

The Impact of Reward and Knowledge Sharing Practices on Employee Performance: A Comparative Analysis between Awash and Dashen Bank S.C.

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Abstract

Employee performance is measured by the quality of work, productivity, ability to work independently with little or no direction or follow-up to complete tasks, job knowledge, employees' interpersonal relationships and so on. Reward systems have long been used as a strategy to motivate employees and increase their performance. Several studies have also suggested that knowledge sharing increases learning which improves employees' job performance. Yet, in Ethiopia, several organizations haven't done a comprehensive study on which type of reward system or knowledge sharing practice best fit them. The purpose of this study is to examine the reward system and knowledge sharing practices of two banks, Awash and Dashen, in Adama Ethiopia, and analyze the differences in their employee performance. To achieve this objective this study uses instruments based on intrinsic and extrinsic reward system and tacit and explicit knowledge sharing and their impact on employee performance. The target population are employees of Awash and Dashen bank in Adama, Ethiopia. An empirical study using qualitative data and survey method is employed to conduct this study. A convenient sample is collected from 120 employees in each bank. The theoretical and practical implications of the study are also discussed.

Keywords: reward system, knowledge sharing, employee performance

1. Introduction

Employee's job performance is one of the key factors that determine the success of any business. According to Welford (1988), there are several components that define human performance. It begins with the sensory systems that receive motivation from either internal or external environments and end with the neuro-muscular which responds to the stimulations. In general, employee performance is expressed by three important factors i.e., ability, motivation, and environment (Stott & Walker, 1995). In the effort to address these three factors, this study has used knowledge sharing as the ability and reward as a motivational factor affecting employees' performance.

Rewards are given to employees in the form of bonuses, promotions, or increase in salary follow-on the evaluation of their performance (Juran & Gryna, 1993). Several studies have confirmed the significant influence that rewards have on employees' performance and their moral (Huselid, 1995; Paul & Anantharaman, 2003). Managers and scholars have the same sentiment about the positive influence of financial reward systems and workforce diversity on individual employee's performance.

Unlike the old good days, today's highly competitive, flat, team-based working environment requires business to initiate a means through which employees can exchange information so as to achieve their goals (Chiaburu & Harrison, 2008). Coworkers have a great positive and negative influence on employee performance. Employees' perceptions, attitudes, turnover, and performance is influenced by their coworkers. Employees feel comfortable working in an encouraging environment with a united group of coworkers. Co-workers productivity and their peer pressure plays a significant role on the performance of employees. Employees surrounded by hard-working

colleagues most likely perform better because of the feeling to catchup to their co-workers. Likewise, employees who surround themselves with low-achievers end up having a lower performance.

Awash and Dashen both are private banks in Ethiopia. About 486 shareholders have founded Awash bank with a paid-up capital of Birr 24.2 million. Awash bank has started its operation on Feb. 13, 1995. As of end of June 2018 the number of shareholders has increased to over 3,700 Birr and the total paid-up capital reached 2.9 billion Birr. Similarly, as of end June 2018, their total assets reached Birr 55.3 billion with over 393 branches found across the country. On the other hand, eleven visionary shareholders and former bankers founded Dashen bank in September 1995 with an initial capital of 14.9 million Birr. Dashen bank is one of the biggest private banks in Ethiopia. Until recently Dashen bank has over 370 networked Branches.

Both Awash and Dashen have established rewards and knowledge sharing systems in their Banks. This include cash bonuses and trainings in pursuit of increasing employee performance. However, the extent to which cash bonuses and trainings influence employee performance is not well-known. Selecting the right rewards for the employees has always been an issue in the human resource management (Bustamam et al., 2014). Many organizations fell to identify the types of rewards which are best used to foster employees' job satisfaction. Yet again, a number of studies have attempted to discover significant factors that facilitate or impede knowledge sharing. However, knowledge sharing is too complex of a process to be explained by one single factor or a few factors (Jo and Joo, 2011). Furthermore, prior studies have been trying to recommend a one size fits all kind of solutions to reward and knowledge sharing system. Therefore, the current study's endeavor is to fill this gap by doing a comparative study to examine the reward and knowledge sharing practices employed by the two banks, Awash and Dashen, and analyzes the impact on employee performance. This study will contribute to the literature of reward and knowledge sharing system through identifying the most important factors that affect employee performance in the banking sector.

This study is organized in to five sections. The next section presents related literature on reward, knowledge sharing, and employee performance. The third section discusses the research design and methodology employed in this study. The fourth section reports the analysis and result of the study. The final section discusses the results of the study, recommendation for future study, and conclusion.

2. Literature Review

There are lots of factors that prompt organizations to work harder. In the time of global competition, businesses, in terms of profitability, should pay a great deal of attention to change and development within their systems. Humans are, undoubtedly, the most important factors in an organization. Investing in humans is one of the main management strategies of an organization. Several human resource applications are developed by organizations to develop, motive, and increase employee's performance. Reward system and knowledge sharing has been major practices used by human resource departments within organizations.

2.1 Reward Systems

Reward is "a broad concept that represents anything that an employee may value that an employer is willing to offer in exchange for his or her contributions" (Chiang & Birtch, 2008). The lack of rewards in a workplace creates an unkind environment, thus weakening the work effort of employees and sometimes initiate them to quit their jobs. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees.

Employees would like to be paid for the job they do. Since the companies they work for also makes money, are not volunteer businesses, they must have to compensate them in some way their work that could be called a reward. Rewards systems "are often used within organizations as a key management tool that can affect a firm's effectiveness by influencing employee's behavior and motivating them at workplace" (Ibrar & Khan, 2015). Rewards include all the valuable outcomes that employees derive from their work, including base pay, incentives, and non-salary benefits and so on. The higher the employee reward the more the employee will be motivated and lower employee rewards lead to lower motivation (Puwanenthiren, 2011).

Reward systems attract people to join the organization, keep them coming to work, and motivate them to perform their best (Puwanenthiren, 2011). Organizations use reward systems as means of attracting people, retain their existing employees, and motivate them to achieve their best for the sake of their personal life and the organization they work for. Rewarding is a core function of human resource management department. Employee will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management.

There are several ways to classify rewards. Three of the more typical are: intrinsic versus extrinsic rewards, financial versus non-financial rewards, and performance-based versus membership-based rewards. For instance,

the intrinsic rewards are those one gets from working on the job itself. They are self-initiated rewards, such as being proud in one's work, the feeling of accomplishment, or belonging to a part of a team. On the other hand, extrinsic rewards include promotions, fringe benefits, and money. They are external to the job one is doing and come from the outside sources, mainly the top management.

Rewards have been shown to motivate performance. It is stated by Vroom's Expectancy Theory of motivation that individuals are best motivated when they believe that whatever they have done has resulted in a certain outcome that has increased performance of a business to a desired level. It suggests that a certain individual will act in a certain way if they believe that behavior will result in an outcome that they value.

2.2 Knowledge Sharing

Knowledge is the organization's most important strategic resource next to labor, land, and capital. Sustainable competitive advantage of an organization can only be realized through knowledge. Hence, the creation, sharing, and utilization of knowledge become more and more important (Agwu, 2013).

The staff and training systems are vital to maintain a competitive advantage. This training is focused on selecting a specific knowledge, skills, and abilities required to improve organization's performance, namely, knowledge management. It supports the flow of ideas and experience from one member of the organization to the other (Caza et al, 2015). According to Lawler (2011), this sharing of knowledge within the co-workers is vital for organizations to enhance the skills and capabilities of its employees and sustain competitive advantage. Knowledge management outcomes are achieved because of knowledge sharing (Hafiza et al., 2011). Hence, organizations have been investing a huge amount of time and money to make knowledge sharing possible and easy.

Employees mostly have one immediate boss and several peer co-workers. The time employees spent with their supervisor or families is less as compared to the time they spent with their colleagues. The effectiveness of an employee could be evaluated based on their relationship with their co-workers (Chiaburu & Harrison, 2008). An employee's outcomes such as their role perceptions, work attitudes, and effectiveness depends on their interpersonal relationship with their co-workers.

There are generally two ways of sharing knowledge in an organization: tacit and explicit knowledge sharing. Tacit knowledge sharing requires face-to-face interactions and a dialectic debate among the employees at workplace (Koskinen et al., 2003; Fernie et al., 2003). It is subjective and is difficult to express or communicate visually or verbally. On the other hand, explicit knowledge sharing is objective and can be easily codified in books, manuals, and other types of publications (Faizuniah & Aizzat, 2009). Communicating and transferring explicit knowledge is much easier as compared to tacit knowledge (Ipe, 2013)

This study has based its explanation and justification of the knowledge sharing practices of an organization on Social Exchange Theory (SET). This theory basically explains the exchange of valuable resources among employees brings a benefit for all parties involved. It is a theory that discusses the rewards gained from the social exchange among employees.

2.3 Employee Performance

There is a consensus among researchers that performance is an important variable in an organization (Suliman, 2001). In many studies, employee performance is used as a significant indicator in measuring organizational performance (Wall et al., 2004). Even though it is asserted that performance measure based on performance appraisal items offer higher reliability in evaluating performance, many organizations use financial factors to determine performance of their employees.

In general, job performance is defined as "actions or behaviors relevant to organizational goals" (Campbell, 1990), which includes both productive and counterproductive employee behaviors that contribute to or detract from organizational goals. Employees who show a high performance in their job assist their deemed organization in achieving its strategic goals and sustain its competitive advantage (Dessler, 2011). Corporate knowledge is also considered as a crucial determinant of sustainable competitive advantages (Loebbecke et al., 2016). Fundamentally, the principal of knowledge sharing is a process meant to obtain experience from others (Razak et al., 2016).

This study examines the reward and knowledge sharing practices at Awash and Dashen Banks and their impacts on employee's job performance. Many employees enjoy working in a positive environment with a closely-knit group of coworkers. The productivity of their co-workers and the peer pressure plays a significant role in how well employees perform. When surrounded by hard-working, high-achieving colleagues, employees are more likely to perform better because they feel pressure to measure up to their co-workers. Specifically, coworkers can

provide work related resources by sharing their task-relevant skills and knowledge, which could increase focal employees' performance (Chiaburu & Harrison, 2008). As a result, employees who have received their coworkers' valuable job resources may be able to improve their task performance by applying a job resource perspective (Bakker et al., 2004). As the same time, employees who are provided with an appropriate reward for their good job will show more dedication to their work and their organization in general; while lack of rewards will create an unpleasant environment and diminish employees' work efforts.

This study formulated following hypotheses to know the impact of rewards system and knowledge sharing on employee performance:

H1: There is a positive and significant relationship between reward practice and employee job performance.

H2: There is a positive and significant relationship between knowledge sharing and employee job performance.

The following figure (Figure 1) presents the research model of the study illustrating the positive relationship between reward system, knowledge sharing practices and employee performance.

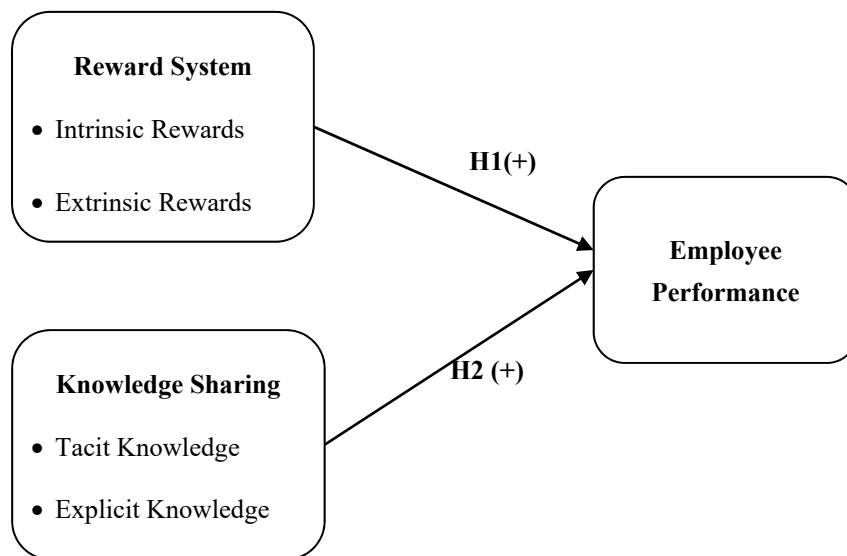


Figure 1. Research model

3. Research Design and Methodology

3.1 Research Design

To evaluate the impact of reward system and knowledge sharing on employee performance in Awash and Dashen Bank, descriptive and explanatory research approaches and survey method was employed. Because these methods are generally broad in scope and is more relevant to determine opinions of a specific population, describe the characteristics of a particular individual or of a group and tapes the knowledge and experience from those who are familiar with the issue. Therefore, the study used both qualitative and quantitative research. Because, mixed research approach is useful to capture the best of both qualitative and quantitative approaches. Under mixed model approach, the study bases the inquiry on the assumption that collecting diverse types of data best provides on understanding of a research problem. With this consideration mixed approach was adopted for this research purpose to describe and compare the respondents' response for the research questionnaire in relation to the research topic.

3.2 Data Sources

To address the general objective and to fill the knowledge gap, primary and secondary sources of data were used. The primary data sources were obtained from two different populations based on their basic features through distributing questionnaires to the target (i.e., Awash and Dashen bank) employees of Adama branch. The secondary data were collected from produced materials like relevant books, working papers, previous researches, reports, journals, proclamations, bank websites, published and unpublished materials and other related documents. The data collected from these different documents help to triangulate the reliability of the information obtained from banks.

3.3 Study Population

The total population of the study includes employees, managers and non-clerical workers, of Awash and Dashen bank Adama branch. There are 10 branches and approximately 143 and 159 non clerical employees placed in Awash and Dashen bank, respectively. The sample frame used for this study selected 5 branches of Awash and Dashen bank located in Adama city, Oromia region, Ethiopia.

3.4 Sampling Procedures, Sampling Techniques, and Sample Size

In order to select the appropriate representative of the total population and to make the research findings more relevant and accurate, the sample design needs to be well structured. So, the researcher designs the sample as follows:

3.4.1 Sampling Procedures

The sample is framed in accordance with the level of convenience of the selected population for the study. Therefore, questionnaires had been distributed to selected samples of the population mainly to the non-clerical employees and branch managers of the five branches in each bank. The branch employees were selected randomly from the staff list of employees.

3.4.2 Sampling Techniques

For the purpose of the study, the researcher used probability (stratified random sampling) technique by dividing the population in to strata based on different teams in both branches. To select units for the sample from each stratum and to make the sample more representative, the researcher uses proportional stratified sampling because the number of employees within each team are not equal and does not reflect the proportions in the sampling frame and the smaller team will over sampled.

3.4.3 Sample Size

The target population of the study constitutes two target banks, Awash and Dashen, in Adama from which the sample unit is selected. To find a representative sample size from the two banks, 120 questionnaires were distributed. Out of this, 102 have been properly filed and returned. Thus, the total sample size used in the study was 102.

3.5 Data Gathering Tools

The main type of data used in this study is primary data, which is collected through questionnaire and interviews. In addition, secondary data is used to examine the performance of the banks.

3.6 Data Collection Procedures

The structured questionnaire consists of two sections. First part includes seven demographic questions including gender, age, marital status, education level, work period, and position in the organization (title). The reason for asking socio demographic questions is to analyze the response of employees according to their age, education level etc. Besides, the title, education level and work period of the respondents are necessary for the validity of the answers. The second part includes a list of statements where the respondents are required to choose in a scale from one to five about which reward and knowledge sharing affect his/her performance the most. In order to minimize the frustration of the respondents and hence the number of incomplete questionnaires, the number of questions is limit. The questions are written as short as possible and the respondents did not need to write down any answers, only mark with an X whether they “Strongly Disagree” (1), “Disagree” (2), “Uncertain” (3), “Agree” (4), “Strongly Agree” (5) which is a 5-point Likert scale.

An in-depth interview was used to gather information that cannot be collected using questionnaires and for those questionnaires that needs detail explanation with branch managers and human resource manager at Awash and Dashen bank. There reason of choosing the two is because they are the once who can give some insightful information on the specific impact that bank has been experiencing concerning the employee performance as a result of the reward systems and knowledge system that the company follows. Structured interviews were used. Observations of the practices and existing situations was also conducted to collect the data which represents unbiased and independent of respondents.

4. Analysis and Result

The total main survey data collected is 120 from participants at Awash and Dashen Bank, Ethiopia, Adama. Both questionnaire and interview questions were pre-tested. A pilot study was also made using a few employees and branch managers to test the validity and reliability of the questionnaires.

Table 1. Demographics of Respondents (N=102)

Demographic Profile	Awash Bank (N=53)		Dashen Bank (N=49)		Total		
	Freq.	%	Freq.	%	Freq.	%	
Gender	Female	10	18.9%	19	40.4%	29	29%
	Male	43	81.1%	28	59.6%	71	71%
Age	18 ~ 20	0	0%	0	0%	0	0%
	21 ~ 30	30	56.6%	20	40.8%	50	49%
	31 ~ 40	15	28.3%	23	46.9%	38	37.3%
	41 ~ 50	7	13.2%	5	10.2%	12	11.8%
	51 ~ 60	1	1.9%	1	2.0%	2	2%
	61 ~ 70	0	0%	0	0%	0	0%
Marital Status	70 and above	0	0%	0	0%	0	0%
	Single	12	23.1%	19	39.6%	31	31%
Education	Married	40	76.9%	29	60.4%	69	69%
	Elementary	0	0%	0	0%	0	0%
	High school	0	0%	0	0%	0	0%
	Diploma	1	1.9%	3	6.1%	4	3.9%
	Bachelor's	43	81.1%	36	73.5%	79	77.5%
Job Title	Master's	9	17.0%	10	20.4%	19	18.6%
	PhD	0	0%	0	0%	0	0%
	Branch Manager	4	7.5%	4	8.3%	8	7.9%
	CSO	24	45.3%	24	50%	48	47.5%
	Relation Officer	5	9.4%	1	2.1%	6	5.9%
	Internal Auditor	6	11.3%	6	12.5%	12	11.9%
	Other	14	26.4%	13	27.1%	27	26.7%
Work Experience	Below 1yr.	5	9.4%	0	0%	5	4.9%
	1 ~ 3 yrs.	7	13.2%	7	14.3%	14	13.7%
	4 ~ 6 yrs.	18	34.0%	15	30.6%	33	32.4%
	7 ~ 9 yrs.	12	22.6%	13	26.5%	25	24.5%
	10 ~ 15 yrs.	6	11.3%	11	22.4%	17	16.7%
Income Level (in Birr)	15 yrs. and above	5	9.4%	3	6.1%	8	7.8%
	3001 ~ 5000	0	0%	1	2.1%	1	1%
	5001 ~ 7000	8	15.1%	3	6.4%	11	11%
	7001 ~ 9000	9	17.0%	15	31.9%	24	24%
	9001 ~ 11000	11	20.8%	6	12.8%	17	17%
	11001 ~ 13000	12	22.6%	7	14.9%	19	19%
	Above 13000	13	24.5%	15	31.9%	28	28%

The response rate was 85 percent. From the total of 120 questionnaires distributed 102 participants had filled and returned the questionnaire back. After excluding 2 outliers from analysis, the final valid sample size was 100. As the demographic information shows (Table 1), about 71 percent of our respondents were male. Most of the respondent's age ranges from 21 to 40 (86.3%) of which most of them are married (69%). Most of our respondents work as Customer Service Officers (47.5%) and about 77.5% of the total respondents hold a bachelor's degree. Almost all our respondent's salary is above 5000 Birr of which 28 percent of them earn more than 13,000 Birr. In addition, about 24.5 percent of the respondents have worked for their respective banks for more than 10 years.

4.1 Results

A total of 100 data is collected from Awash and Dashen Bank to test the research model. The survey data are evaluated using SPSS 23 and AMOS 23. SPSS 23 was used to test the Cronbach's alpha. Structural Equation Model (SEM) with AMOS is used to conduct a Confirmatory Factor Analysis (CFA) and examine the validity. Following the two-step approach recommended by Anderson and Gerbing (1988), first, the measurement model is examined to test reliability and validity and then the structural model to test the research hypotheses and model fitness using AMOS 23.

4.1.1 Reliability and Validity

First, the three most important assumptions in SEM were observed, namely multivariate normality, multicollinearity, and sample size. The maximum Mahalanobis distance of the two data set, except for two, is less than the Mahalanobis distance critical, which is 39.25. Thus, two outliers from Dashen Bank data set was identified. Excluding the outlier from the sample, now the total sample data is 100. SEM sample size calculator suggests a minimum of 120 samples. Even though the total sample used in the study is 120, the final valid sample used in this study is 100. Hence, the sample data used in this study is a bit less than the expected.

The collinearity statistics data shows that the value of Tolerance for all the items is greater than 0.01 and VIF values are all less than 10. Therefore, multicollinearity assumption is also satisfied. Furthermore, the assumptions of linearity (most of data have a linear relationship), homoscedasticity (adding a loess line to the scatter plot showed no sharp angles. It is relatively straight line), variance (no variance of any one of the measured variables is greater than 10 times more than any of the other variance), and positive definiteness (Determinant=2.456E-014) are also not violated. Therefore, all the assumptions are adequately addressed. Second, Bartlett's Test of Sphericity has displayed a significant result, which means at least two of the variables are strongly correlated, so Factor Analysis is done.

Factor loadings from a rotated component matrix extracted using Varimax rotation is show in Table 2, and Table 3 for Awash and Dashen Bank, respectively. The reliability of each construct is evaluated using Composite Reliability (CR) values and Cronbach's Alpha. Table 2 and Table 3 presents the validity and reliability test results (including related statistical values of factors and scales). According to table 2 and 3, the Cronbach's alpha value for all the constructs of both Awash and Dashen Bank have displayed an acceptable value of greater than 0.7 (Bagozzi & Yi, 1988). All constructs have shown an acceptable value of Composite Reliability (CR>0.7) and Average Variance Extracted (AVE>0.5).

Table 2. Reliability and validity table (Awash Bank)

Construct	Mean	SD	Skewness	Items	Factor Load.	Cronbach's Alpha	Stand Weights	Reg.	CR	AVE
Reward Practice	4.09	0.98	-1.994	ExR1	.613	0.868	.851		0.855	0.545
				ExR2	.880		.571			
				InR1	.751		.710			
				InR3	.661		.714			
				InR4	.587		.814			
Knowledge Sharing	3.78	0.836	-1.065	KEx1	.728	0.867	.500		0.844	0.527
				KEx2	.747		.815			
				KTa1	.695		.721			
				KTa4	.872		.834			
				KTa5	.689		.710			
Employee Performance	4.07	1.069	-1.948	EmP1	.826	0.947	.866		0.946	0.777
				EmP2	.850		.929			
				EmP3	.763		.926			
				EmP4	.821		.896			
				EmP5	.724		.783			

Note. CR = Composite Reliability, AVE = Average Variance Extracted.

Table 3. Reliability and validity table (dashen bank)

Construct	Mean	SD	Skewness	Items	Factor Load.	Cronbach's Alpha	Stand Weights	Reg. CR	AVE
Reward Practice	4.2	0.732	-1.208	ExR1	.692	0.825	.562	0.831	0.500
				ExR3	.690		.725		
				InR1	.835		.669		
				InR3	.703		.840		
				InR4	.672		.710		
Knowledge Sharing	3.84	0.801	-0.283	KEx4	.709	0.742	.487	0.777	0.550
				KTa6	.844		.877		
				KTa7	.801		.803		
Employee Performance	4.2	0.858	-1.136	EmP1	.634	0.845	.777	0.850	0.609
				EmP2	.724		1.044		
				EmP4	.716		.764		
				EmP7	.864		.397		

Note. CR = Composite Reliability, AVE = Average Variance Extracted.

Lastly, Discriminant Validity test is conducted where Reward practice and Knowledge sharing have failed to achieve the minimum requirement for Awash Bank data, but all constructs have displayed acceptable value for Dashen Bank. Factor correlations and correlations squared are used to compare the AVE's of each item. The factor correlation matrix together with the square root of the AVE is also shown in Table 4 and Table 5.

Table 4. Discriminant validity (Awash bank)

Discriminant Validity	Factor Correlation	Correlation Squared	AVEs should be > r ²		Discriminant Validity
			AVE1	AVE2	
RewPra<-->KnowShar	.732	0.536	0.545	0.527	Not Established
RewPra<-->EmpPerf	.689	0.475	0.545	0.777	Established
KnowShar<-->EmpPerf	.720	0.518	0.572	0.777	Established

Table 5. Discriminant validity (Dashen Bank)

Discriminant Validity	Factor Correlation	Correlation Squared	AVEs should be > r ²		Discriminant Validity
			AVE1	AVE2	
RewPra<-->KnowShar	.458	0.210	0.500	0.550	Established
RewPra<-->EmpPerf	.682	0.465	0.500	0.609	Established
KnowShar<-->EmpPerf	.568	0.323	0.550	0.609	Established

4.1.2 Fit Indices of the Proposed Model

The model was tested for model fit and parameter estimates. The main indices to verify the fitness of the model are X²/df and the associated p-value, CFI, GFI, AGFI, SRMR, RMR, NNFI, RMSEA, IFI, PGFI, and PNFI. The generally recommended values are shown under each fit index (see Table 6 and Table 7). As shown in Table 6 and 7 below, the ratio of all the results are all in accordance with the required minimum acceptable point, showing that the measurement model fits the empirical data satisfactorily.

Table 6. Model fit (Awash Bank)

Absolute						
X ² /df	GFI	RMSEA	RMR	SRMR	AGFI	
0.893	.846	.058	.067	.000	.774	
<5	≥0.9	≤0.10	≤0.10	≤0.08	≥0.50	
Incremental				Parsimony		
CFI	NNFI	IFI	PGFI	PNFI		
1.000	.883	1.000	.578	.689		
≥0.90	≥0.90	≥0.90	≥0.50	≥0.50		

Table 7. Model fit (Dashen Bank)

Absolute					
X2/df	GFI	RMSEA	RMR	SRMR	AGFI
0.996	.895	.058	.057	.000	.818
<5	≥0.9	≤0.10	≤0.10	≤0.08	≥0.50
Incremental			Parsimony		
CFI	NNFI	IFI	PGFI	PNFI	
1.000	.872	.951	.516	.594	
≥0.90	≥0.90	≥0.90	≥0.50	≥0.50	

4.1.3 Hypothesis Testing

The estimates and related p-value is extracted from AMOS. As it is illustrated in the tables below all the hypothesis are supported with different significance values.

Table 8. Parameter Estimates and Hypothesis Test (Awash Bank)

Hypotheses	Estimate	T-value	P	Conclusion
H1 Employee Performance←Reward Practice	0.335	1.751	.080 ⁺	Supported
H2 Employee Performance← Knowledge Sharing	0.509	2.478	.013 [*]	Supported

Note. N=100, +p<0.10; *p<0.05; **p<0.01; ***p<0.001 (two-tailed).

Table 9. Parameter Estimates and Hypothesis Test (Dashen Bank)

Hypotheses	Estimate	T-value	P	Conclusion
H1 Employee Performance←Reward Practice	0.735	3.585	***	Supported
H2 Employee Performance← Knowledge Sharing	0.400	2.295	.022 [*]	Supported

Note. N=100, +p<0.10; *p<0.05; **p<0.01; ***p<0.001 (two-tailed).

4.1.4 Independent Sample t-test

The table below (Table 10) presents the independent sample t-test result. The Levene’s Test for Equality related p-value for all the three constructs is greater than 0.05, which is the significance level considered in this study.

Table 10. Independent sample t-test result

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference Lower Upper		
AvgRP	Equal variances assumed	1.074	.302	-.748	100	.456	-.126	.169	-0.462	.209	
	Equal variances not assumed			-.757	95.825	.451	-.126	.167	-0.458	.205	
AvgKS	Equal variances assumed	.158	.692	-.626	100	.533	-.099	.158	-0.411	.214	
	Equal variances not assumed			-.626	99.624	.533	-.099	.158	-0.411	.214	
AvgEP	Equal variances assumed	.042	.839	-1.041	100	.300	-.197	.189	-0.571	.178	
	Equal variances not assumed			-1.049	98.538	.297	-.197	.187	-0.568	.175	

5. Discussion and Conclusion

5.1 Discussion

The results displayed in the Analysis and Results of this study show that all the proposed relationships between reward practices and knowledge sharing with employee performance are supported. Even though the effect of reward practice on employee performance at Awash bank is supported, the significance level is very low as compared to Dashen bank. Therefore, the first hypothesis that suggested reward practice has a positive effect on employee performance is supported. The reward practice exercised by both Awash and Dashen banks are the combination of extrinsic and intrinsic reward systems. The second hypothesis that suggested that knowledge sharing, either explicit or tacit, improves employee performance is also supported by the data. The significance of the impact of knowledge sharing is a little bit higher at Awash bank.

At Awash bank the financial rewards, extrinsic reward practice, are based on organizational performance. If the organization achieves well the employee salary increase up to 3 ranks and it is done annually. There are also financial rewards given to employees based on their individual performances. An employee that has performed well gets an addition of 10% of his/her salary. According to the interview done with the manager, Awash bank believe that non-financial rewards like recognition and promotion are better to improve employee performance than financial rewards. They also practice team based rewards. Even though the reward practices at Awash bank are getting better, it is not enough as compared to the revenue they generate.

Like Awash bank, Dashen bank also exercises both extrinsic and intrinsic reward practices. At Dashen bank, if an employee has served more 2300 customers or achieve 40 million Birr transaction, he/she will get a bonus of 500 birr, a mobile card, and a recognition letter. During every anniversary ceremony of the bank's establishment, Dashen bank gives recognition and rewards to employees based on their individual performance and also based on peer's recommendation. Based on the revenues the bank has achieved yearly, bonus is given to an employee that amounts to 2 or 1 month gross salary additional. Because the reward practice based on performance is sometimes difficult, the bank gives bonus to employees based on the bank's overall performance. Non-clerical employees get 75% their salary and clerical workers get 50% of their salary.

At Awash bank employees get on the job training first by senior officer (it is their organizational strategy because it decreases the training cost), not official training. Employees at Awash bank get regular training after they have served one year. It is observed that there is not systematic measurement of employee performance as to how well they do their job.

As far as knowledge sharing is concerned, Dashen bank allocates 2% of its annual profit for training its employees. Actually, this training scheme is practiced by all banks because it mandated by the National Bank of Ethiopia. Dashen bank also encourages and supports peer-to-peer discussions among employees. As compared to the reward practice, this is obvious that Dashen bank hasn't given much emphasis.

The overall reward and knowledge sharing practice by the two banks show that much less focus is given to knowledge sharing. There is no formal procedure or strategy formulated by both banks to help employees share their knowledge.

5.2 Conclusion

In this study, the relation between Reward Practices, Knowledge Sharing and Employee Performance were investigated comparing Awash and Dashen Banks in Ethiopia. Employees of Awash and Dashen Banks in Adama formed the sample of this study. The respond rate was 85 percent. Out of 120 employees 100 employees of the two banks answered the survey questionnaires. Besides, the factor analysis and reliability analysis showed the adequacy of the sample size. So, the results of the factor and reliability analysis were appropriate with the number of the items and sample size.

In terms of the results of the tests using AMOS, both two hypotheses are supported by the data collected from the two banks. According to the findings, it is founded that Financial Rewards, as extrinsic rewards, and Non-Financial rewards, as intrinsic rewards, have positive effects on Employee Performance. The second hypothesis aimed to measure the effect of Knowledge Sharing on Employee Performance. The findings also assure that Knowledge Sharing, both explicit and tacit, have a positive effect on employee performance. The independent sample t-test result has shown that there is no significance difference in Reward Practices and Knowledge Sharing in both banks. Therefore, it can be concluded that the reward practice and knowledge sharing by the two banks, Awash and Dashen, have an almost similar effect on their employee performance. The interview data, collected from the bank managers, in fact show that the two banks use similar reward and knowledge sharing practices.

Future studies should identify the impact of both explicit and implicit reward practices separately. The impact of knowledge sharing should also be clearly identified as explicit and tacit. This study hasn't look into the financial performances of the banks, since financial performances are not reported for individual branch offices. This study has collected data from five Awash and Dashen bank branches. The branches for both banks are the following: Dembela branch, Adama branch, Kechemba branch, Boset branch, and Berecha branch. Therefore, future studies should consider all the branches and the overall financial performance of the bank to see the impact of reward and knowledge sharing practices.

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