaction fees for withdrawal at Kanbawza ATMs. The customer can withdrawal up to MMK 1,000,000 at any ATM daily and POS transaction spending limit is MMK 5,000,000 per day. All Kanbawza cards have EMV smart chip that minimizes data stealing and fraud transactions. Visit any Kanbawza Bank branch to apply and there are no application fees. Annual fee is waived for the first year. Annual fee is MMK 3000. Replacement for lost card is MMK 3000.

(3) Prepaid Card

KBZ prepaid card is available in both VISA & Master Card. Prepaid Card is suitable for travelers to foreign countries, students going abroad for further studies and those want to make online payments. This prepaid card is accepted worldwide, including online merchants and ATM. This card is embedded with new technology EMV Smart Chip can fully prevent the chances of card information being cloned for fraud & illegal transaction. The customers can easily check their card transactions and balance by logging into your Kanbawza online account. Apply for an instant

prepaid at any Kanbawza Branch. Application fee is MMK 10,000. Annual fee is US\$ 5 (first year waived). Withdrawals fee at ATM is US\$ 3 per transaction. Balance inquiry is US\$ 0.50 per transaction. There are no top-up/ reloading fees.

(4) Domestic Credit Cards

Credit cards can be used across the country at ATM installed near restaurants and at the point of sale terminals. They will be offered with a theme of ‘buy now, pay later’, the interest rate is 13 percent a year, if customers pay back the principle within a set period of time, and they will not have to pay interest. Kanbawza has a plan to introduce other kinds of credit cards to the customers, varying on loan amounts and other factors. Applications will take three or five days, with limits depending on the level of trust Kanbawza has on the customer.

3.4. Reward System of KBZ Bank

In order to gain competitive advantage through customer satisfaction in fiercely competing market, KBZ Bank endeavors to provide quality services with qualified and motivated employees. The bank provides rewards to stimulate employee satisfaction, thereby their performance in order to create satisfied and delighted customers.

3.4.1 Extrinsic Rewards

KBZ Bank uses such extrinsic rewards as basic pay, bonus, promotion and fringe benefits for manager level and non-manager levels.

(1) Basic Pay

Pay is one of the forms of extrinsic rewards. The employees are paid according to the standard salary scale set by the top management of KBZ Bank. The amount of salaries is defined by position, working experience, knowledge and skills. Salary is increased by promotion in every year and individual performance appraisal. Salaries provided by KBZ Bank are shown in Table (3.1)

Table (3.1) Salary Structure of KBZ Bank

| No. | Position | Salary in Kyats |
|------------|---------------------------|------------------------|
| 1. | Sweeper | 150,000 - 280,000 |
| 2. | Office Helper | 160,000 - 290,000 |
| 3. | Security | 200,000 - 300,000 |
| 4. | Driver | 250,000 - 400,000 |
| 5. | Junior Assistant | 200,000 - 300,000 |
| 6. | Senior Assistant | 300,000 - 340,000 |
| 7. | Assistant Supervisor | 350,000 - 400,000 |
| 8. | Supervisor | 410,000 - 500,000 |
| 9. | Assistant Manager | 510,000 - 700,000 |
| 10. | Deputy Manager | 710,000 - 800,000 |
| 11. | Manager | 810,000 - 1,000,000 |
| 12. | Senior Manager | 1,010,000 - 1,200,000 |
| 13. | Assistant General Manager | 1,210,000 - 1,400,000 |
| 14. | Deputy General Manager | 1,410,000 - 1,900,000 |
| 15. | General Manager | 2,000,000 - 2,500,000 |
| 16. | Senior General Manager | 2,510,000-3,200,000 |
| 17. | Deputy Managing Director | 3,210,000 - 4,000,000 |
| 18. | Executive Director | 3,210,000 - 4,000,000 |
| 19. | Managing Director | 5,000,000 |
| 20. | Senior Managing Director | 5,500,000 |
| 21. | Advisor | 5,500,000 |
| 22. | Senior Advisor | 6,000,000 |

Source: HR Department (KBZ Bank)

(2) Bonus

Bonus is linked directly to annual performance accomplishments in variable pay system, another type of extrinsic rewards. KBZ Bank fairly defines bonus system for respective employees. The bonuses provided by KBZ Bank are shown in Table (3.2).

Table (3.2) Bonus Structure of KBZ Bank

| No. | Position | Bonus in Kyats |
|-----|---------------------------|----------------|
| 1. | Sweeper | 500,000 |
| 2. | Office Helper | 500,000 |
| 3. | Security | 550,000 |
| 4. | Driver | 600,000 |
| 5. | Junior Assistant | 700,000 |
| 6. | Senior Assistant | 850,000 |
| 7. | Assistant Supervisor | 950,000 |
| 8. | Supervisor | 1,050,000 |
| 9. | Assistant Manager | 1,200,000 |
| 10. | Deputy Manager | 1,400,000 |
| 11. | Manager | 1,600,000 |
| 12. | Senior Manager | 1,900,000 |
| 13. | Assistant General Manager | 2,200,000 |
| 14. | Deputy General Manager | 2,400,000 |
| 15. | General Manager | 2,800,000 |
| 16. | Senior General Manager | 3,000,000 |
| 17. | Deputy Managing Director | 3,200,000 |
| 18. | Executive Director | 3,400,000 |
| 19. | Managing Director | 3,600,000 |
| 20. | Senior Managing Director | 3,800,000 |
| 21. | Advisor | 4,000,000 |
| 22. | Senior Advisor | 4,200,000 |

Source: HR Department (KBZ Bank)

(3) Fringe Benefits

The ferry for all employees, including manager and non-manager levels, from home to workplace and vice versa is provided by KBZ Bank to be convenient employees for working day and overtime. It provided travelling facilities such as hotel allowances, meal allowances and transportation allowances to employees at manager and non-manager levels who have to travel with duty. KBZ Bank offers health care schemes that is applicable to the employees as well as their parents, spouses and

children. If any employees need to stay in hospital, this person is supported 10,000 Kyats per day and 100,000 Kyats for operation of minor case, 300,000 Kyats for major case. The bank has a medical checkup program for new employees. In addition, employees at manager level get the special chance for hire purchase system for apartment, car, etc. with lower interest rate and loan with 13% per annum and using credit card.

(4) Promotion

Promotion is an important feature of employee's life style and occupation, affecting other job experience levels. KBZ Bank motivates employees by providing opportunity to increase compensation and by recognizing the opportunity for improving experience. Moreover, employees are promoted in a fair and honest way. Employees in non-manager level are promoted within two years by bank. And then, employees in manager level are promoted within one year when they are graduated for master degree from abroad.

3.4.2 Intrinsic Rewards

KBZ Bank uses such intrinsic rewards as working environment, responsibility recognition, career development, and performance management for manager and non-manager levels.

(1) Working Environment

KBZ Bank provides enough materials and equipment to perform about job. A better workplace environment leads to increased employee commitment and productivity. Good work environment made employees get to work early and leave late. And then, it gives well-healthy working environment such as modern computers, ergonomic furniture, lightning and functional design for manager and non-manager levels. Moreover, it especially offers smart and clean office for manager level.

(2) Responsibility

Responsibility is a sphere of duty or obligation assigned to a person by the nature of that person's position, function, or work. KBZ Bank systematically identifies responsibilities for each employee. Manager level gives empower and authority to staffs. Employees at supervisor level are well experienced and reliable,

thereby they are delegated more responsibilities and reasonable decision making authority for immediate situations. Delegation duty and responsibility is based on levels and skills of employees.

(3) Recognition

Six types of recognition are practicing in the most of the firms such as work related recognition, verbal recognition, social recognition, financial recognition, and tangible recognition. Among the type of recognition, KBZ Bank is providing social recognition such as holding diner parties and arranging trips for manager and non-manager levels. Employees at manager and non-manager levels are entitled to get travel allowance of 10,000 Kyats for local trip or USD 75 for foreign trip. It also involves lucky draw programs for them. KBZ Bank's Board of Director provides recognition programs as a reward for employees' effort.

(4) Career Development

For the employees' effort, KBZ Bank prepares to attend master course for their respective employees. Now, KBZ Bank provides Master of banking and finance for three years part time course from Yangon University of Economics offered to enhance banking knowledge and skills for manager and non-manager levels. And then, it also make managers to attend other training courses and external courses in Yangon and Mandalay for organization growth.

(5) Performance Management

To explore the improvement of employees' performance, KBZ Bank continuously evaluates their performance level. Lower level employee are evaluated by their supervisor and approved by department head. Supervisor level and employees are evaluated by department head. These evaluation results are submitted by department head to human resource managers, and to general managers. Employees with excellent performance are considered for promotion and training.

CHAPTER 4

RESEARCH METHODOLOGY

This chapter describes the research design and research methodology employed in investigating the effect of reward system on employee performance of KBZ Bank, profile of sample employees for KBZ Bank.

4.1 Research Design

This study explores the reward system and analyses the effect of reward system on employee performance of KBZ Bank. In order to carry out these objectives, both secondary and primary data are used in this study. Secondary data are obtained from the bank and are used to describe the reward practices of the bank. Primary data are collected from the employee working at KBZ Bank. From the population of employees, a sample of 200 employees is chosen using a random sampling method. And then, data has been analyzed using descriptive method, Pearson's correlation coefficient and regression analysis. Data analysis was conducted using SPSS software. In order to collect the required data from the chosen employees, questionnaires are used. The questionnaires are developed to explore extrinsic and intrinsic factors of KBZ Bank based on Herzberg's two factors theory. The questionnaires include two main parts. The first part includes questions related to demographic characteristics of employees. The second part consists of (60) questions on extrinsic rewards (salary, bonus, promotion, fringe benefits), intrinsic rewards (recognition, responsibility, career development, and working environment and performance management) and employee performance indicators are team work, quality of work and absenteeism. Each question is measured on five-point Likert scale.

4.2 Profile of Respondents

This part consists of gender, age, department, position, marital status, monthly salary, education level, working experience in the KBZ Bank.

4.2.1 Gender of Respondents

The respondents of male and female are shown in Table (4.1).

Table (4.1) Gender Distribution of Respondents

| Gender | No of Respondents | Percentage (%) |
|---------------|--------------------------|-----------------------|
| Male | 78 | 39 |
| Female | 122 | 61 |
| Total | 200 | 100 |

Source: Survey Data (2018)

Table (4.1) describes that sample includes 78 are male respondents and 122 are female respondents. Among the respondents, it was found that 39% are male and 61% are female. Therefore, it can be said that female respondents are more than male respondents.

4.2.2 Age of Respondents

The age of respondents can be divided into four groups: between 18-25 years, between 26-30 years, between 31-45 years, and between 46-60 years, which are mentioned in Table (4.2).

Table (4.2) Age Distribution of Respondents

| Age | No of Respondents | Percentage (%) |
|---------------------|--------------------------|-----------------------|
| between 18-25 years | 51 | 25.5 |
| between 26-30 years | 110 | 55.0 |
| between 31-45 years | 36 | 18.0 |
| between 46-60 years | 3 | 1.5 |
| Total | 200 | 100 |

Source: Survey Data (2018)

Table (4.2) shows that the most 55% of respondents were aged between 26 and 30 years followed by those aged between 18 and 25 years at 25.5% . Those age between 31 and 45 years were at 18%. The least 1.5% of the respondents was aged between 46 and 60 years.

4.2.3 Marital Status of Respondents

The marital status of respondents can be divided into two groups: single and married which are mentioned in Table (4.3).

Table (4.3) Marital Status Distribution of Respondents

| Marital Status | No of Respondents | Percentage (%) |
|----------------|-------------------|----------------|
| Single | 141 | 70.5 |
| Married | 59 | 29.5 |
| Total | 200 | 100 |

Source: Survey Data (2018)

According to Table (4.3), it was found that 141 employees are single and 59 employees are married. In term of percentage, single employees are higher percentage (70.5%) than married employees (29.5%).

4.2.4 Education level of Respondents

The education level of respondents can be divided into six groups: under graduate, graduate, diploma, post graduate and master degree and other. They are shown in Table (4.4).

Table (4.4) Education level Distribution of Respondents

| Education level | No of Respondents | Percentage (%) |
|-----------------|-------------------|----------------|
| Under Graduate | 10 | 5 |
| Graduate | 148 | 74 |
| Diploma | 14 | 7 |
| Post Graduate | 9 | 4.5 |
| Master Degree | 7 | 3.5 |
| Other | 12 | 6 |
| Total | 200 | 100 |

Source: Survey Data (2018)

According to the Table (4.4), the sample includes 5% under graduate level employees, 74% graduate level employees, 7% diploma level employees, 4.5% post graduate level employees, 6% other level employees. From the survey result, graduate level employees are the largest with 74% when master degree level employees are smallest with 3.5%.

4.2.5 Department of Respondents

Regarding to employee departments, respondents are selected into Admin, Account, Loan, HR and Other departments. They are shown in Table (4.5).

Table (4.5) Department Distribution of Respondents

| Department | No of Respondents | Percentage (%) |
|--------------|-------------------|----------------|
| Admin | 22 | 11 |
| Account | 41 | 20.5 |
| Loan | 5 | 2.5 |
| HR | 11 | 5.5 |
| Other | 121 | 60.5 |
| Total | 200 | 100 |

Source: Survey Data (2018)

Table (4.5) shows that frequency distribution of department of sample employees. The sample includes employees from various departments. Specifically, 11% employees are from Admin department, 20.5% employees from Account department and 5.5% employees from HR department. Employees from Other department share largest with 60.5% while employees from Loan department share the smallest with 2.5%.

4.2.6 Working Experience of Respondents

The experience of respondents can be divided into four groups: less than 1 year, between 1-2year, between 3-4 years and between 5years or more. They are shown in Table (4.6).

Table (4.6) Working Experience Distribution of Respondents

| Working Experience | No of Respondents | Percentage (%) |
|-------------------------|-------------------|----------------|
| Less than 1 year | 5 | 2.5 |
| Between 1-2 years | 36 | 18 |
| between 3- 4 years | 64 | 32 |
| between 5 years or more | 95 | 47.5 |
| Total | 200 | 100 |

Source: Survey Data (2018)

The study found that the number of years the respondents had been working in their respective position. The study established the respondents with between 5 years

or more were the most at 47.5%. This study furthered established that 32% of respondents had between 3-4 years of experience by those who had between 1-2 years' experience at 18%. And then, those who had less than 1 year experience were at least 2.5%.

4.2.7 Position of Respondents

Employee's positions of respondents are divided into manager, assistant manager, supervisor, assistance supervisor, and staff and other. They are shown in Table (4.7).

Table (4.7) Position Distribution of Respondents

| Position Level | No of Respondents | Percentage (%) |
|----------------------|-------------------|----------------|
| Manager | 8 | 4 |
| Assistant Manager | 9 | 4.5 |
| Supervisor | 25 | 12.5 |
| Assistant supervisor | 16 | 8 |
| Staff | 116 | 58 |
| Other | 26 | 13 |
| Total | 200 | 100 |

Source: Survey Data (2018)

Regarding to Table (4.7), it was found that 4.5% of respondents are assistant manager level. 12.5% of respondents are supervisor level while 8% of respondents are assistant supervisor level, 13% of respondents are other level. And then, 4% of respondents are at least manager level and 58% of respondents have the most staff level.

4.2.8 Monthly Salary of Respondents

Monthly Salary of respondents is categorized into six levels. They include below 250,000, between 250,001-500,000 kyats and between 500,001 kyats and above. They are shown in Table (4.8).

Table (4.8) Monthly Salary Distribution of Respondents

| Monthly Salary(Kyats) | No of Respondents | Percentage (%) |
|---------------------------|-------------------|----------------|
| Below 250,000 | 87 | 43.5 |
| Between 250,001 - 500,000 | 90 | 45 |
| between 500,001 and above | 23 | 11.5 |
| Total | 200 | 100 |

Source: Survey Data (2018)

In order to Table (4.8), 45% of respondents are most between 250, 0001 and 500,000 kyats. Moreover, 43.5% of respondents are moderate below 250,000 kyats. From the result, at between 500,001 kyats and above, 11.5% of respondents are at least

4.3 Perception of Respondents on Reward System

This section mentions the mean value for each of extrinsic rewards and intrinsic rewards on employee performance. The mean values show that respondents perceptual level on rewards and their performance. The respondents were requested to indicate perceived factors that influence employee performance in a five point likert scale. According to Judith Nguli (2017), the interpretation of likert scale questions is based on the following below:

$$\begin{aligned} \text{The width of each level} &= (\text{Highest score} - \text{lowest score}) / \text{Number of level} \\ &= (5-1) / 5 = 0.8 \end{aligned}$$

They are:

- 1.0 – 1.8: Strongly disagree
- 1.81 – 2.6: Disagree
- 2.61 – 3.4: Neutral
- 3.41 – 4.2: Agree
- 4.21 – 5: Strongly agree

4.3.1 Perception of Respondents on Extrinsic Rewards

Extrinsic Rewards are composed of four components: basic pay, bonus, promotion and fringe benefits.

1. Perception of Respondents on Basic Pay

Questions about basic pay for manager and non-manager levels are comprised of five statements. The results are shown in Table (4.9).

Table (4.9) Perception of Respondents on Basic Pay

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Firm gives appropriate salary according to grade of employees in the firm. | 3.09 | 0.99 | 3.12 | 1.02 |
| 2. | There are sound policies and practices about wages and salary in this firm. | 3.26 | 0.89 | 3.15 | 0.99 |
| 3. | Salary is satisfactory in relation to what I have got responsibility. | 2.53 | 0.99 | 2.59 | 0.97 |
| 4. | It is not hard up for money at the end of months because of that salary is inadequate. | 4.07 | 0.88 | 4.10 | 1.06 |
| 5. | Overall I'm satisfied with my salary. | 2.43 | 1.05 | 2.58 | 0.93 |
| | Overall Mean | 3.07 | | 3.10 | |

Source: Survey Data (2018)

Overall, the study showed that the respondents at manager and non-manager levels were neutral on basic pay as evidenced by overall mean of 3.07 and 3.10. In Table (4.9), respondents at manager and non- manager level do not have money at the end month because of not paying enough offered by firm. Therefore, they are moderately satisfied with their salary.

2. Perception of Respondents on Bonus

Questions about bonus for manager and non-manager levels are comprised of five statements. The results are shown in Table (4.10).

Table (4.10) Perception of Respondents on Bonus

| No. | Statements | Manger | | Non- Manager | |
|-----|---|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | The amount of bonus based on the more incomes generated of our firm | 2.66 | 0.99 | 2.97 | 0.99 |
| 2. | Firm provides performance bonuses to boost my motivation. | 2.52 | 0.89 | 2.75 | 0.88 |
| 3. | Firm gives staff annual financial bonus based on individual performance | 2.60 | 1.02 | 2.84 | 0.86 |
| 4. | Firm have bonus plan in every year | 2.83 | 0.95 | 2.97 | 0.98 |
| 5. | Overall I'm satisfied on bonus in the firm | 2.24 | 0.99 | 2.70 | 1.09 |
| | Overall Mean | 2.57 | | 2.85 | |

Source: Survey Data (2018)

The survey result established that the respondents at manager and non-manager levels were neutral with whether bonus influenced employee performance as evidence by overall mean of 2.57 and 2.85. In order to Table (4.10), respondents at manager and non- manager levels are fairly enjoyable with bonus because yearly bonus plan cannot make motivate them. Therefore, it is found that firm's generated incomes are needed to focus to give cash bonus for each level.

3. Perception of Respondents on Promotion

Questions about promotion for manager and non-manager levels are constituted of five statements. The results are shown in Table (4.11).

Table (4.11) Perception of Respondents on Promotion

| No. | Statements | Manger | | Non- Manager | |
|-----|---|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Staffs are motivated to work because of promotion plan. | 2.43 | 0.98 | 2.52 | 0.99 |
| 2. | Everyone has equal chance to be promoted. | 2.41 | 0.87 | 2.63 | 0.97 |
| 3. | Staffs are promoted in a fair and honest way. | 2.39 | 0.95 | 2.61 | 1.02 |
| 4. | I'm recognized to be promoted based on individual performance | 2.26 | 1.02 | 2.45 | 0.78 |
| 5. | Overall I'm pleased to my promotion | 2.29 | 0.97 | 2.52 | 0.95 |
| | Overall Mean | 2.36 | | 2.56 | |

Source: Survey Data (2018)

The study established that respondents at manager and non-manager levels were disagreed with whether promotion influenced employee performance as evidenced by overall mean 2.36 and 2.56. In according to data, most of respondents at manager and non-manager levels are not really pleased to promotion because firm does not give recognition for promotion plan to them.

4. Perception of Respondents on Fringe Benefits

Questions about fringe benefits for manager and non-manager levels are instituted of five statements. The results are shown in Table (4.12).

Table (4.12) Perception of Respondents on Fringe Benefits

| No. | Statements | Manger | | Non- Manager | |
|-----|---|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Firm's health care policy has covered all my family members | 3.67 | 1.05 | 3.61 | 0.89 |
| 2. | Firm arranges more vacation time yearly | 1.62 | 0.91 | 1.77 | 1.01 |
| 3. | Firm is arranging me transport assistance | 3.78 | 1.04 | 3.39 | 0.96 |
| 4. | Female workers are getting maternity leave with allowances | 4.22 | 0.79 | 4.11 | 0.93 |
| 5. | Overall I'm satisfied with fringe benefits in firm. | 2.91 | 0.99 | 2.96 | 0.88 |
| | Overall Mean | 3.24 | | 3.17 | |

Source: Survey Data (2018)

In overall, respondents at manager and non-manager levels were neutral on whether fringe benefits influenced by employee performance as evidenced by overall mean of 3.24 and 3.17. In Table (4.12), female employees at manager and non-manager levels got maternity leave provided by firm but they don't get holiday leave yearly. Therefore, they are neutrally accepted with fringe benefits.

4.3.2 Perception of Respondents on Intrinsic Rewards

Intrinsic Rewards comprises five components: working environment, responsibility, recognition, performance management and career development.

1. Perception of Respondents on Working Environment

Questions about working environment for manager and non-manager levels are comprised of five statements. The results are shown in Table (4.13).

Table (4.13) Perception of Respondents on Working Environment

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Firm provides enough material and equipment to perform my job. | 3.38 | 0.98 | 3.52 | 1.02 |
| 2. | I feel stress at work environments | 3.77 | 1.03 | 3.86 | 1.01 |
| 3. | Firm provides well-healthy working environment for employees | 3.02 | 0.88 | 3.13 | 0.99 |
| 4. | I'm satisfied with working conditions in workplace. | 3.55 | 0.75 | 3.64 | 0.85 |
| 5. | Overall this company is a harmonious place to work. | 3.22 | 0.89 | 3.42 | 0.84 |
| | Overall Mean | 3.39 | | 3.52 | |

Source: Survey Data (2018)

According to the overall, respondents at manager level were neutral on whether working environment influenced by employee performance as evidenced by overall mean of 3.39. In order to Table (4.13), respondents at manager level are stressful in their working environment. Therefore, this study found that they are moderately satisfied with workplace.

After that, respondents at non-manager level were agreed with working environment as evidenced by overall mean of 3.52. Employees at non-manager level are also stressful in working environment. But, firm gives enough material and equipment for them to carry out the job. Therefore, they are quite satisfied with workplace. Moreover, firm should make employees decrease stress form them in it.

2. Perception of Respondents on Responsibility

Questions about responsibility for manager and non-manager levels are composed of five statements. These results are shown in Table (4.14).

Table (4.14) Perception of Respondents on Responsibility

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | I'm enough authority to make decision I need to make | 2.45 | 1.06 | 2.75 | 0.99 |
| 2. | I have to take much responsibility than others. | 3.28 | 0.99 | 3.25 | 0.86 |
| 3. | I'm pleased and proud of taking responsibility at work. | 3.29 | 0.88 | 3.51 | 0.91 |
| 4. | I need to work voluntarily in some conditions. | 4.03 | 0.82 | 4.04 | 0.96 |
| 5. | Overall I'm happy to work with my responsibility at work | 3.55 | 0.96 | 3.65 | 0.96 |
| | Overall Mean | 3.32 | | 3.44 | |

Source: Survey Data (2018)

According to the overall, respondents at manager level were neutral on responsibility influenced by performance as evidence by overall mean 3.32. In Table (4.14), respondents at manager level are neutrally satisfied with work voluntarily in some conditions and they have fair authority to make decision.

And then, respondents at non-manager level were agreed on responsibility influenced by performance as evidence by overall mean 3.44. Employees at non-manager level are quite satisfied with work voluntarily in some condition. Therefore, they are pleased to taking responsibility at job.

3. Perception of Respondents on Recognition

Questions about recognition for manager non-manager levels consist of five statements. The results are shown in Table (4.15).

Table (4.15) Perception of Respondents on Recognition

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | I'm recognized at work. | 2.89 | 0.99 | 2.95 | 0.89 |
| 2. | Firm organizes small non-cash awards, (dinner, and trips to aboard.) | 1.88 | 1.08 | 1.85 | 0.99 |
| 3. | Appreciation should be given for sustained outstanding performance over a long period of time. | 4.03 | 0.89 | 4.20 | 0.94 |
| 4. | Recognition programs are fair to all employees | 2.73 | 1.05 | 2.92 | 0.88 |
| 5. | Overall I'm delighted to recognized in firm | 3.19 | 0.88 | 3.37 | 1.03 |
| | Overall Mean | 2.94 | | 3.06 | |

Source: Survey Data (2018)

From the overall, respondents at manager and non-manager levels were neutral on recognition influenced by performance as evidenced by overall mean of 2.94 and 3.06. According to Table (4.15), respondents at manager and non-manager levels are recognized to keep in good performance for long term and they are not really satisfied with non- cash awards (dinner, trips to abroad) offered by firm. Therefore, it can be said that they are fairly recognized at work.

4. Perception of Respondents on Career Development

Questions about career development for manager and non-manager levels include five statements. The results are shown in Table (4.16).

Table (4.16) Perception of Respondents on Career Development

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Firm conducts employees evaluation and simulation activities in order to evaluate employees' strength and weakness | 2.47 | 0.97 | 2.60 | 0.94 |
| 2. | Seminars and workshops are used regularly to increase staff competencies | 2.60 | 0.94 | 2.97 | 1.12 |
| 3. | Firm provides financial support to staff in their purist for academic studies aimed at imparity knowledge for current or future job opportunities. | 1.81 | 0.95 | 2.13 | 1.17 |
| 4. | Job rotation are used regularly to encourage multi-skilling of staff | 3.31 | 1.27 | 3.30 | 1.20 |
| 5. | I feel I have chance to get all I want to achieve in my career in this plan | 2.33 | 0.99 | 2.70 | 0.95 |
| | Overall Mean | 2.50 | | 2.74 | |

Source: Survey Data (2018)

In overall, respondents at manager level were disagreed with career development influenced by performance as evidenced by mean value 2.50. After that, the study found that firm cannot provide enough financial supports for academic studies to them. Therefore, they are not really got chances for career.

After all, respondents at non-manager level were neutral on career development as evidenced by overall mean 2.74. In order to Table (4.16), respondents at non-

manager level are encouraged to handle various tasks by using job rotations. In addition, they feel they are fairly satisfied with career development.

5. Perception of Respondents on Performance Management

Questions about performance management for manager and non-manager levels composed of five statements. The results are shown in Table (4.17).

Table (4.17) Perception of Respondents on Performance Management

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | Senior manager establishes plans and work objectives with me | 3.21 | 1.06 | 3.25 | 0.92 |
| 2. | Performance appraisals are always conducted | 2.71 | 0.99 | 3.07 | 0.88 |
| 3. | Performance appraisals are meaningful and productive | 2.67 | 0.96 | 2.97 | 0.88 |
| 4. | Performance appraisals are used by firm to establish for training needs. | 2.48 | 1.13 | 2.84 | 0.97 |
| 5. | I get feedback from my immediate superior about performance | 2.83 | 1.13 | 2.99 | 0.98 |
| | Overall Mean | 2.78 | | 3.02 | |

Source: Survey Data (2018)

The study establishes that overall; respondents at manager and non-manager levels were neutral on performance management as evidenced by overall mean of 2.78 and 3.02. In Table (4.17), respondents at manager and non-manager levels are fairly established with plans and objectives about job by seniors. After all, they are provided for training needs by using performance appraisals.

4.4 Self - Perception of Respondents on Employee Performance

Employee performance indicators are divided into three categories: teamwork, quality of work and absenteeism. This section show that self-perceived level of respondents for each performance indicators because secondary data collection about employees' performance from bank is hard. Employees can be able to aware their improvement by measuring performance with self-perception questions. Each item is made up of five point likert scale questionnaires.

1. Self - Perception of Respondents on Team Work

Questions about team work for manager and non-manager levels are composed of five components. The results are shown in Table (4.18).

Table (4.18) Self - Perception of Respondents on Team Work

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | I have a mutual relationship with other employees. | 4.02 | 0.76 | 3.97 | 0.86 |
| 2. | Senior management always shares information and well communicates with us. | 3.64 | 0.87 | 3.69 | 0.90 |
| 3. | I have opportunity to give my ideas to senior management. | 3.02 | 0.95 | 3.18 | 1.08 |
| 4. | We all have cooperation and team work performance to accomplish our tasks. | 4.12 | 0.77 | 3.89 | 0.88 |
| 5. | Overall I think my organization has good team work performance. | 3.83 | 0.82 | 3.70 | 0.98 |
| | Overall Mean | 3.72 | | 3.69 | |

Source: Survey Data (2018)

In overall, respondents at manager and non-manager levels were agreed on team work as evidenced by overall mean of 3.72 and 3.69. In order to Table (4.18), most of respondents at manager and non-manager level get mutual interrelations with each other and then they are fairly recognized with opportunities to share their opinions to seniors. Therefore it can be found that they are really satisfied to carry out the job with team work.

2. Self - Perception of Respondents on Quality of Work

Questions about quality of work for manager and non-manager levels include five components. The results are shown in Table (4.19).

Table (4.19) Self - Perception of Respondents on Quality of Work

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | I think it is important to have a qualified and interested work. | 4.16 | 0.93 | 4.13 | 0.89 |
| 2. | I feel I'm matched with my tasks. | 3.62 | 0.99 | 3.68 | 0.82 |
| 3. | I have a clear understanding about my work. | 3.66 | 0.83 | 3.63 | 0.84 |
| 4. | My work is so qualified for me. | 2.48 | 1.17 | 2.25 | 0.89 |
| 5. | Overall I am very satisfied with my work. | 3.55 | 1.11 | 3.49 | 0.86 |
| | Overall Mean | 3.50 | | 3.44 | |

Source: Survey Data (2018)

The study showed that overall; respondents at manager and non-manager levels were agreed on quality of work as evidenced by overall mean of 3.50 and 3.44. In data, respondents at manager and non-manager levels are suitable with their job and then they are pleased to conduct their task.

3. Self - Perception of Respondents on Absenteeism

Questions about Absenteeism for manager and non-manager levels are comprised of five statements. The survey results are shown in Table (4.20).

Table (4.20) Self - Perception of Respondents on Absenteeism

| No. | Statements | Manger | | Non- Manager | |
|-----|--|-------------|--------------------|--------------|--------------------|
| | | Mean | Standard Deviation | Mean | Standard Deviation |
| 1. | I don't take leave a day in a year. | 1.31 | 0.90 | 1.25 | 0.62 |
| 2. | Burn on form job doesn't cause absenteeism. | 2.71 | 0.99 | 3.07 | 0.88 |
| 3. | I'm able to sustain level of energy throughout the week. | 3.95 | 1.22 | 3.94 | 1.01 |
| 4. | Job enrichment creates reduction absenteeism. | 3.88 | 1.26 | 4.05 | 1.01 |
| 5. | Overall I'm enjoyable to work without absenteeism. | 3.84 | 1.06 | 3.81 | 0.92 |
| | Overall Mean | 3.05 | | 3.01 | |

Source: Survey Data (2018)

Overall, the study mentioned that respondents at manager and non-manager levels were neutral on absenteeism as evidenced by overall mean of 3.05 and 3.01. In Table (4.20), respondents at manager and non-manager levels cannot be absent because of a lot of work. Moreover, they don't have energy throughout the week. Therefore, they are moderately accepted with absenteeism.

4.5 Relationship between Rewards and Employee Performance of Respondents

A correlation coefficient is a numerical measure of some type of correlation, meaning a statistical relationship between two variables. This section analyzed the between rewards and each employee performance of respondents with Pearson's correlation coefficient analysis. Reward is divided into two categories, extrinsic rewards and intrinsic rewards. Employee Performance is classified into three indicators such as team work, quality of work and absenteeism.

4.5.1 Relationship between Rewards and Team Work of the Respondents

In this section, it is analyzed the relationship between rewards and team work of respondents. The detailed analysis of this result is mentioned in Table (4.21).

Table (4.21) Correlation between Rewards and Team Work of Respondents

| Reward Types | Correlation Coefficient |
|-------------------|-------------------------|
| Extrinsic Rewards | 0.448** |
| Intrinsic Rewards | 0.604** |

Source: Survey Data (2018)

** Correlation is significant at the 0.01 level (2- tailed)

From Table (4.21), there is positive relationship coefficient between extrinsic rewards($r=0.448$), intrinsic rewards($r=0.604$) and team work and a statistically significant ($p<0.01$). In addition, positive coefficients indicate that when the value of one variable increases, the value of the other variable also tends to increase. When firm creates pay, bonus, benefits, harmonious environment, and gives good recognition for employee, they can have cooperation and team work performance to accomplish their tasks and also have opportunities to give ideas to senior managers.

4.5.2 Relationship between Rewards and Quality of Work of Respondents

This section tested the relationship between rewards and quality of work of respondents. The analysis of these results in Table (4.22) is mentioned.

Table (4.22) Correlation of Rewards and Quality of Work of Respondents

| Reward Types | Correlation Coefficient |
|-------------------|-------------------------|
| Extrinsic Rewards | 0.424** |
| Intrinsic Rewards | 0.519** |

Source: Survey Data (2018)

** Correlation is significant at the 0.01 level (2- tailed)

In data analysis, there is positive relationship coefficient between extrinsic rewards($r=0.424$), intrinsic rewards ($r=0.519$) and quality of work and a statistically significant ($p<0.01$). Moreover, positive coefficients indicate that when the value of one variable increases, the value of the other variable also tends to increase. Therefore, it is found that most of the respondents are suitable and satisfied with work

when firm offers challenging tasks, money, other benefits, recognition, opportunities for job and giving job rotation without routine tasks.

4.5.3 Relationship between Rewards and Absenteeism of Respondents

This section analyzed the relationship between rewards and absenteeism. The analysis of their result in Table (4.23) is shown.

Table (4.23) Correlation of Rewards and Absenteeism of Respondents

| Reward Types | Correlation Coefficient |
|-------------------|-------------------------|
| Extrinsic Rewards | 0.189* |
| Intrinsic Rewards | 0.184* |

Source: Survey Data (2018)

* Correlation is significant at the 0.05 level (2- tailed)

In Table (4.23), there is positive relationship coefficient between extrinsic rewards($r=0.189$), intrinsic rewards($r=0.184$) and absenteeism and a statistically significant ($p<0.05$). And then, correlation coefficient whose magnitude are less than 0.3 have little if any (linear) correlation. Therefore, variety of responsibilities and changes in duties cannot persuade to reduce respondent's absenteeism from work because of not being given enough for pay, benefits, recognition and offered bonus for 100% attendance.

4.6 Regression Analysis of Reward System on Employee Performance

Regression analysis is a reliable method of identifying which variables have impact on a topic of interest. The process of performing a regression allows to confidently determining which factors matter most, which factors can be ignored, and how these factors influence each other. In this section, regression analysis is utilized in order to analyze the effect of the reward system on employee performance. Reward system includes extrinsic rewards and intrinsic rewards (independent variables). Employee performance indicators include team work, quality of work and absenteeism (dependent variables).

4.6.1 Regression Analysis of Reward System on Team work

The following Table (4.24) describes regression results among dependent variables (team work) and independent variables (extrinsic rewards and intrinsic

rewards). These results show that the coefficients are significant at 1% and 5% level which is indicated by the value of F– statistics.

Table (4.24) Regression Results of Reward System on Team Work

| Independent Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|-----------------------|-----------------------------|------------|---------------------------|--------|-------|
| | Beta | Std. Error | Beta | | |
| (constant) | 1.368 | 0.223 | | 6.143 | .000 |
| Extrinsic Rewards | -0.031 | 0.090 | -0.031 | -0.350 | 0.727 |
| Intrinsic Rewards | 0.779 | 0.109 | 0.627 | 7.142 | 0.000 |

Source: Survey Data (2018)

According to the results from Table (4.24), the p-value for extrinsic rewards is greater than 0.05 and it can be said that they are not significant. Furthermore, the p-value for intrinsic rewards is less than 0.01. Therefore, they are significant. And then, there is a negative relationship between team work and extrinsic rewards. In addition, there is a positive relationship between team work and intrinsic rewards.

Moreover, the magnitude shows the amount how much the score of the dependent variable will change if the score of an independent variable would increase by 1 unit while other things remain unchanged. That means, if the score of extrinsic rewards increase by 1 unit, while other things are constant, team work of employees will decrease by 0.031. If the score of intrinsic rewards increased by 1 unit, while other things are constant, team work of employees will increase by 0.779.

In addition, the magnitude of standardized coefficients for extrinsic rewards (-0.031) are less than that for intrinsic rewards (0.627), it can be found that the effect of extrinsic rewards is smaller than that of intrinsic rewards on teamwork of employees.

4.6.2 Regression Analysis of Reward System on Quality of Work

The following Table (4.25) mentions regression results among dependent variable (quality of work) and independent variables (extrinsic rewards and intrinsic rewards). The results show that the coefficients are significant at 1% and 5% level which is indicated by the value of F – statistics.

Table (4.25) Regression Results of Reward System on Quality of Work

| Independent Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|-----------------------|-----------------------------|------------|---------------------------|--------|-------|
| | Beta | Std. Error | Beta | | |
| (constant) | 1.939 | 0.180 | | 10.758 | 0.000 |
| Extrinsic Rewards | 0.051 | 0.073 | 0.067 | 0.707 | 0.480 |
| Intrinsic Rewards | 0.439 | 0.088 | 0.468 | 4.973 | 0.000 |

Source: Survey Data (2018)

Table (4.25) shows that the p-value for extrinsic rewards is greater than 0.05 and it can be said that they are not significant. Moreover, the p-value for intrinsic rewards is less than 0.01 and therefore it is significant. Since the estimated coefficient values are positive, there is a positive relationship between quality of work and independent variables (extrinsic rewards and intrinsic rewards).

And then, the magnitude of each coefficient values indicates the amount how much the score of dependent variables will change if the score of independent variable would increase by 1 unit while other are constant. That shows, if the score of extrinsic rewards increased 1 unit, while other things are constant, quality of work will increase by 0.051. If the score of intrinsic rewards increases by 1 unit, while other things are constant, quality of work employees will increases by 0.439 units.

Moreover, the value of standardized coefficients for extrinsic rewards are less than that of intrinsic rewards (0.468), it can be said that the effect of extrinsic rewards are smaller than that of intrinsic rewards on qualify of work of employees.

4.6.3 Regression Analysis of Reward System on Absenteeism

The following Table (4.26) describes regression results among dependent variables (absenteeism) and independent variables (extrinsic rewards and intrinsic rewards). The results show that the coefficients are significant at 1% and 5% level, which is indicated by the value of F – statistics.

Table (4.26) Regression Results of Reward system on Absenteeism

| Independent Variables | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|-----------------------|-----------------------------|------------|---------------------------|--------|-------|
| | Beta | Std. Error | Beta | | |
| (constant) | 2.477 | 0.209 | | 11.875 | 0.000 |
| Extrinsic Rewards | 0.090 | 0.084 | 0.116 | 1.071 | 0.285 |
| Intrinsic Rewards | 0.091 | 0.102 | 0.096 | 0.889 | 0.375 |

Source: Survey Data (2018)

From the results of Table (4.26), the p-value for both rewards is greater than 0.05. It can be said that they are statistically not significant. Since the coefficient values are positive, there is positive relationship between absenteeism and independent variables (extrinsic and intrinsic rewards).

And then, the magnitude of each coefficient values mentions the amount of how much the score of dependent variable will change if score of independent variable would increase by 1 unit while other things remain unchanged. That is, if the score of extrinsic rewards increase by 1 unit, while other things remain unchanged, absenteeism of employees will increase by 0.090. If the score of intrinsic rewards increases by 1 unit, while other things remain unchanged, absenteeism of employees will increase (0.091) units.

In addition, the value of standardized coefficient for extrinsic reward (0.116) is higher than that of intrinsic rewards (0.096), it can be said the effect of extrinsic rewards is larger than that of intrinsic rewards in absenteeism of employees.

CHAPTER 5

CONCLUSION

The chapter is developed to provide the general overview of the research findings and make significant conclusions and suggest practicable recommendations from the analysis of the study.

5.1 Findings and Discussions

The study aimed at analyzing the effect of reward system on employee performance of KBZ Bank. Reward system occupies an important position in this bank. This is because, the success and the survival of an organization are determined by the ways the employees are rewarded and remunerated. The reward system in organization is a program that is developed to provide appreciation for high performer and provide incentives to low performers to increase their performance.

The main purpose of this study is to analyze the effect of reward system on employee performance of KBZ Bank. This study focuses on sample size 200 employees covering total population from KBZ Head Offices and Stand Square Branch in Yangon. The method used in this study is based on the descriptive method and Pearson's co-efficient of correlation and regression analysis.

From the analysis, the data gathered revealed as per the demographic characteristics of the survey group that female respondents are larger than male. Most of the respondents are between 26-30 years age group. Most of the respondents are single in marital status group. Most of the respondents had attained graduate level, 7% of them diploma achievers and 5% of them are under graduate level. Employees from other department share largest with 60.5% while employees from loan department share the smallest with 2.5%. The largest number two groups in work experience of respondents are between 5 years or more and between 3-4 years. 4% of respondents are at least manager level and 58% of respondents have the most staff level. Most of the respondents gain between 250,001 and 500,000 kyats in monthly salary groups.

This study analyzed the effect of reward system on employee performance. Rewards are classified into extrinsic and intrinsic rewards. Employee performance indicators are subdivided into team work, quality of work, and absenteeism. In this analysis, respondents at manager and non- manager levels do not have money at the

end month because of not paying enough offered by firm. Moreover, they are moderately satisfied with their salary.

And then, respondents are fairly enjoyable with bonus because yearly bonus plan cannot make motivate them. Therefore, it is found that firm's generated incomes are needed to focus to give cash bonus for each level. Most of respondents at manager and non-manager levels are not really pleased to promotion because firm does not give recognition for promotion plan to them. Moreover, female employees at manager and non-manager level got maternity leave provided by firm but they don't get holiday leave yearly. Therefore, they are neutrally accepted with fringe benefits.

Respondents at manager level and non-manager levels are stressful in their working environment. Therefore, this study found that they are moderately satisfied with workplace. After all, respondents at manager level are neutrally satisfied with work voluntarily in some conditions and they have fair authority to make decision. In addition, respondents at manager and non-manager levels are recognized to keep in good performance for long term and they are not really satisfied with non-cash awards (dinner, trips to abroad) offered by firm. Therefore, it can be said that they are fairly recognized at work.

Respondents at non-manager level are encouraged to handle various tasks by using job rotations. In addition, they feel they are fairly satisfied with career development. Respondents at non-manager level are encouraged to handle various tasks by using job rotations. In addition, they feel they are fairly satisfied with career development. And then, respondents at manager and non-manager levels are fairly established with plans and objectives about job by seniors. After all, they are provided for training needs by using performance appraisals.

The relationship between rewards and team work is positive but moderate. Therefore, it has proven that employees relied upon both rewards have cooperation and team work performance to accomplish their tasks and opportunities to give ideas to senior managers.

It is found that the relationship between rewards and quality of work is positive but moderate. Therefore, most of the respondents are fairly satisfied with work because firm offer challenging tasks, money and other benefits, recognition, and giving job rotation without routine tasks.

Moreover, there exists the relationship between rewards and absenteeism is positive but weak. That is, variety of respondents and changes in duties cannot

persuade to reduce respondent's absenteeism from work because of not being given enough for pay, benefits, recognition and offered bonus for 100% attendance.

Results of correlation showed that positive relationship between rewards and employee performance. Majority of employees at manager and non-manager levels in KBZ Bank are motivated by intrinsic rewards. But, few are neutrally satisfied by extrinsic factors. It was concluded that organization must carefully developed reward system because rewards affect employees' level of motivation and this affects level of performance.

5.2 Conclusion and Suggestion

Reward system is the planned activities that organizations implement in order to motivate their employees or individuals to achieve the set goals of the company. Managing human resources which is the most valued asset of an organization has received much attention recently and a lot could be gained from a better than of human resources within organization. Most organization view their systems of rewarding employees as an additional cost of doing business which should not be so because it is very salient to reward employees and the outcome is that it motivates them to put in more efforts, skills and ability which at the long run increase productivity.

This study made a study into the reward system of KBZ Bank and the effect of reward system on employee performance. Rewards have been to have positive effect on employee performance. However, no reward system is perfect in any organization. Therefore, organization should need to design effective reward system that enhances performance of employees. And then, organization should be aware that there needs to be a balance between the amount of effort required form an employee and reward given to the employees for their work in the organization. Organization should need to offer fringe benefits that cover all family members and ensure the level of organization culture that encourage employees' innovation that could enhance the level of organization. And then, KBZ Bank should make employees at manager and non-manager levels decrease stress for them in working environment. The bank should offer non-cash awards (dinner, trips to abroad) for employees at manager and non-manager levels. Moreover, it should recognize promotion plan for employees at manager and non-manager levels. It should need to offer yearly bonus plan for

employees at manager and non-manager levels. After that, it should need to reduce respondent's absenteeism from work.

5.3 Needs for Future Research

Employee needs and wants are changing with time. What employees need today may not be the same for tomorrow. Importantly, as the number of new banks and branches increase in the banking industry, the supply of effective human resources become less and less. Consequently, banks increase the level and the variety of their offers to the potential employees. Hence, the KBZ Bank should understand the changing needs and wants of its employees and the level and variety of the offers of other banks so that the KBZ Bank can effectively control their human resources. Moreover, KBZ Bank should make respondents at each level motivated by extrinsic and intrinsic factors like other banks. A further study should be done to establish the other factors that influence employee's performance other than reward system. A Similar study should also done in future covering all banks in Yangon as this will serve to provide more generalized conclusion.

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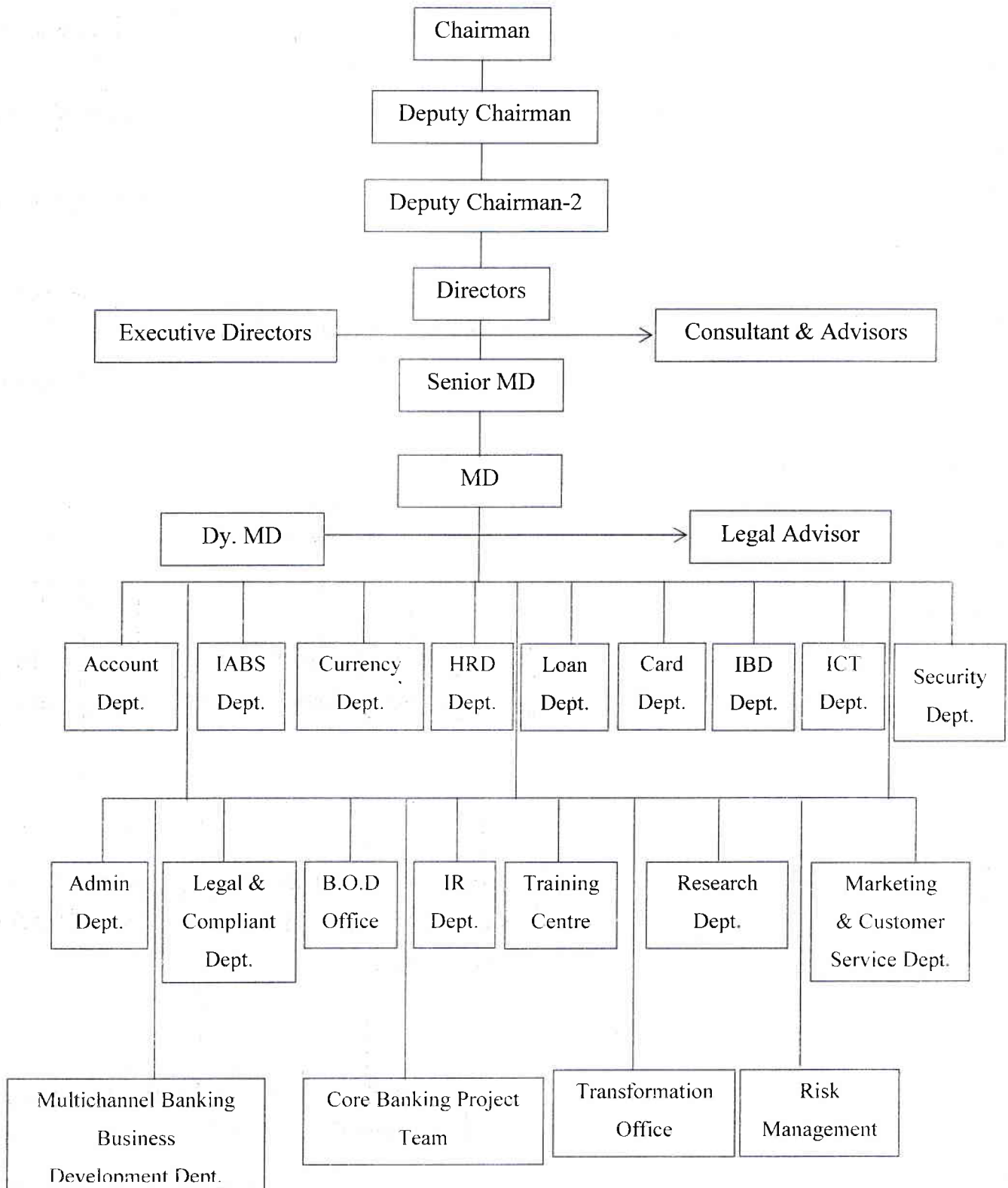
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APPENDICES

APPENDIX A

Figure (3.1) Organization Structure of KBZ Bank



Source: Kanbawza Bank (HR Department)

APPENDIX B

The Effect of Rewards on Employee Performance for KBZ Bank

This survey is to investigate the effect of reward system on employee performance of KBZ Bank in Myanmar. The data obtained from this survey will be used only to write a master's thesis to submit Yangon University of Economics. Your response would be great help for my research for the completion of the master degree. Thank you very much for taking a time to complete the questionnaire.

Section 1: Demographic characteristics data

Please answer the following by putting a circle (O) where appropriate.

1. **Gender of the respondent**
 - a. Male
 - b. Female

2. **Age of the respondent**
 - a. Between 18 and 25 years
 - b. Between 26 and 30years
 - c. Between 31and 45years
 - d. Between 46 and 60years

3. **Marital Status of the respondent**
 - a. Single
 - b. Married

4. **Educational Qualification of the respondent**
 - a. Under Graduate
 - b. Graduate
 - c. Diploma
 - d. Post Graduate
 - e. Master Degree
 - f. Other

5. Department of the respondent

- a. Admin
- b. Account
- c. Loan
- d. HR
- e. Other

6. Working Experience of the respondent

- a. Less than 1 year
- b. 1-2 year
- c. 3-4 year
- d. 5 year or more

7. Position Distribution of the respondent

- a. Manager
- b. Assistant Manager
- c. Supervisor
- d. Assistant Supervisor
- e. Staff
- f. Other

8. Monthly Salary of the respondent

- a. Below 250,000
- b. 250,001-500,000
- c. 500,001 and above

Section 2: Condition of Perception of Extrinsic Rewards offered by KBZ Bank

Please indicate the extent of your perception to the statements by ticking only one appropriate scale on the right side of each question (1 = strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = strongly Agree).

| No. | Basic Pay | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1. | Firm gives appropriate salary according to grade of employees in the firm. | | | | | |
| 2. | There is sound policies and sound practices about wages and salary in this firm. | | | | | |
| 3. | My salary is satisfactory in relation to what I have got responsibility. | | | | | |
| 4. | I'm not hard up for money at the end of months because of that my salary is inadequate. | | | | | |
| 5. | Overall I'm satisfied with my salary. | | | | | |

| No. | Bonus | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | The amount of bonus based on the more on income generated of our firm | | | | | |
| 2. | Firm provides performance bonuses to boost my motivation. | | | | | |
| 3. | Firm gives staff annual financial bonus based on individual performance. | | | | | |
| 4. | Firm have bonus plan in every year. | | | | | |
| 5. | Overall I'm satisfied on bonus in the firm. | | | | | |

| No. | Promotion | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | I'm motivated to work because of the promoting plan. | | | | | |
| 2. | Everyone has an equal chance to be promoted. | | | | | |
| 3. | Staff are promoted in a fair and honest way. | | | | | |
| 4. | I'm recognized to be promoted based on individual performance. | | | | | |
| 5. | Overall I'm pleased to my promotion. | | | | | |

| No. | Fringe Benefits | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | Firm's health care policy has covered all my family members. | | | | | |
| 2. | Firm arranges more vacation time yearly. | | | | | |
| 3. | Firm is arranging me transport assistance. | | | | | |
| 4. | Female workers are getting maternity leave with allowances. | | | | | |
| 5. | Overall I'm satisfied with fringe benefit in firm. | | | | | |

Section 3: Condition of Perception of Intrinsic Rewards offered by KBZ Bank

| No. | Working Environment | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | My company provides enough material and equipment to perform my job. | | | | | |
| 2. | I feel stress at my work environment. | | | | | |
| 3. | Company provides well-healthy working environment for employee. | | | | | |
| 4. | I am satisfied with working conditions in working area. | | | | | |
| 5. | Overall this company is a harmonious place to work. | | | | | |

| No. | Responsibility | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1. | I am enough authority to make decision I need to make. | | | | | |
| 2. | I have to take many responsibilities than others. | | | | | |
| 3. | I am pleased and proud of taking responsibilities at work | | | | | |
| 4. | I need to work voluntarily in some conditions. | | | | | |
| 5. | Overall I'm happy to work with my responsibilities at work. | | | | | |

| No. | Recognition | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | I'm recognized at work. | | | | | |
| 2. | The firm organizes small non-cash awards, (dinner) trips to abroad) | | | | | |
| 3. | Appreciation should be given for sustained outstanding performance over a long period of time. | | | | | |
| 4. | Recognition programs are fair to all employees. | | | | | |
| 5. | Overall I'm delighted to recognize in firm. | | | | | |

| No. | Career Development | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | Firm conduct employee evaluation and simulation activities in order to evaluate employees' strength and weakness. | | | | | |
| 2. | Seminars and workshops are used regularly to increase staff competencies. | | | | | |
| 3. | The firm provides financial support to staff in their pursuit for academic studies aimed at imparting knowledge for current or future job opportunities. | | | | | |
| 4. | Job rotation are used regularly to encourage multi-skilling of staff. | | | | | |
| 5. | I feel I have chance to get all I want to achieve in my career in this plan. | | | | | |

| No. | Performance Management | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1. | Senior manager establishes plans and work objectives with me. | | | | | |
| 2. | Performance appraisals are always conducted in firm. | | | | | |
| 3. | Performance appraisals are meaningful and productive. | | | | | |
| 4. | Performance appraisals are used by firm to establish my training needs. | | | | | |
| 5. | I get feedback from my immediate superior about my performance. | | | | | |

Section 4: Employee Performance measurement indicators

| No. | Quality of Work | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | I think it is important to have a qualified and interested work. | | | | | |
| 2. | I feel I'm matched with my tasks. | | | | | |
| 3. | I have a clear understanding about my work. | | | | | |
| 4. | My work is so qualified for me. | | | | | |
| 5. | Overall I am very satisfied with my work. | | | | | |

| No. | Absenteeism | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | I don't take leave a day in a year | | | | | |
| 2. | Burn out from job doesn't cause absenteeism | | | | | |
| 3. | I'm able to sustain level of energy throughout the week. | | | | | |
| 4. | Job enrichment creates reduction absenteeism. | | | | | |
| 5. | Overall I'm enjoyable to work without absenteeism. | | | | | |

| No. | Team Work | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1. | I have a mutual relationship with other employees. | | | | | |
| 2. | Senior management always shares information and well communicates with us. | | | | | |
| 3. | I have opportunity to give my ideas to senior management. | | | | | |
| 4. | We all have cooperation and team-work performance to accomplish our takes. | | | | | |
| 5. | Overall I think my organization has good team work performance. | | | | | |