



ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**EFFECT OF REWARD MANAGEMENT ON EMPLOYEE'S
MOTIVATION:
THE CASE OF ETHIOPIA COMMODITY EXCHANGE**

BY
AMANUEL LEGESSE

JUNE, 2017
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TABLE OF CONTENT

ACKNOWLEDGEMENTS.....	Error! Bookmark not defined.
ACRONYMS	Error! Bookmark not defined.
LIST OF TABLES	x
LIST OF FIGURES	xi
ABSTRACT	xii
CHAPTER ONE:INTRODUCTION.....	1
1.1.Background of the study.....	1
1.2.Background of the Organization.....	2
1.3.Statement of the problem	3
1.4.Objectives to be achieved	4
1.4.1.General Objectives.....	4
1.4.2.Specific objectives.....	5
1.5.Hypothesis	5
1.6.Significance of the research	5
1.7.Scope of the study	6
1.8.Limitation of the study.....	6
1.9.Optional definition of key terms	7
1.10.Structure of the chapters	Error! Bookmark not defined.
CHAPTER TWO:LITERATURE REVIEW	Error! Bookmark not defined.
2.1Theoretical concept.....	9
2.1.1Rewards Management.....	9
2.1.2The philosophy of reward management.....	11
2.1.3Total reward programs	13
2.1.3.1.Elements of Total Reward	13
2.1.3.2.Components of total reward system	14
2.1.4Motivation.....	18
2.1.4.1Theories of Motivation.....	19
2.1.4.2The Four Motivations.....	23
2.1.4.PERMA Model	25

2.1.5 Relationship between motivation and reward	26
2.2 Empirical Studies	28
2.3 Conceptual framework	30
CHAPTER THREE: RESEARCH METHODOLOGY	Error! Bookmark not defined.
3.1 Research Design and Approaches	32
3.2 Research framework	32
3.3 The Population and Sampling Design	32
3.3.1 Population of the study	32
3.3.2 Sampling the design	33
3.3.3 Frame of respondents	33
3.4 Data Source and Method of collection	34
3.5 Data collection instrument	34
3.6 Method of Data Analysis	34
3.7 Validity and Reliability	35
3.8 Research Ethics	37
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION	Error! Bookmark not defined.
4.1 Response rate of respondent	38
4.2 Demographic characteristics of respondent	38
4.3 Analysis of the reward variables (descriptive analysis)	41
4.4 Analysis of the relationship between reward & motivation (correlation analysis)	42
4.5 Analysis of the effect of reward & demographic variables on employee motivation	44
4.5.1 Anova analysis of demographic variables on employee motivation	44
4.5.2 Regression analysis of reward variables on employee motivation	46
CHAPTER FIVE : FINDING, CONCLUSION AND RECOMMENDATION	51
5.1. Summary of Findings	51
5.2. Conclusion	52
5.3. Recommendation	53
REFERENCE	55
DECLARATION	vi
ENDORSEMENT	vii

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ACRONYMS

ANOVA- Analysis of Variance

ECX-Ethiopia Commodity Exchange

HR-Human Resources

HRM-Human Resources Management

PERMA-Positive Emotion, Engagement, Positive relationships, Meaning and
Accomplishment/Achievement

SD-Standard Deviation

LIST OF TABLES

Page

Table 2.1 Economic theories explaining pay levels -----	12
Table 2.2 Components of total reward system -----	14
Table 2.3 Definition of different type of motivation-----	23
Table 3.1 Number of participants based on their position. -----	33
Table 3.2 Cronbach alpha for measures of the variables-----	36
Table 4.1 Repose rate of respondent.....	38
Table 4.2 Biographical characteristic of Respondent-----	38
Table 4.3 Job category of respondent-----	39
Table 4.4 Employee Years of service in ECX-----	40
Table 4.5 Salary Range of Respondents-----	40
Table 4.6 Mean Values of variables-----	41
Table 4.7 Interpretation of r value-----	43
Table 4.8 Correlation coefficient result of relationships between rewards and job motivation-----	43
Table 4.9 Differences in work motivation based on gender-----	44
Table 4.10 Differences in work motivation based on marital status-----	45
Table 4.11 Differences in work motivation based on education-----	45
Table 4.12 Differences in work motivation based on experience-----	45
Table 4.13 Differences in work motivation based on job category-----	46
Table 4.14 Differences in work motivation based on income-----	46
Table 4.15 Multiple Regression Analysis Results between Rewards and Employee motivation-----	47
Table: 4.16 Linear regression analysis results of rewards and motivation-----	48

LIST OF FIGURES

Page

Figure: 2.1 Maslow Need Hierarchy -----20

Figure: 2.2 Research frameworks-----31

ABSTRACT

Reward and motivation are relying upon in many countries to induce changes in organizations. One of the ways to heighten the motivation is through effective reward system. This study seeks to determine the role of reward system in promoting employee motivation in Ethiopia Commodity Exchange. The study is guided by the following research objectives: to assess the components of an effective reward and motivation system for Ethiopia Commodity Exchange. Data were collected through questionnaire prepared based on various scholars work. The validity of the instrument was checked and internal consistency of the instrument was measured using Cronbach Alpha and the result was 79%. Considering the manageability of number of employees in the Exchange, the researcher used census method to incorporate all of the employees by excluding those who are not served the exchange above one year. A total of 131 questionnaires were distributed to the respondents. Of the total distributed questionnaires, 119 usable questionnaires were returned which is about 90.8% response rate. The collected data was analyzed and represented by use of tables to tabulate the information gathered appropriately. Statistical Package for Social Sciences (SPSS) was used to analyze the data. With respect to the dimensions of employee motivation assed by the questionnaire, the result indicates that the mean values for the payment, benefit, promotion, working condition, recognition and leadership rated by respondents with their motivation level ranged from a low of 2.72 to a high of 3.84. The results also indicate that there is a statistically positive significant and direct existing relationship between reward and employees motivation. The study concluded that in order for the company to be successful, creation of motivated and energetic employees is mandatory and the analysis has shown significantly positive relationship between all dimensions of reward variables and employee motivation and it is also supported by the results of regression analysis. The study recommended that monetary compensation alone is insufficient to motivate employees. Other factors such as giving greater recognition, creating conducive work environment and establishment of better leadership system have the greatest impact on employee motivation. In addition to that, the reward should be given to employees when they meet large goals as well as smaller.

Key Words: *Reward, Motivation, Payment, Benefit, Recognition, Promotion, Working Condition, Leadership.*

CHAPTER ONE: INTRODUCTION

This chapter deals with background of the study, problem statement, objective of the study, limitation of the study, significance of the study, scope of the study and research paper organization.

1.1. Background of the study

This day's organizations are operating in a dynamic environment where there are changes in technology, customer demand and expectations, social, political and economic factors. Human resources are the most dynamic of all the organizational resources that need considerable attention through creating an enabling work environment and designing a better reward and motivation schemes.

Reward System is a vital aspect of any organization. It can actively engage and renew the overall sense of community and mission of an organization. A properly administered system of rewards can provide incentive for quality workmanship and staff performance. Likewise, a poorly administered reward system can lead to low morale, unproductive performance, and even lead to a high percentage of staff turnover. A reward system is successful when the staff interprets its policies as even handed, consistent, and relevant.

According to Armstrong and Murlis (2004), reward management must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy. They have to be integrated with other human resource management (HRM) strategies, especially those concerning human resource development – reward management is an integral part of an HRM approach to managing people.

Hafiza etal (2011) argued that due to the fact that organizations have to perform optimally and compete effectively, they must maximize on the resources they have, one of which is the human asset and the most important asset any organization can possess. In order to achieve the required performance standards from the human resource, employee motivation is necessary.

Motivation refers to a basic psychological process. It was a factor that became the driving force on work action. According to Armstrong and Murlis (2004), motivation is the management process influencing behavior of knowledge on what make people think. It contributes to the process of stimulating people to act and achieve specific goals. As motivation concern, reward system is an important tool for management use as the channel of employees' motivation. Currently, the reward programs are implementing either in public or private sectors.

In order to maximize the overall performance of the company it is vital for an employer to understand what motivates the employees and how to increase their job satisfaction. It might however be challenging for a company to find out what motivates its employees, especially because different people are motivated by different things. (Nursebo, 2012)

1.2. Background of the Organization

Ethiopia Commodity Exchange (ECX) is an institute wholly state owned market in Ethiopia, and began its operations in April 2008 as the first organized commodity market in the country, and among the first of its kind in Africa. ECX was established by Proclamation No550/2007 and having its own legal personality, and authorized to have Members who represent the trading community with permanent and freely transferable membership seats.

The organization has a comprehensive human resource policy manual which embodied core values, principle and guidelines that helps to manage employee's performance and allocating rewards. As this policy manual clearly shows, recognition is one of the core values which emphasized that the human resources is the company's greatest asset and thus the motivation and competence of the Exchange's staff is the single most important factor in determining the success of the company. It is also stated out, the exchange must attract the best of best and retain and encourage its staff into ever increasing performance levels (Human Resources Policy Manual; 2008)

The aim of performance management in the organization is to facilitate an on-going, proactive effort designed to facilitate high performance in pursuance of the strategic goals and objectives of the organization as well as to manage and enhance employee competence. The policy further defines a performance management system as a management tool aimed at integrating individual performance to the wider organizational strategy and the pursuit of organizational excellence. Its

major goal is to manage employee performance, provide feedback, take steps for improving performance, and ultimately reward good performance (ECX HR policy manual;2008)

As observed from its employees' reward practice, the organization has rewarded employees based on the ratings of their performance. However, the implementations of the reward system seem not a continuous process that is uniformly and consistently applied across the organization. In this organization, performance management has often been seen as a tedious once-off process which is only associated with performance rewards towards the end of each financial year and it is not considered as a critical management function that is aimed at inculcating a performance driven and result oriented culture that encourages and rewards excellent performance.

The purpose of this study is to investigate and analyze how well the current reward system of Ethiopia Commodity Exchange helps generate employee motivation. More specifically it aims to find out which aspects of the reward system function well, and which aspects could be further developed and improved in order to increase employee satisfaction (through the moderating role of demographic factors; age, gender, marital status and educational level).

1.3. Statement of the problem

Today organizations are showing a high degree of commitment towards strengthening of reward practices which are aligned with other HR practices and the goals of the organization for attracting, retaining and motivating employees. Efficient reward practices help in attracting result driven professionals who can thrive and succeed in performance based environments. Hence, it is a crucial motivator and may contribute towards the enhancement of the productivity of the employees.

As it is indicated in Nursebo thesis paper (2012), in today's turbulent environment, the survival of business organizations depends on having a sustainable competitive advantage. This sustainable competitive advantage can be acquired only through getting and maintaining capable, skilled, committed and motivated work force. In order to have such human resource, organizations need to have a reward system that is internally and externally equitable, competitive, attractive and fair.

An efficient management of reward system may have a beneficial effect upon the performance in several ways - instilling a sense of ownership amongst the employees, may facilitate long term focus with continuous improvement, reduces service operating costs, promotes team work, minimizes employee dissatisfaction and enhanced employee interest in the financial performance of the company

According to Armstrong and Murlis (2004), Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance. Hence organizations are highly expected to design a reward mechanism to retain their employees with attractive reward and motivation practice.

The employees' satisfaction survey which has been made by external consultant shows that most of the problems in the Ethiopia Commodity Exchange are related with structural gaps; there is a need to revisit HR policy frameworks, organization structure and different rules and regulations prevailing in the company. Among others consider; salary, benefit, and other rewards setting policy and procedure, grievance handling and conflict management mechanism, performance management police and procedure, etc. (ECX employee satisfaction survey, 2013)

Based on the researcher's observation on the reward system and its motivation on employees of Ethiopia Commodity Exchange, this study is designed to answer the following basic questions;

1. What reward system will motivate employees?
2. What is the perception of employees on the existing ECX reward practice?
3. What is the reward system currently used at Ethiopia Commodity Exchange?
4. To what extent reward variables contribute to employee motivation?

1.4. Objectives of the study

1.4.1. General Objectives

The main objective of the study is to assess the effect of reward management on employee motivation for Ethiopia Commodity Exchange

1.4.2. Specific objectives

Specific objectives of this study are;

- To assess how the reward and motivation strategy are utilized by Ethiopia Commodity Exchange.
- To determine what reward system motivate and retain employees and help improve organizational success
- To evaluate the current rewards system practiced at Ethiopia Commodity exchange and employee motivation
- To examine if there is association between employees work motivation and demographic variables (Gender, Age, marital status and educational level)
- To propose a reward model that will fit in the organization reward system.

1.5. Hypothesis

H1: Payment is correlated positively and significantly with work motivation

H2: Benefit is correlated positively and significantly with work motivation

H3: The promotional opportunities are correlated positively and significantly with work motivation

H4: Work condition is correlated positively and significantly with work motivation

H5: The recognition is correlated positively and significantly with work motivation

H6: Leadership is correlated positively and significantly with work motivation

1.6. Significance of the research

Designing and introducing the standard reward system will help any organization to get achieved their planned success. Importance of having advanced reward system that fit with the current demand of employees are; retaining qualified employees, decrease staff turnover, promote organizational development and help to achieve organizational objectives.

This study will help the exchange to clearly understand the major reward and motivational factors that benefits the organization through creating satisfied staffs in terms of rewards and help the organization to decide their focus area while designing reward and benefit packages. In

addition, the study helps to create awareness about the reward and motivation practice of Ethiopia Commodity Exchange and it includes;

- It discovers whether rewards motivate employees of Ethiopia Commodity exchange and it identifies what kind of rewards tools employee consider most beneficial
- This study revolves particularly in the reward system of the company and it uses as a reference paper for further study in this area and related themes
- This research is geared towards senior management and board member of Ethiopia Commodity Exchange to help them come up with appropriate forms of rewards to enhance employee motivation
- Finally, this study used as a base for further studies in the area of motivation both technological related sectors and others.

1.7. Scope of the study

Delimiting a research project makes it convenient to focus on solving the problem reached. For the reason of manageability, the research concentrates only with the areas that are essential to the problem and objectives of the research/project.

Reward management covers a wide bundle of ideas and concepts. Hence this study will be based on eight dimensions of employee motivational factors (base pay, contingent pay, variable pay, Benefit, Recognition, meaningful work, autonomy and career opportunity). The study includes all employees of the organization which is found at Addis Ababa around Mexico.

1.8. Limitation of the study

This research will be conducted in Ethiopia Commodity Exchange which has a unique business nature. Hence, the result might not work for other organizations which have a different business philosophy. In addition, in this study only reward tools (Payment, Benefit, Recognition, Promotion, Working condition and Leadership) will be taken as a motivational factor and all variables will not be considered in this study.

1.9. Operational definition of key terms

Reward

- ✓ Can be defined as something given or received in recompense for worthy behavior or in retribution for evil acts. It can also be defined as the return for performance of a desired behavior; positive reinforcement. (Eze Chidinma, 2012)

Reward management

- ✓ Is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. (Eze Chidinma, 2012)
- ✓ It deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance. (Eze Chidinma, 2012)

Motivation

- ✓ Is the set of psychological processes that cause the arousal, direction, and persistence of individual's behavior toward attaining a goal. This definition underlines three pillars of motivation. The first – arousal – has to do with the drive or energy that ignites behavior. The second – direction – has to do with the type of behavior that is exerted and whether it is in line with demand or organization goal. The third pillar– persistence – deals with the lastingness of behavior. (Eze Chidinma, 2012).
- ✓ Represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior. Direction refers to the path along which people engage their effort. This sense of direction of effort reflects the fact that people have choices about where they put their effort. (Eze Chidinma, 2012)

Employee performance

- ✓ Can be said to be the effectiveness and efficiency to which employees of any given organization carry out their day to day duties in order to meet the management and customer expectations. (Eze Chidinma, 2012)
- ✓ It can also be said to be the level to which the employees apply their skills, knowledge and attitudes towards achieving the desired results and meeting the specified objectives. (Eze Chidinma, 2012)

1.10. Organization of the study

The study is organized in to five chapters. Chapter one contains introduction, chapter 2 contains literature review, chapter three contains research methodology, chapter four contains analysis, discussion & interpretation lastly chapter five contains Summary, conclusion and Recommendation.

CHAPTER TWO: LITERATURE REVIEW

This chapter deals with the theoretical Concept, meaning and definition of reward and motivation, previous empirical studies, and the conceptual model formulated to illustrate association of employee motivation and reward program.

2.1 Theoretical Concept

2.1.1 Rewards Management

Reward management refers to the strategies, policies and processes that are required to ensure that the contribution of people in an organization is recognized by both non-financial and financial means (Armstrong, 2006). This implies that rewards management encompasses the design, implementation and maintenance of reward systems which target both the organization and its stakeholders. According to Armstrong (2006), a reward system should be effective and efficient in order to enable an organization achieve its goals and it should be designed in a way that creates maximum returns to both the corporation and its employees. Therefore, reward management is concerned with ensuring that people in the organization are rewarded equitably, fairly and consistently so as to ensure the achievement of organization goals.

Armstrong (2006) notes that rewards management does not only involve employee pay and benefits but is also concerned with non-financial rewards such as learning and development, recognition, praise and increased job responsibility. Armstrong emphasizes that recognition and appreciation are other integral components of rewards management.

According to Armstrong (2006), maintaining attention to the main needs of employees and ensuring fair distribution of rewards both inside and outside the organization are the main ideologies in any reward system. Armstrong (2006), observes that reward management is important because it contributes to the achievement of corporate goals. Consequently, the reward management strategy of a company should be designed in a way that it attracts and retains the right employees by ensuring that there is a direct relationship between rewards and efforts.

According to Armstrong (2006), the aim of reward management is to ensure that business goals are supported and achieved by developing and stimulating a culture of performance. Armstrong (2006), notes that appropriate timely and effective reward enhances employees' motivation which in turn leads to improved commitment as well as achievement of organizational goals. Armstrong (2006) observe that reward management is one of the most important and significant variable influencing organizational ethics and job performance. This is because it directs the general attitudes of an employee to the job. He points out that the objective of reward management in an organization is to align reward practices in line with the needs of employees. To Armstrong (2006), reward management is based on the principles about what the organization wants to achieve. Therefore, an organization must align its reward practices with both the employee needs and the goals of the business in order to achieve its objectives which means that alignment of reward management practices with personnel needs creates employee satisfaction which leads to higher productivity. This in turn assists the organization towards achieving its goals.

Armstrong (2006), points out that reward management attract and retain high quality employees. This means that for an organization to attract and retain talented employees, it must offer attractive and appropriate rewards. Armstrong (2006), observes that the ability of an organization to attract and retain employees depends mostly on its rewards. This is due to the fact that good rewards lead to high level of employee satisfaction which in turn leads to low turnover. He also observes that employees are satisfied with their jobs in organizations that provide competitive rewards and this makes them to want to stay in the same organizations thereby leading to high levels of employee retention.

Armstrong (2006) further reports that reward management aims at defining the right behaviors and outcomes by outlining expectations through contingent pay schemes and performance management. He emphasize that rewards can be used to drive the right behaviours and outcomes in an organization. This means that reward systems can be used to motivate employees' performance by making them to choose behaviors that lead to outcomes that satisfy their objectives. Every employee behavior is associated with certain outcomes related with rewards and punishments. This implies that employees perceive that each performance level can lead to

better rewards. Therefore, employees are motivated to adopt the right form of behaviour with the belief that performance will lead to better rewards.

Armstrong (2006), report that organizations should use the reward management function of reward people according to the value that they create in the organization by providing rewards which are in line with the degree by which they meet expectations. According to Armstrong (2006), reward management is concerned with the processes of developing, implementing, operating and evaluating reward policies and practices that recognize and value people according to the efforts and contributions they make towards achieving organizational, departmental and team goals. Therefore, reward management should serves as a means of motivating employees. Employee rewards may be looked at as total reward which refers to the compensation which an employee receives from an organization for rendering his or her services.

2.1.2 The philosophy of reward management

Reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate).

The philosophy of reward management recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy.

Reward management adopts a ‘total reward’ approach which emphasizes the importance of considering all aspects of reward as a coherent whole which is integrated with other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees. This requires the integration of reward strategies with other human resource management (HRM) strategies, especially those concerning human resource development. Reward management is an integral part of an HRM approach to managing people.

The philosophy will be affected by the business and HR strategies of the organization, the significance attached to reward matters by top management and the internal and external environment of the organization. The external environment includes the levels of pay in the labor market (market rates) and it is helpful to be aware of the economic theories that explain how these levels are determined as summarized in Table 2.1

Table 2.1 Economic theories explaining pay levels

Name of theory	Summary of theory	Practical significance
The law of supply and demand	Other things being equal, if there is a surplus of labour and supply exceeds the demand, pay levels go down; if there is a scarcity of labour and demand exceeds the supply, pay goes up	Emphasizes the importance of labour market factors in affecting market rates
Efficiency wage theory	Firms will pay more than the market rate because they believe that high levels of pay will contribute to increases in productivity by motivating superior performance, attracting better candidates, reducing labour turnover and persuading workers that they are being treated fairly. This theory is also known as 'the economy of high wages'	Organizations use efficiency wage theory (although they will not call it that) when they formulate pay policies that place them as market leaders or at least above the average
Human capital theory	Workers have a set of skills developed by education and training that generates a stock of productive capital	Employees and employers each derive benefits from investment in creating human capital. The level of pay should supply both parties with a reasonable return on that investment
Agency theory	The owners of a firm (the principals) are separate from the employees (the agents). This difference can create 'agency costs' because the agents may not be as productive as the principals. The latter therefore have to devise ways of motivating and controlling the efforts of the former	A system of incentives is needed to motivate and reward acceptable behaviour. This process of 'incentive alignment' consists of paying for measurable results that are deemed to be in the best interests of the
The effort bargain	Workers aim to strike a bargain about the relationship between what they regard as a reasonable contribution and what their employer is prepared to offer to elicit that contribution	Management has to assess what level and type of inducements it has to offer in return for the contribution it requires from its workforce

[http://ebook.nscpolteksby.ac.id/files/ebook/business administration/Armstrong handbook of human resource management practice/46 reward management.pdf](http://ebook.nscpolteksby.ac.id/files/ebook/business%20administration/Armstrong%20handbook%20of%20human%20resource%20management%20practice/46%20reward%20management.pdf)

2.1.3 Total reward programs

Armstrong and Murlin, 5th edition (2004) the total reward concept emphasizes the importance of considering all aspects of reward as an integrated and coherent whole. Each of the elements of total reward, namely base pay, pay contingent on performance, competence or contribution, employee benefits and non-financial rewards, which include intrinsic rewards from the employment environment and the work itself, are linked together.

The conceptual basis of total rewards is that of grouping or ‘bundling’, so that different reward processes are interrelated, complementary and mutually reinforcing. This is the basis of the Hay Group Model of Engaged Performance. Total reward strategies are vertically integrated with business strategies, but they are also horizontally integrated with other HR strategies to achieve internal consistency (Armstrong and Murlin, 5th edition, 2004).

The concept of total reward encompasses both financial and non-financial rewards. Hence, its significance to both the organizations and employees emanate from its comprehensiveness. According to Armstrong & Murlin 5th edition (2004) total reward can be used as a means of influencing behavior, enhancing employment relationship, flexibility to meet individual needs and winning the war for talent. Companies that want to foster high performance work system will reward employees based on their performance. Hence, the reward is utilized as a means of influencing behavior

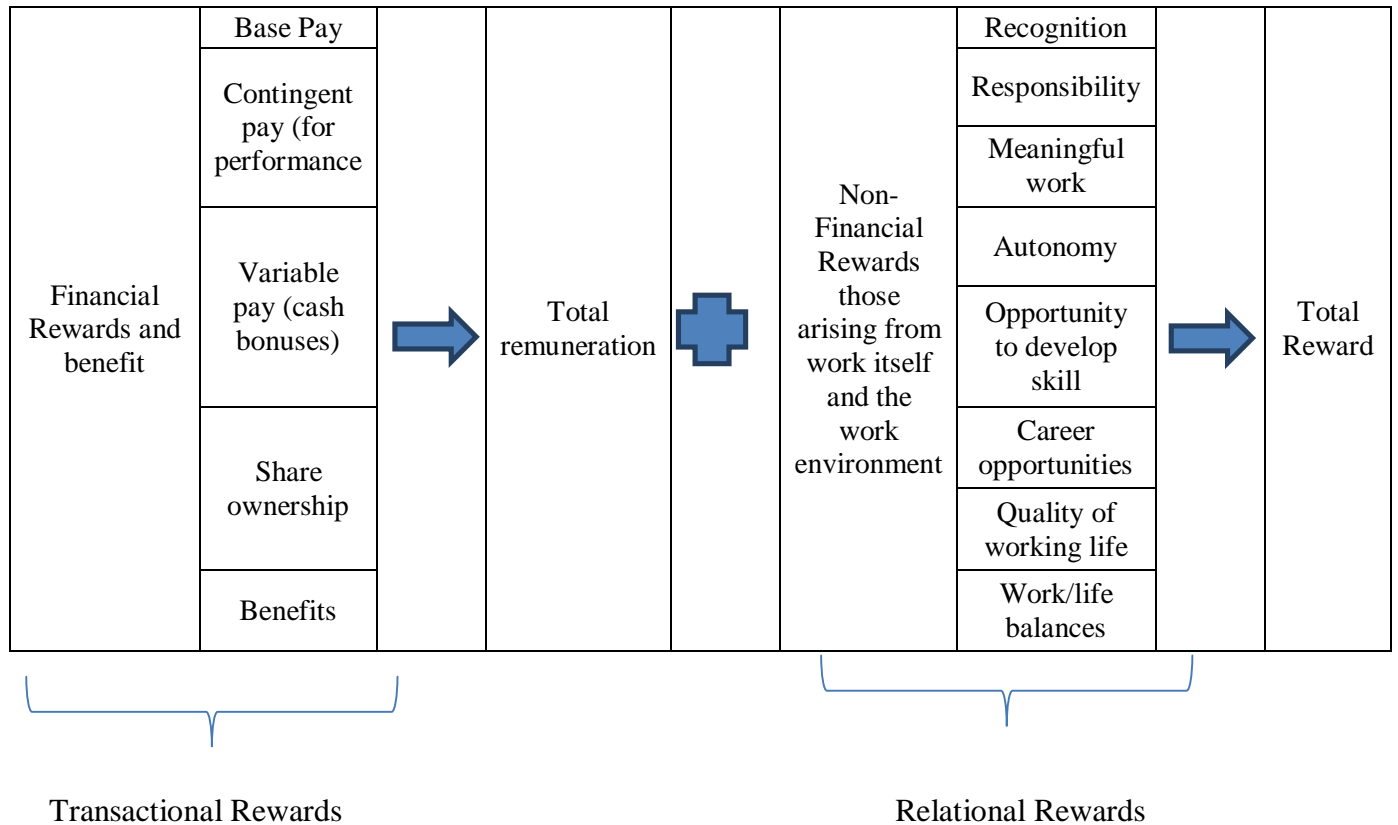
2.1.3.1 Elements of Total Reward

Armstrong and Murlis, 5th edition (2004)Essentially, the notion of total reward says that there is more to rewarding people than throwing money at them, or, as Helen Murlis put it: ‘The monetary values in the reward package still Total reward and engaged performance matter but they are not the only factors.’ They went on to say: ‘Cash is a weak tactic in the overall reward strategy; it is too easily replicated. Intrinsic reward is far more difficult to emulate.’ But they also stress that total reward policies are based on ‘building a much deeper understanding of the employee agenda across all elements of reward’.

2.1.3.2 Components of total reward system

Table 2.2 Components of total reward system

Armstrong and Murlis, 5th edition (2004)



2.1.3.2.1 Financial rewards

According to Armstrong and Murlin (2005), the theory of financial reward has viewed based on instrumental theory. According to this theory, people are primarily motivated by economic rewards. It assumes that they will be motivated to work if rewards and penalties are tied directly to the results they achieve. In addition, this theory states that money provides the means to achieve ends.

It is an instrument for gaining desired out comes and its force will depend on two factors: first the strength of the need and, second the degree to which people are confident that their behavior will earn the money they want to satisfy the need. As the writer further explains that, money is therefore a powerful force because it is linked directly or indirectly to the satisfaction of all the basic needs.

However, the effectiveness of money as a motivator depends on a number of circumstances, including the values and needs of individuals and their preferences for different types of financial and non-financial rewards (Armstrong and Murlin 2005). Financial rewards (E.g Salaries, Merit pay, base pay increment based on promotion, length of services, incentive (based on performance like bonuses, and recognition with pay) are extrinsic rewards which of course administered externally – that is usually by management.

As shown in their book, Armstrong and Mulin (2005),one of the criteria for assessing the effectiveness of financial reward practices as a means of motivation is ;Pay-for-performance systems are created in the light of an understanding that direct motivation only takes place if the rewards are worthwhile, if they are specifically related to fair, objective and appropriate performance measure if employee understand what they have to achieve and if their expectations on the likely hood of receiving the reward are high(Armstrong and Mulin; 2005)

Financial Rewards and Benefits

These are types of rewards given in the form of monetary pay that may be given directly or indirectly to employees. The direct form of payment incorporate base pay/ salary, merit pay/cost of living adjustments, incentives, bonuses, etc that are directly given to employees(Milkovich et al, 2009). On the other hand indirect form of payments are provided in the form of employee benefits such as pensions, holidays, and varied fringe benefits such as medical cost coverage, cafeteria benefit, etc. They are also known as transactional rewards.

Base pay

Base pay is the core payment made by the employer for work performed and usually tends to reflect the organizational value of either the work that the employee undertakes or the value of skill and competency who is undertaking the work. It is directly related to time and the rate is calculated in terms of number of hours, week or month that the employee performed the task given (Thorpe and Homan, 2000).

There are a number of assumptions that underpin the relationship of time to pay. One of these is that time beyond stated hours of work has more exchange value and therefore is paid at premium

rates. The variation in premium rates reflects the differing value placed on different periods of time. For example, employees who work on their days off are paid double of their daily salary, those who work at night shift get an additional half of their hourly salary for each hour they worked, etc. The basis of base pay is the period of time an employee worked and normally not associated with productivity of an employee at a particular time.

Contingent pay/Cost of Living Adjustment

Contingent/merit pay are given as increments to the base pay in recognition to the past work behavior of an employee. The pay adjustment may also be done based on changes in what other employers are paying for the same work, change in the overall cost of living, or change in experience or skill. Merit pay programs evaluate past performance of individual and then decide on the size of the increase (Milkovich et al, 2009).

Variable pay

It is a flexible pay given to employees based on their individual, team or organizational performance. It is commonly known by the name 'pay at risk' hence getting the pay guaranteed only when there is a good performance.

Incentives

Incentives are pay increases directly related to performance. Unlike that of merit pay, incentives do not increase the base wage. In addition, the potential size of the incentive payment will generally be known beforehand. The incentive provided depends on performance of individual employee, a team of employees, a total business unit or some combination of individuals, teams and units. Incentives can be short or long term incentives. Long term incentives are intended to focus on employee efforts to multiyear results. Typically they are in the form of stock ownership or options to buy stock at specified advantageous price (Milkovich et al, 2009). The belief underlined stock ownership is that employees with a financial stake in the organization will focus on long-term financial objectives: return on investment, market share, returns on net assets, and the like.

Benefits

These are benefits given to employees in addition to their salary/wage. Such benefits are those monetary and non-monetary benefits given to the employees during and post-employment period which are connected with employment but not to the employee's contribution to the organization. They are also known by the name fringe benefits. Authors like Milkovich (2009) claim that fringe benefits covers bonus, social security measures, retirement benefits like provident fund, gratuity, pension workmen's compensation, housing medical, canteen, Co-operative credit, consumer stores educational facilities, recreational facilities financial advice and so on

2.1.3.2.2 Non-Financial Rewards

Rewards that do not involve any direct payments and often arise from the work itself, for example achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high-quality leadership (Armstrong and Murlis, 5th edition, 2004). Non-financial rewards can be focused on the needs most people have, although to different degrees, for achievement, recognition, responsibility, influence and personal growth.

Non-Financial Rewards

These types of rewards do not involve any direct payments and often arise from the work itself. They can be focused on the needs most people have. Recognition, responsibility, work autonomy, influence and personal growth are some of the rewards incorporated under the non-financial types of rewards. [Assessment of Reward Management Practices: A Case Study of Ethiopian Airlines]

Recognition

Recognition of work is the essence of securing good work. It is one of the most powerful motivators. Efficient people would naturally like to get recognition for their skill and excellence in their work. Such recognition can do many things that what a cash reward can do. Armstrong and Murlis (2005), underlined on the point that, recognition is supposed to be given judiciously. That is, it must be related to real achievements of employees. The recognition given will have a great impact if it is followed by provision of achievement bonuses awards.

Achievement

The other type of non-financial reward is recognition. It is defined as the need for competitive success measured against a personal standard of excellence. This is one of the three major needs of employees at managerial position: achievement, power, and affiliation. Employees' achievement motivation can be raised by organizations through processes such as job design, performance management, and skill or competency-related pay schemes.

Promotion

It involves a competitive selection process, and results in the employee's movement in to a different role in a higher pay band. If it is done fairly it enhance employee motivation and competitiveness.

Personal growth

Individual employees irrespective of their current level want to upgrade themselves. This is the philosophy of continuous development. The availability of learning opportunities, the selection of individuals for high-prestige training courses and programs and the emphasis placed by the organization on the acquisition of new skills as well as the enhancement of existing ones, can all act as powerful motivators of employees to higher performance

Working Condition

The conditions in which an individual or staff works, including but not limited to such things as amenities, physical environment, stress and noise levels, degree of safety or danger, and the like.

2.1.4 Motivation

Just like any other word, there are variations of definitions to describe a concept. Motivation too has many different definitions, but it is important to focus on those that are related to the workplace. Understanding exactly what motivation is will help managers decide what actions to take to encourage their employees. The definition of motivation starts with the root word, motive. Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as, the act of providing motive that causes someone to act (Shanks, 2012). In other words, according to Nancy Shanks (2012), motivation causes someone to act and

someone else cannot make someone motivated. It is the discretion of the person to decide if they are going to be motivated or not. Motivated and unmotivated are not opposites, but instead, there are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job.

With relation to the workplace, Shanks (2012), defines motivation as, “predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals. A person becomes motivated in order to achieve their own personal goals as well as the organizational goals. The more motivated an employee is, the more likely they are to have organizational commitment and identify themselves with the organization.

This will meet some of the unmet needs, and connect them with the organization. If willing, the manager is able to give the employee incentives to meet their own goals and the goals set by the organization. Kelli Burton (2012), agree that motivated means that the person is moved to do a particular act. The authors describe motivation as, the “orientation of motivation concerns the underlying attitudes and goals that give rise to action”.

Although the words of the definitions might be different, they all are describing the same concepts. Motivation is the act of getting someone to act on a situation. This definition will be important throughout the rest of the paper due to the constant use of the word. When referring to the word motivation, the above definition will be used. Now that there is an understanding of what the word means, it is important to understand the studies that have been conducted and the findings that have come about because of the studies (Kelli Burton, 2012).

2.1.4.1 Theories of Motivation

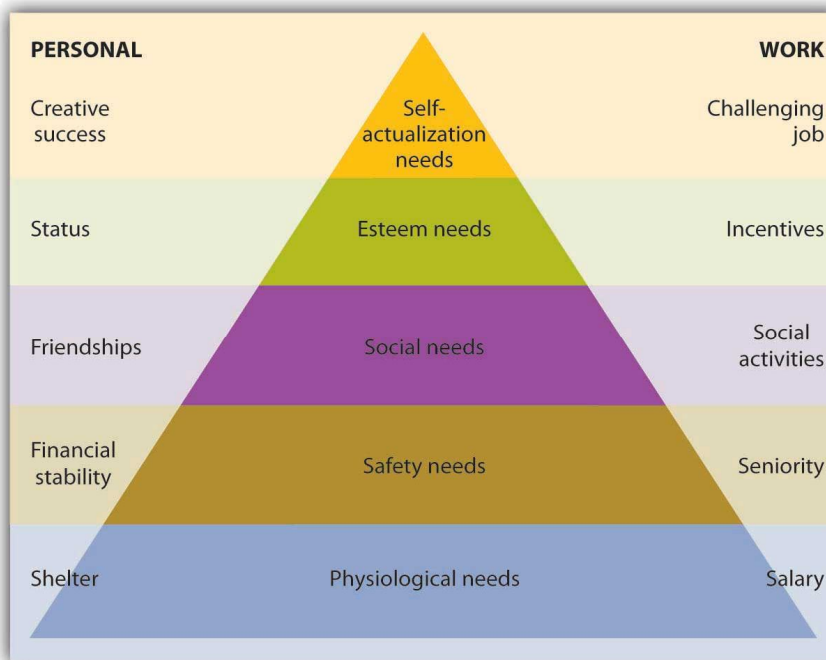
There are many different theories that try and help explain motivation. Scientists have been studying the topic of motivation for over a century and have made tremendous progress for explaining motivation which can be interpreted into the workplace. The following are some theories that have been proven and accepted by society. These include Maslow’s hierarchy of needs, Herzberg’s two-factor theory, different types of motivation, such as intrinsic and extrinsic, and the PERMA model.

2.1.4.1.1 Maslow's Hierarchy of Needs

Abraham Maslow was born in April of 1908 to Jewish immigrants from Russia. Maslow's studied law at City College of New York and Cornell. After getting married he moved to Wisconsin so he could study at the University of Wisconsin. There he studied psychology and earned his BS, MS, and PhD in 1934. Later in 1943, Maslow discovered his theory in which he called the hierarchy of needs.

Maslow believed every person had needs that need to be met. He transferred his idea into a triangle design. The follow displays Maslow's hierarchy of needs (Hodder Education):

Fig. 2.1 Maslow Need Hierarchy



http://catalog.flatworldknowledge.com/bookhub/5?e=carpenter-ch14_s01

Maslow believed that people are motivated to fulfill their own needs (“Motivation Theories”). Every person starts at the bottom of the pyramid and works to achieve the goals of the next layer working to the top sector. One is not able to move on to the next level of the pyramid until the needs of the first level are met. Once they move to the next level, those needs must be met and if they are not, then it is possible to fall back down the pyramid. According to the article, “Motivation Theories”, the following is a definition of the different levels.

The first level is the physiological needs. These are the basic needs that are to be met in order to survive, including food, water, clothing, sleep, and shelter. The next step is security, which means that the person's surroundings are not threatening to them or their family. If the environment seems to be safe, then it means that there is a sense of predictability or stability in the surroundings. Security could also include financial security so that there is no financial uncertainty in the future. This could be achieved by creating a retirement package, securing job position, and insurance. The third level is affiliation which is the need to feel a sense of belonging or to be loved. In the workplace, this means to feel as though they are a part of the group and included in the work. People have the urge to be accepted by others, especially the people they are around the most. The fourth level is explained as esteem. This is the view that one has of themselves.

In order to fully understand this level, the person must have a high image of them self and encompass self-respect. This level has two components: feelings of self-worth, and the need for respect from others. The last and final stage of the hierarchy of needs is self-actualization. This level is defined as someone being all they can be and they have met each of the previous stages. In this particular level, the person's talents are being completely utilized. Maslow believes that no one is ever completely self-actualized. People are always striving to be better and use their talents in new ways. This is important to motivation because a person must be motivated to fulfill their needs and strive for the next level until they reach self-actualization. These needs motivate humans to care for themselves and live a rich life (Kelli Burton, 2012).

2.1.4.1.2 Herzberg's Two-Factor Theory

Frederick Herzberg, was an American psychologist who was born in 1923 and passed away in 2000. He completed his undergraduate degree at City College of New York and then went on to pursue a graduate degree at University of Pittsburg. Herzberg was a management professor at Case Western Reserve University where he was able to create the Department of Industrial Mental Health for the university. He was a well-known psychologist focusing on management and wrote many books pertaining to the idea.

One of Herzberg's many theories is known as the Two-Factor Theory or the Motivation-Hygiene Theory. This theory is commonly related to Maslow's theory of hierarchy of needs and was

conducted in the late 1950's. In his first steps of studying the redesigning of jobs, he looked at all the available information at the time. From this data, he decided to conduct his own study which involved two-hundred accountants and engineers. From his study he found that the subjects he surveyed described satisfying events at work in terms of factors that were connected to the job itself. He believed that the mental health of an employee is directly related to performing meaningful work (Shanks, 2012).

Based on the study, he discovered factors that he labeled as motivators, or job content factors, and hygiene factors, or job context. Motivators or job content factors were those that focused on work. These included achievement, work itself, advancement, recognition, responsibility, and growth (Shanks, 2012). Likewise, hygiene factors or job context are defined as factors that are related to job dissatisfaction. Examples of hygiene factors include the company, organizational policies, administration, salary, status, job security, working conditions, personal life, and interpersonal relations. The organization may have control over many of these factors, but some of them they do not, such as personal life or interpersonal relationships.

Herzberg found that the factors that lead to job satisfaction are different and separate to those that may lead to job dissatisfaction (Armstrong 2006). He found that the growth needs, or the highest level of needs, are the only real motivators of employees. Employees are motivated by the existence of the motivating factors, but are only dissatisfied, not unmotivated, by the hygiene factors ("Motivation Theories"). One of Herzberg's leading arguments was, "for an employee to be truly motivated, the employee's job has to be fully enriched where the employee has the opportunity for achievement and recognition, stimulation, responsibility, and advancement" (Shanks, 2012). Herzberg found that for the employee to be motivated, they must feel personally responsible for the products produced from the job. This will have them working harder to achieve their own personal goals, as well as the goals of the organization. The employee also needs to feel like the working that they are doing is meaningful and enriching (Shanks, 2012). In order to do this and to address the different types of factors, a manager might want to consider the following ("Motivation Theories"):

- Remove some job controls
- Increase worker accountability for their own work

- Give workers complete units of work to produce
- Give greater job freedom or additional authority to workers
- Make periodic reports directly to the workers (not through the supervisor)
- Introduce new and more difficult tasks
- Assign specialized tasks to workers so they can become experts

2.1.4.2 The Four Motivations

There are four commonly defined motivations which include: extrinsic motivation, intrinsic motivation, introjected motivation, and identified motivation. Before the definitions are explained, the following charts, from Changing Minds, which is a website that collects data on psychological findings, help illustrate the importance and definitions of the four motivators ("Extrinsic Motivation", "Four Motivations.") (Kelly burton, 2012).

Table 2.3 definition of different type of motivation

Motivation	Behavior sustained by:	Example
External Motivation	...environmental reward or punishment contingencies	Do work because paid to do it.
Introjected Motivation	...desire to avoid internally imposed guilt and recrimination.	Do work to earn money to sustain family.
Identified Motivation	...desire to express important self-identifications.	Do work because it is what I want to do.

External v. Internal Motivation

	Action	Non- Action
External	Extrinsic	Identified
Internal	Intrinsic	Introjected

Intrinsic motivation is done for reasons that are internal to one's self. It is for self-satisfaction and not for the fear of a consequence. The reward is within the action itself and does not need external factors to steer behavior. Extrinsic motivation comes from external factors and the actions are done because of what has been said. This means that if we are told to do something, we do it because of extrinsic motivation. Introjected motivation also comes from within one's self, but if the action is not done, then the person is filled with guilt. The main difference between introjected and intrinsic motivation is the feeling of guilt. Lastly, identified motivation is defined as when person knows that a task needs to be completed, but does nothing to complete it ("Four Motivations"). These different definitions help define the different types of motivation that employees encounter. As extrinsic motivation rises, intrinsic motivation decreases because the person starts to only look for external rewards instead of working on something for personal satisfaction. There should always be a combination of both, but in essence, the person must be able to motivate from within to truly gain worth or a feeling of self-accomplishment from a task or goal.

These four motivators were studied by Lepper, Greene, and Nisbett in 1963. They wanted to see if extrinsic rewards had any effect on people. There are intrinsic rewards and extrinsic rewards as well. Intrinsic rewards are those that come from within a person. The reward is not tangible and is important to the individual, such as pride. There are also extrinsic rewards which are those that are given out by another person. These rewards are tangible and the individual must prove themselves to someone in order to obtain the reward, such as a bonus (Shanks, 2012). Lepper,

Greene, and Nisbett had two groups of children coloring and drawing. One of the groups was told that they would receive a medal for their drawings at the end and the other group was not told they would get anything. It was found that the group that was promised nothing worked harder than the group that was promised the medal (Shanks, 2012).

Intrinsic motivation was first studied through animal behavior, and then transferred into studies of human behavior (Shanks, 2012). A person gains understanding of skills through acting on a previous interest. It is also important to point out that not every person is intrinsically motivated for every single task and does need some extrinsic motivation as well. Intrinsically motivated behaviors in turn feed the psychological needs of a person, such as competency or self-worth.

On the other hand, extrinsic motivation has a separate reward other than feelings from within. A great example of this for people in school is that students work hard throughout the year to earn the grades they receive. The grades are the external reward that the students are motivated by. Kelli Burton, (2012) state that, “because extrinsically motivated behaviors are not inherently interesting and thus must initially be externally prompted, the primary reason people are likely to be willing to do the behaviors is that they are valued by significant others to whom they feel connected, whether that be a family, a peer group or society”.

Along with motivated people, there are unmotivated people. This means that “a person’s behavior lacks intentionality and a sense of personal causation”. This can be caused by many different reasons such as the person not valuing the task being done, the person not feeling as though they are adequately trained or knowledgeable to complete the task, or the person not thinking that there is a desirable outcome from the task (Kelli Burton, 2012).

2.1.4.3 PERMA Model

According to Kelli Burton (2012), Martin Seligman is a well-known psychologist and has written many books on different topics regarding psychology. He is currently a professor at the University of Pennsylvania teaching psychology (University of Pennsylvania). In 2011 he published a book called *Flourish* in which he described his PERMA model. PERMA stands for positive emotion, engagement, positive relationships, meaning and accomplishment/achievement ("PERMA Model."). Seligman says that these five categories are essential for humans to have long-lasting well-being ("PERMA Model.").

The following definitions of the five categories are from Mind Tools and Changing Minds articles. In order for us to experience well-being, we need to have many different positive feelings throughout the day. Barbara Fredrickson, a well-known researcher in emotions, states that for every one negative feeling we have, we need to have three positive feelings to continue the current state of happiness ("PERMA"). Positive emotions include: peace, hope, love, etc. Seligman believes that people need to take the time out to identify people, places, or events that give the person pleasure so that they can focus on those and make sure to incorporate them into daily life. Secondly, we should be engaged in the work or tasks that we take part in. The engagement in work creates what is called "flow" which is when we find ourselves enjoying moment and concentrating on what we are working on. In order to increase engagement at work or in life is to decrease the amount of distractions and interruptions. The opposite of engagement is distraction. This will keep the person alert and motivated by being on task ("PERMA Model."). Next, we need to create relationships with the people around us. It is proven that people who have meaningful relationships with those around them are happier than those people who do not. Most people will spend a majority of their life at work, so these positive relationships should start in the work setting to create a better environment.

As human beings, we need to do activities that give life meaning and enjoyment to help with lasting well-being. To do this, we should engage in activities in which make a difference bigger than we can imagine. Meaning can come internally or externally. Lastly, we need to have achievements and accomplishments in our lives. There are countless accomplishments that can be done to better ones self. All five of these categories add up to the long lasting well-being of a person. With all five, a person will be more motivated and have a better work attitude. A person must be aware of themselves and what objects or people make each of these categories richer.

2.1.5 Relationship between motivation and reward

There was a positive association among work outcomes, public employees' motivation and performance-related pay designs (Paarsch & Shearer, 2000) whereas Wright (2007) implied the positive relationship between the availability of extrinsic rewards and organizational performance. According to Hafiza et al. (2011) there was a positive relationship between extrinsic rewards and employee motivation. In contrast, there was insignificant relationship between extrinsic rewards and employee motivation (Tippet & Kluvers, 2009). A survey also

shows that the employees were satisfied with extrinsic factors, such as working environment, their co-workers and the professional work climate, benefits, job securities and flexible or normal work hours (Pawlowski, Suzanne, Datta, Pratim & Houston 2005).

Paarsch & Shearer, (2000), showed that extrinsic rewards were positive for employees occupying simple jobs and negative for employees having jobs that were difficult and challenging. Intrinsic rewards refer to the intangible benefits that arise from the content of the job itself and have consequences for the psychological development of the employee. It includes motivational characteristics of the job such as autonomy, feedback and participation in decision-making.

Intrinsic rewards stem from Maslow's higher level needs (Roberts, 2005). It proposes that people can give themselves rewards in the form of self-esteem as well as in feelings of achievement and growth. Individuals can literally reward themselves for certain kinds of behavior because they feel they have accomplished something of worth, achieved a personal goal, learnt a new skill, or experienced excitement or intellectual stimulation. It would appear that the greatest amount of motivation is present when people perform tasks that are both intrinsically and extrinsically rewarding. Concerning the intrinsic rewards of motivation, Rainey and Steinbauer (1999) suggested that the effectiveness and performance of public agencies may be enhanced by three interrelated levels of rewards, namely task, mission and public service.

Wright (2007) emphasized on public ethos, the importance of public employees in such work characteristics as meaningful service and job security. As stated by Tippet and Kluvers (2009), there is a significant and positive relationship between intrinsic rewards and employee motivation. A survey of IT professionals working in state agencies and universities of Louisiana, USA, conducted in 2002, showed that employees were mostly satisfied with intrinsic factors, such as: the technical aspects of the work and working with new technologies, the intellectual challenge and creativity require to solve complex technical problems, the constant learning and master skills related to new technologies, and a sense of contribution and pride in their accomplishment (Pawlowski, 2005).

Human beings are motivated by requirements that fulfill their needs. These depend on many factors and vary by the individual requirements and necessary situation. Besides basic needs that range from food, clothing, medicine and shelters, there is workplace that needs to be extended

for acceptance and self-esteem (Khan et al. 2010). A lot of work has been done on evaluating the relationship between rewards and employee motivation and there exist a large number of studies in the literature describing impact of reward on employee motivation.

In order to maximize the performance of the employees organization must make such policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction and motivation (Hafiza et al. 2011). Sometimes management pays more attention to extrinsic rewards but intrinsic rewards are equally important in employee motivation. Intangible or psychological rewards like appreciation and recognition plays a vital role in motivating employee and increasing his or her performance. From the study by Roberts (2005), it found that job security, career advancement opportunity has a very positive impact on motivation. There was a positive relationship between rewards, recognition and motivation (Roberts, 2005).

2.2 Empirical Studies

Ahmed & Ali (2008) carried out a research on the “impact of reward and recognition programs on employee motivation and satisfaction”. Research design used was exploratory. Sample chosen for the study was 80 employees of Unilever companies and data collection instrument used was a questionnaire. Pearson’s correlation was used to analyze data to determine the degree of relationship between reward and satisfaction and motivation.

Major findings indicated a positive relationship between rewards and work satisfaction as well as motivation. Factors affecting satisfaction were identified; payment 86%, promotion 74%, work conditions 61%, personal 37%. Analysis showed support for a positive relationship between reward and employee satisfaction. The researchers recommended that further studies can be done on ‘impact of reward and recognition on motivation and satisfaction for diverse groups of people’ example gender, race and disability.

Duberg & Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how reward systems designed in health and geriatric care are and whether the current reward systems affect the care quality. The thesis aimed to extend the knowledge of reward systems in health and geriatric care and know how these systems are designed and what their effects on quality of health and geriatric care are.

The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care. The theoretical framework was based on scientific literature about motivation and reward systems. Also literature specifically about wage conditions in the health care sector and the public sector was used. Findings showed that salary is an important aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient.

Results showed that conditions for working with reward systems in the public sector are limited due to the lack of resources and complex large organization structures with old traditions. This must be reconsidered to be able to work with well-designed reward systems similar to those in private care organizations. The researcher recommended that further studies should be done to compare reward system and investigate its impact on an organization in relation with one that does not.

Axelsson & Bokedal (2009) did a study on rewards – motivating different generations at Volvo Car Corporation. The thesis was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and non-monetary rewards motivate managers, bonuses and shares are not very motivating. Titles are not motivational at all.

However, opportunities for growth are motivating for both generations. It was concluded that there exists generational differences. However, both generations considered salary as important and non-monetary rewards to be of great importance. The authors recommended research to be carried out on reward systems and how they impact on other interesting aspects like gender, life stage.

Wright (2007), carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, and travel awards, as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects, and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people

(74%) surveyed. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue the study investigated was whether offering cash bonuses really influenced employee attitudes, as well as other business outcomes.

The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward. While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service, or in increased profitability.

The above studies have dealt with reward in organizations and its relationship with factors such as employee motivation, employee performance, employee satisfaction and effect on quality of work done. Overall the studies show reward to have a positive effect. However, different rewards seem to have a different impact on employee attitude, satisfaction and performance. There are mixed findings when it comes to individual rewards and their effect on performance

2.3 Conceptual framework

The conceptual model formulated to illustrate association of employee motivation and reward program. The model shows reward as independent variables and motivation as dependent variables. Gender, marital status, educational level and age difference mediate relationship between job satisfaction and reward.

While developing the below conceptual model, component of total reward model developed by Armstrong is used. The below framework is adopted from Armstrong and Murlis, 5th edition (2004), components of total reward system

Independent Variable

Dependent Variable

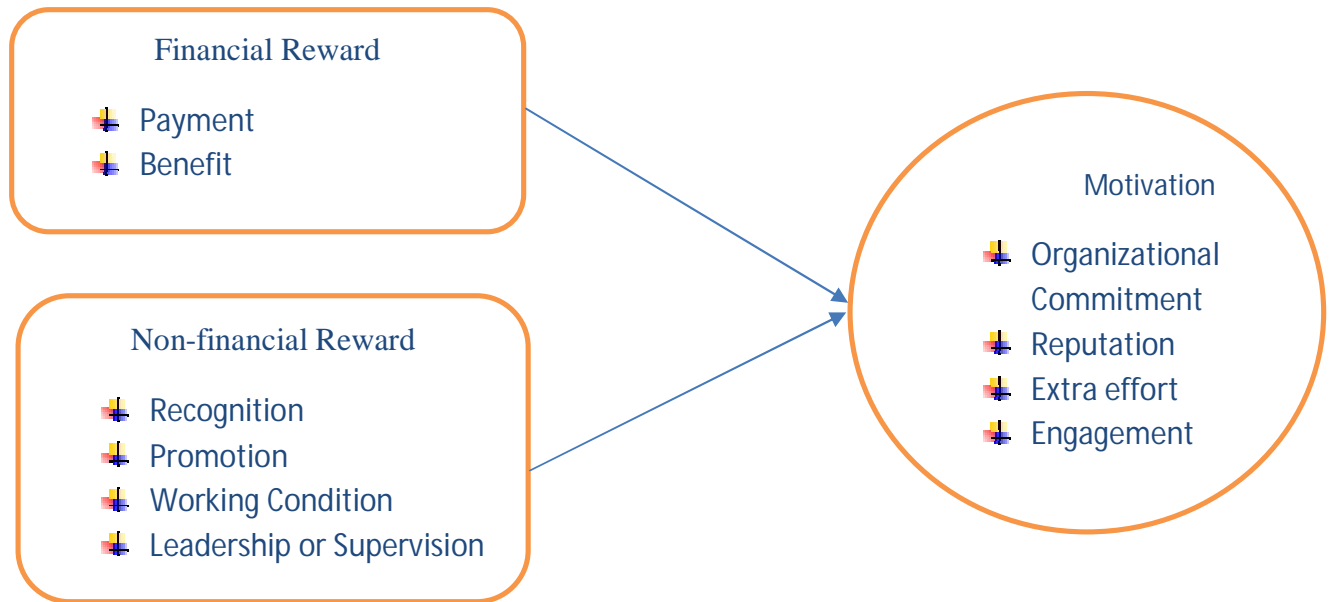


Figure: 2. 2 Research frameworks

The above framework is adopted from Armstrong and Murlis, 5th edition (2004), components of total reward system.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter deals with research design and approaches, research frame work ,population and sampling design, data source and method of collection ,data collection instrument ,method of data analysis, validity and reliability and the research ethics.

3.1. Research Design and Approaches

The research approach for this study was mixed method approach utilizing both qualitative and quantitative methods where greater priority is given to quantitative approach. The purpose of qualitative approach is to analyze open ended questions and assist in explaining and interpreting the finding of quantitative study. With regards to the research design, the study adopts a correlation research design. According to Kothari (2008) correlation study tries to study a problem so as to explain the relationship between variables. This study examine the relationship between reward and employee motivation.

3.2. Research framework

After careful study of literatures review, the conceptual model formulated to illustrate relationship between employee motivation and reward program. In this study, employees' motivation was taken as dependent variable while rewards were taken as independent variables. Within reward variables tools: payment, benefits, recognition, working condition, promotion and leadership/supervision included

3.3. The Population and Sampling Design

3.3.1. Population of the study

The population for this study was taken from Ethiopia Commodity Exchange. Since the Ethiopia Commodity Exchange has manageable number of employees, all who served the organization for more than a year is included in the data collection process. According to Jan. 2017 Ethiopia

Commodity Exchange Human Resource data, the total numbers of employees is 165 (both management and non management) and have five strata i.e. Chief Officers, Managers, Specialist/Supervisor, Associate and Assistants.

It is to be believed that employees who work in an organization for less than one year will not have a full picture to measure the reward package of that given organization. Even literatures support that to fully understand and evaluate a given organization, employee’s needs to have more than a year experience. They also added that to clearly adapt with the environment, a minimum of six months is a must. Hence, considering this and other related facts, the research do not encompass staffs who served the organization less than a year and the total number of respondents was 131(only those who served the organization for more than a year)

3.3.2. Sampling the design

For selecting the sampling units – regarding questionnaire respondents – the researcher employs census frame. Thus, the researcher classifies to clearly identify the major reward and motivation factors of employees based on demographic factors.

3.3.3. Frame of respondents

The study used exploratory research method that engaged all the staffs those who served more than a year. The management staff members include all Chief Officers and Managers whereas the non-management staffs includes: Specialist, Associate and Assistant. In short the following detailed frame used to designate the number of participants based on their position.

Table 3.1 Number of participants based on their position.

Population	Chief Officers	Managers	Specialists	Associates	Assistants	Total
Population size	6	10	54	29	32	131

3.4. Data Source and Method of collection

Both primary and secondary source of data is used for the study. The primary data was collected from the responses using structured questionnaire quantitatively measured on a five point Likert scale. Secondary data includes books, journal, documents of the exchange and online reference which helps the researcher build a comprehensive background of the study.

3.5. Data collection instrument

The study uses questionnaire to gather the information needed. The major primary data collection instrument (information collected for the first time) that was used is questionnaires which are self-administered. Questionnaire is usually inexpensive, easy to administer to a large number of employees, and normally gets more consistent and reliable results. Questionnaires will be distributed and a period of two weeks is given to fill them.

The first part of the questionnaire asked about the demographic information of the participants whereas the second part asked measure three different dimensions such as reward and overall job motivation. All items were anchored on a 5-point motivation scale (1 = strongly disagree to 5 = strongly agree). In addition, a few more open ended questions is added in order to get detail explanation for their motivation or dissatisfaction and their recommendation to improve job motivation.

Secondary data (the already available data which had been collected and analyzed by someone else) was collected from relevant documentaries as well as company publication

3.6. Method of Data Analysis

The data, which was collected from employees through questionnaire, is analyzed based on descriptive statistics and inferential statistics by the help of SPSS software version 16.0. Demographic variables description, reliability, descriptive statistics, correlation analysis, multiple regression analysis was conducted to analyze the collected quantitative data. First, demographic information about the participants in this study was reported; it includes the frequency distribution of all demographic variables in this study such as gender, age, position, service year, education, length of service year, etc. Second, Cronbach's alpha is calculated for

testing the reliability of the scales used in this study. Third, descriptive statistics was calculated to get information about the means and standard deviations for each of the variables of interest. Fourth, to answer the questions, correlation analysis and regression analysis conducted.

ANOVA was applied to analyze whether there are differences in work motivation based on the biographic characteristics of the respondent. In addition, Regression Analysis was used to measure the relative strength of independent variables on dependent variable. The regression equation is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$$

Where: Y = Employee Motivation,

β_0 = is the Y intercept or constant,

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = coefficient of regression which measures how each independent variable influences the dependent variable that is employee motivation,

X1 = Payment, X2 = Benefit, X3 = Promotion, X4 = Working Condition, X5 = Recognition, X6 = Leadership

3.7. Validity and Reliability

Validity: is the strength of our conclusions, inferences or propositions. It involves the degree to which you are measuring what you are supposed to, more simply, the accuracy of your measurement Adams et al, (2007).

In order to make sure that the questionnaire items of this research truly measures reward variables, Firstly it is adopted from previous studies and partially based on definition given by the different researchers listed above, secondly pilot test was made for any error, finally ,it was validated by the research advisor.

Reliability: estimates the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency Adams et al, (2007). To make sure that the data collection methods were error free and to minimize the instruments' biases the researcher undertook the following:

- 1 Some important questions have re-asked in different place in a different order.
- 2 The researcher, when collecting the questionnaires, has tried to make sure that it is the respondents who have complete the questionnaire through having an informal conversation where ever possible.
- 3 Sample test has made for a total of 15 representatives to check the reliability.

Cronbach alphas were calculated to examine the reliability of each variable of the study. The two variables in the study were reward (6 items) and employee motivation (4 items).

Usually reliability coefficients should be at least ‘.70’ and the higher the better (Frankel and Wallen 1996, p 163). Furthermore, as suggested by Churchill (1979), if scale item were to exhibit an item –to- total correlation of 0.25 or less the item should not be included in further analysis. All items used in this study have greater than 0.25 an item total correlation. Reliability coefficient for items in each variable (Cronbach’s alpha) is also greater than .7 which showed higher reliability of the items used in measurement of the variables. Accordingly Cronbach’s alpha for reward is found to be .792 and for motivation.792.

Table 3.2 Cronbach alpha for measures of the variables

Variables	Cronbach’s alpha
Reward	.792
Motivation	.792

As it was stated in the methodology part the items used to measure the reward variables were adopted from previous research works R.C. Schwab (1992) and the motivation part was developed considering different literatures prepared in the area.

3.8. Research Ethics

The researcher has obtained the consent of the organization for the study. Employees who have completed the questionnaire have been informed about the purpose of data collection, analysis and the covenant to maintain privacy of their responses. Participants have been informed about the purpose of the study and their privacy and dignity also maintained. Confidential information

of the Exchange has not disclosed and the collected data have used for the purposes of the study only. Regarding published and unpublished materials used in the literature review and throughout all part of the study, all citations from copy right holder has been made properly.

4. CHAPTER FOUR: DATA ANALYSIS, DISCUSSION & INTERPRETATION

4.1. Response rate of respondents

Table 4.1 Response rate of the respondent

Questionnaires		
Distributed	Returned	Percent
131	119	90.8

Source: Survey questionnaire, 2017

In this research, 131 questionnaires were distributed and 119 (90.8%) were returned.

4.2 .Demographic Characteristics of respondents

Table 4.2 Biographical characteristics of respondent

No	Variables	Categories	Frequency	Percent
1	Gender	Male	92	77.3
		Female	27	22.7
2	Marital Status	Single	35	29.4
		Married	80	67.20
		Divorced	4	3.4
3	Age	<25	26	21.85
		26-35	64	53.70
		36-45	24	20.17
		>45	5	4.20
4	Education Level	College Diploma	24	20.18
		First Degree	73	61.34
		Master Degree	22	18.48

Source: Survey questionnaire, 2017

As it shown in table 4.2, considering gender, male is 77.3% and the remaining 22.7% were female. This implies that majority of the organization's employees are male. When we come to respondents' of marital status, 29.4.0% of the respondents are single, 67.2% of the respondents are married and 3.4% of the respondent is divorced. This shows that most of the respondents are married and organization do not have a staff mobility problem because married peoples focuses

more on job security. In the case of classification of respondents by age, the highest group of respondents' 53.70% falls under age category of 26 – 35.

This shows that most of the employees are well matured. The next higher group 21.85% falls under age category of below 25 which are youngsters. The third group fall under age category of 36-45 which accounts 20.17%.The rest of respondents are above 45 years which constitutes 4.2% of the total respondents. In regarding education level, 61.34 % of the employee have first degree and Master's degree constitute 18.48 % .The remaining employee which are Diploma holders constitutes of 20.18 % . This implies that the organization have well educated employee.

Table 4.3 Job category of respondent

Category		Frequency	Percentage
Job Category	Chief	6	5.04
	Manager	10	8.4
	Specialist	54	45.37
	Associate	24	20.16
	Assistant	25	21.03

Source: Survey questionnaire, 2017

Regarding job classification, the organization has five hierarchical level. As shown in the above table, the specialist contains the majority which constitutes 45.37%.The second one is Assistant which accounts 21.03%.The third one is Associate which constitutes 20.16%.The fourth category is Managers which accounts 8.40%.The last category is Chief which constitutes 5.04%.This implies that the Ethiopian Commodity Exchange has a clear line of hierarchy and it focuses on specialization.

Table 4.4 Employee Years of service in ECX

Experience					
	Service Year	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	More than a year	29	24.4	24.4	24.4
	2-4 years	44	37	37	61.3
	4-6 years	44	37	37	98.3
	More than 6 Years	2	1.7	1.7	100
	Total	119	100	100	

Source: Survey questionnaire, 2017

Regarding length of service, 24.4% of the worker served the organization for a period of more than a year, 37% of the workers have a service for a period of between 2 and 4 years, 37% had been employed for 4 to 6 years while the remaining of the worker 1.7% had been in service for more than 6 years. This implies that most of the employees had been with the ECX between 2- 6 years.

Table 4.5 Salary Range of Respondents

Income (Salary)					
	Salary	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2000-4000	16	13.4	13.4	13.4
	4001-6000	40	33.6	33.6	47.1
	6001-10000	39	32.8	32.8	79.8
	10001-15000	3	2.5	2.5	82.4
	15001-25000	10	8.4	8.4	90.8
	above 25000	11	9.2	9.2	100
	Total	119	100	100	

Source: Survey questionnaire,2017

Under salary classification, the workers were classified in to six categories based on the salaries held at that time. 13.4% of the worker were categorized under 2,000-4,000 ,33.6% of the

respondent categories 4,001 – 6,000, 32.8% of the respondent categorized in 6,000-10,000,2.5% of the respondent categorized under 10001-15,000,8.4% of the respondent were classified in 15,0001-25,000.The last categories were above 25,000 which constitutes 9.2%.

4.3 Analysis of the reward variables (Descriptive analysis)

In this section, results have been presented and discussed to address the research question and objectives .The data collected from employees of Ethiopia Commodity Exchange through questionnaire is analyzed and presented in the below sections with the help of tables. A total of 134 questionnaires were distributed to the respondents and 119 questionnaires were filled & returned. The descriptive statistics on the data analysis and procedures are presented on the basis of questions included in the employee motivation among factors of the independent variables and dependent variable

In section two of the questionnaire, it’s used to assess reward effects on employee’s motivation, six variables were selected as reward and four variables also selected to measure the level of motivation ; 26 questions in six sub sections from reward and 16 questions to assess motivation. Accordingly, the analysis of each reward variables and job motivation is as follows:

Survey scale: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree.

Table 4.6 Mean Values of variables

Descriptive Statistics			
	N	Mean	Std. Deviation
Motivation	119	3.1197	0.72466
Payment	119	3.1429	0.55549
Benefit	119	3.0555	0.69912
Promotion	119	2.7038	0.92858
Working condition	119	2.3866	0.85665
Recognition	119	2.6744	0.8447
Leadership	119	2.6744	0.8447
Valid N (list wise)	119		

Source: Survey questionnaire,2017

Table 4.6 shows the mean and standard deviation of reward variables such as; Benefit, Payment, Working condition, Promotion, Recognition and Leadership rated by respondents. The result indicates that the levels of motivation among ECX employees are 3.11 mean with 0.72 Standard deviation. Based on the fact that a mean of 3.11 is indicative of the average level of motivation on this scale, it can be possible to conclude respondents are motivated with the overall job.

Based on results from the above table, the payment and benefit package has a mean value 3.14 & 3.11 respectively which means that employees of the organization is very satisfied with this package. In addition to this ,promotion, recognition and leadership has a mean value of 2.7,2.67 and 2.67 respectively which shows that employees are averagely satisfied with this package .But the working condition has a mean value of 2.38 which indicates that employees are not satisfied and the organization must take action to avoid this condition. In general, the above finding implied that employees are agreed with the fairness of the payment, benefit and promotion given for their effort and productivity but working condition of the exchange missed its objective.

4.4 Analysis of the relationship between reward & motivation (Correlation analysis)

Correlation analysis was applied to test the “interdependency” of the variables. In this section, the direction and degree of the strength of the relationship among the variables were determined below, it is possible to examine the correlation among all dimensions of the independent variables of distributive, informational, interpersonal and procedural fairness with the dependent variables of motivation. The correlation results provide initial evidences for further analysis of the hypotheses of study.

Correlation analysis is useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 up to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variable. If $r = 0$ there is no relationship between the variable and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between + and 0 or between 0 and -1, different scholars have proposed different interpretation with slight difference. For this study diction rule given by Bartz (1999) was used. Bartz (1999) described the strength of association among the variables as follows.

Table 4.7 Interpretation of r value

Value of r	Description
0.80 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.20 or lower	Very low

Source; Bartz (1999)

The following table depicts the results of correlation analysis between variables

Table 4.8 Correlation coefficient result of relationships between rewards and job motivation

		Motivation	payment	Benefit	Promotion	Working condition	Recognition	Leadership
Motivation	Pearson Correlation	1						
	Sig. (1-tailed)							
payment	Pearson Correlation	0.575	1					
	Sig. (1-tailed)	0						
Benefit	Pearson Correlation	0.728	0.556	1				
	Sig. (1-tailed)	0	0					
Promotion	Pearson Correlation	0.888	0.627	0.658	1			
	Sig. (1-tailed)	0	0	0				
Working condition	Pearson Correlation	0.621	0.497	0.561	0.675	1		
	Sig. (1-tailed)	0	0	0	0			
Recognition	Pearson Correlation	0.913	0.614	0.732	0.971	0.743	1	
	Sig. (1-tailed)	0	0	0	0	0		
Leadership	Pearson Correlation	0.913	0.614	0.732	0.971	0.743	1	1
	Sig. (1-tailed)	0	0	0	0	0	0	

Source: Survey questionnaire,2017

The above table 4.7 shows that, Benefit ($r=0.728^{**}$, $p<0.01$), Promotion ($r=0.888^{**}$, $p<0.01$), Recognition ($r=0.913^{**}$, $p<0.01$) and Leadership ($r=0.913^{**}$, $p<0.01$) have very high degree of positive relationship with employees motivation. Whereas, Payment ($r=0.575^{**}$, $p<0.01$) and working condition ($r=0.621^{**}$, $p<0.01$) have high correlation with employee motivation.

Hence, correlation analysis only shows the existence of positive and significant relationship between the Independent and Dependent Variables. Based on the above preliminary test results, the assumption of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below.

4.5 Analysis of the effect of reward & demographic variables on employee motivation

4.5.1 Annova analysis of demographic variables on employee motivation

It is used for testing the differences between the means of more than two independent groups. In this research, it is applied to test whether there were differences in work motivation based on position, age, experience, level of education and income.

- Work Motivation variance analysis based on position

Table 4. 9 ANOVA: Differences in Work Motivation Based on gender

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.217	37	0.709	1.327	0.146
Within Groups	43.245	81	0.534		
Total	69.462	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 1.327$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their gender.

Table 4.10 ANOVA: Differences in work motivation based on marital status

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	11.351	37	0.307	1.269	0.186
Within Groups	19.574	81	0.242		
Total	30.924	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 1.269$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their marital status.

Table 4.11 ANOVA: Differences in work motivation based on education

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.969	37	0.486	1.405	0.103
Within Groups	27.998	81	0.346		
Total	45.966	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 1.405$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their education.

Table 4.12 ANOVA: Differences in work motivation based on experience

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	38.021	37	1.028	2.084	0.003
Within Groups	39.945	81	0.493		
Total	77.966	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 2.084$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their experience.

Table 4.13 ANOVA: Differences in work motivation based on job category

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	45.537	37	1.231	1.111	0.341
Within Groups	89.74	81	1.108		
Total	135.277	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 1.111$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their job category

Table 4.14 ANOVA: Differences in work motivation based on income

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	76.37	37	2.064	0.998	0.488
Within Groups	167.479	81	2.068		
Total	243.849	118			

Source: Survey questionnaire,2017

In the ANOVA table above, $F= 0.998$, $p > 0.01$ it is found out that there was no statistically significant differences in the level of motivation of employees based on their income.

4.6 Regression analysis of reward variables on employee motivation

Multiple regressions analysis helps in order to measure the relative strength of independent variables. According to Zikmund (2000) standard multiple regression analysis measures the simultaneous investigation of the effect of the independent variables and dependent variable. In this study, rewards are the independent variables while motivation is the dependent variable. The effect of rewards on employee's motivation level was examined using linear regression analysis.

i.e. determine the effect of rewards on motivation of ECX employees as depicted in table 4.8 below, the result revealed R^2 value of .85. This indicates that 85% of variance that explained the

motivation of ECX employees in terms of Payment, Benefit, Promotion, Working Condition, Recognition and Leadership.

Table 4.15 Multiple Regression Analysis Results between Rewards and Employee Motivation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.922 ^a	0.85	0.843	0.28836

Source: Survey questionnaire,2017

a. Predictors: (Constant), Leadership, payment, Benefit, Working condition, Promotion

Model	Unstandardized Coefficients(B)	Standardized Coefficients	T	Sig.T	
		(Beta)			
1	(Constant)	0.848		5.152	0
	payment	0.006	0.005	0.098	0.922
	Benefit	0.145	0.14	2.364	0.02
	Promotion	0.042	0.053	0.307	0.76
	Working condition	-0.109	-0.128	-2.219	0.029
	Leadership	0.73	0.851	4.207	0

Source: Survey questionnaire,2017

b. Dependent Variable: Motivation

In the above table 4.8: the value $R^2(.85)$ can be interpreted as the model is fit since it is greater than the acceptable value. The variation of R^2 and Adjusted R^2 : (0.7%) implies that there is insignificant change which in turn tell us that the result can be generalized beyond the sample, i.e., to the population.

Table: 4.16 Linear Regression Analysis Results of Rewards and Motivation

Variables	R	R²	t-value	F – value	P – value
Payment	.406	.165	4.802	23.059	.000
Benefit	.665	.443	9.639	92.906	.000
Promotion	.915	.837	24.476	599.08	.000
Working Condition	.616	.380	8.468	71.71	.000
Recognition	.925	.855	26.296	691.466	.000
Leadership	.925	.855	26.296	691.466	.000

Source: Survey questionnaire,2017

Summary of Hypothesis results

Hypothesis No. 1

H1 Payment is correlated positively and significantly with work motivation

Regarding the first hypothesis, the p-value less than 0.01 and the value of R^2 is .165 which shows that 16.5% variance in employee motivation is due to Payment. F-value is 23.059 at $p = 0.000$ showing that model is good fit. The t-value as shown in the table (4.802) should be greater than +2 thus making it a useful predictor and thus concludes that payment has significant relationship with employee motivation. Therefore, this hypothesis is accepted

Hypothesis No. 2

H 2 Benefit is correlated positively and significantly with work motivation

Hypothesis number two is also accepted because the p-value is less than 0.01 and the value of R^2 is .443 which shows that 44.3% change in employee motivation is due to Benefits. F-value is 92.906 at $p = 0.000$ showing that the model is good fit. The t-value as shown in the table (9.639) should be greater than +2 thus making it a useful predictor and thus concludes Benefit has significant relationships with motivation. Therefore this hypothesis is accepted.

Hypothesis No. 3

H 3 the promotional opportunities are correlated positively and significantly with work motivation

Similarly, Hypothesis number three is accepted because the p-value is less than 0.01 and the value of R^2 is .837 which shows that 83.7% change in employee motivation is due to Promotion. F-value is 599.08 at $p = 0.000$ showing that the model is good fit. The t-value as shown in the table (24.476) should be greater than +2 thus making it a useful predictor and thus concludes promotion has significant relationships with motivation. Therefore this hypothesis is accepted.

Hypothesis No. 4

H 4 The working condition is correlated positively and significantly with work motivation

Hypothesis number four is also accepted because the p-value is less than 0.01 and the value of R^2 is .380 which shows that 38% change in employee motivation is due to Recognition. F-value is 71.71 at $p = 0.000$ showing that the model is good fit. The t-value as shown in the table (8.468) should be greater than +2 thus making it a useful predictor and thus concludes working condition has significant relationships with motivation. Therefore this hypothesis is accepted.

Hypothesis No. 5

H 5 Recognition is correlated positively and significantly with work motivation

Regarding Hypothesis number five is also accepted because the p-value is less than 0.01 and the value of R^2 is .855 which shows that 85.5% change in employee motivation is due to Work Condition. F-value is 691.466 at $p = 0.000$ showing that the model is good fit. The t-value as shown in the table (26.296) should be greater than +2 thus making it a useful predictor and thus concludes recognition has significant relationships with motivation. Therefore this hypothesis is accepted.

Hypothesis No. 6

H 6 Leadership is correlated positively and significantly with work motivation

Moreover, Hypothesis number six is also accepted because the p-value is less than 0.01 and the value of R^2 is .855 which shows that 85.5% change in employee motivation is due to Leadership. F-value is 691.466 at $p = 0.000$ showing that the model is good fit. The t-value as shown in the table (26.296) should be greater than +2 thus making it a useful predictor and thus concludes recognition has significant relationships with motivation. Therefore this hypothesis is accepted

CHAPTER FIVE: MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter consists of summary of finding, conclusion and recommendation.

5.1. Summary of Findings

The purpose of the study is to identify which of the reward scheme have an impact on motivation. Descriptive statistics in the form of arithmetic mean and standard deviations for the respondents were computed for the multiple dimensions that have been assessed throughout the questionnaire are presented in Table 4.5. With respect to the dimensions of employee motivation assessed by the questionnaire, the result indicates that the mean values for the payment, benefit, promotion, working condition, recognition and leadership rated by respondents with their motivation level ranged from a low of 2.38 to a high of 3.14.

It therefore appears that it is not possible to conclude whether respondents motivated or not; however, the mean values for promotion, recognition and leadership are average but the value for working condition is the lowest whereas the value for payment and benefit is the highest. The result thus showing that staff in the current sample is most likely to be motivated with their payment and benefit. But they are least satisfied by working condition.

The Pearson's Product Moment correlation Coefficient was computed for the purpose of determining the relationships between the different dimensions of the reward variables and employee's motivation. In order to delineate the relationship between the various facts of rewards on employee motivation, the sub-dimensions of the questionnaire were correlated. There is statistically positive and significant relationship exists between all variables of rewards and employee motivation. The values of correlation coefficient in case of significant relationship vary from lowest (0.57) to highest (0.91). The lowest value corresponds with payment while highest value is leadership and recognition. Working condition and promotion are also important variables in this study.

There is statistically direct significant and positive relationship between reward and employee motivation ($r = .792$, $p < 0.01$). Hence if rewards being offered to employees were to be altered, then there would be a corresponding change in employee motivation. However, if the change in rewards accorded to employees is experienced, then there would be a corresponding change in employee's motivation.

Generally, the Regression Analysis for this study confirmed that rewards have influential factor on motivation of employees at ECX. The results of regression analysis shows that; 16.5% variance in employee motivation is explained by Payment, 44.3% change in employee motivation is due to Benefits, 83.7% change in employee motivation is due to Promotion, 85.5% change in employee motivation is due to Recognition, 38% change in employee motivation is due to Work Condition and 85.5% change in employee motivation is due to Leadership. The ANNOVA analysis which is made to check the relationship of biographic data with motivation, none of them have direct and significant relation with motivation.

5.2 Conclusion

Based on the findings, the following main conclusions are drawn

- ✓ The Analysis has shown significantly positive relationship between all dimensions of reward variables and employee motivation and it is also supported by the results of regression analysis. The results of this study are quite according to the hypothesis. Furthermore, the result of this study suggests that rewards are important factors that the ECX need to focus to keep employee motivated. Neglecting this factors causes to build demotivated employees which are subject to lower performance or even worse to leave the exchange.
- ✓ The aim of the study was to identify the effect of rewards on employee motivation. For the company in order to be successful, creation of motivated and energetic employees is mandatory. Because organizations will be productive if and only if their employees are productive and this can happen in bringing a better reward management system that always considers and meets employee's expectations.

In conclusion, the major findings of this research show that reward is considered important factor for motivation of the exchange employees.

5.3 Recommendation

The main reason behind the existence of organizations is to attain the objective behind their establishment through their employees. However, this can be attained when organizations able to motivate their employees and make them to focus towards the goals of their respective organizations. On the other hand, employees have their own demands that are supposed to be fulfilled by their employers. This is the logic behind the establishment of reward programs in many organizations. The major concern of this section is to give recommendation for Ethiopian Commodity Exchange and it is made based on the findings of the whole research work.

If rewards offered are not competitive, it will be difficult to recruit staff since potential employees can obtain better rewards from competitors. Existing staff may also be tempted to leave the organization if they are aware that their reward system is uncompetitive. High staff turnover can lead to higher costs of recruitment and training of new staff. Losing existing employees may also mean that some of the organizations accumulated knowledge is lost forever. The conclusion to be gained from this is that;

- ✓ Conducive work environment: the exchange must try to create supportive, pleasant full working environment internally, in order to satisfy the staff and work with efficiency.
- ✓ Career management plan to exploit the potential of employees and provide opportunities to develop their abilities and careers is also another important factor to sustain the human capital.
- ✓ ECX should specifically work to improve reward strategies by considering welfare of employees, goals and values, allowing employees to learn with an acceptable degree of learning errors and allow flexibility in the recognition process and involving employees in the process
- ✓ Giving recognition to small and large accomplishment: the reward should be given to employees when they meet large goals as well as smaller milestones.
- ✓ Design strategic Total Reward system – the current market is full of competition and rewards also go far beyond cash compensation and payments. Monetary compensation

alone is insufficient to motivate employees. Other factors such as giving greater recognition, creating conducive work environment and establishment of better leadership system have the greatest impact on employee motivation

- ✓ Employee satisfaction survey which has been made at the exchange should be continuous since it helps the exchange to measure satisfaction survey and take action on survey results.
- ✓ The organization should continuously conduct analysis on the inflation and rewarding system competitiveness and make corresponding decisions taking in to consideration market change trends and financial capacity of the exchange
- ✓ The study also recommends that future research be directed towards investigating how variables like work balance, task autonomy, responsibility, working relationship and the work itself can influence employee motivation and to expand the scope to cover unaddressed variables.

If ECX can implement these recommendations, they will gain the benefits of more motivated employees willing to invest more discretionary effort to make their organization successful. Coupling this discretionary effort with enabling work environments will enable them to win in the talent marketplace.

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Appendices

APPENDIX A-QUESTIONNAIRE

Saint Merry University

*Masters of Arts Program in **General MBA***

Questionnaire to be filled by staffs of Ethiopia Commodity Exchange

Dear Respondents:

I am conducting a research on “The effect of Reward on Employee Motivation: a case in Ethiopia Commodity Exchange” for partial fulfillment of the requirements for masters of Arts Degree in **General MBA**. The study intends for academic purpose only, besides the outputs of the study will help as input for the company’s decision makers.

Directions for filling the questionnaire

There is no right and wrong answer of the options provided. Therefore, you are kindly requested to fill your real opinion regarding each question. Your response is utilized only for the purpose of this survey.

► Please put an “✓” mark on your choice in the space provided

► No need of writing your name

I would like to appreciate your kind cooperation to fill this questionnaire in advance.

Amanuel Legesse

Part one: General Information

Gender	Male		Female	
Marital Status	Single	Married	Divorced	others
Age category	Below 25	26 - 35	36 - 45	Above 45
Highest qualification	College Diploma	First Degree	Master Degree	others
Years of service in ECX	More than a year	2 - 4 years	4 - 6 years	More than 6 years

1. Current Position? _____

2. In which of the following salary ranges fall your salary?

2000 – 4000	<input type="text"/>	4001 – 6000	<input type="text"/>
6001 – 10,000	<input type="text"/>	10,001 –15,000	<input type="text"/>
15,001 – 25,000	<input type="text"/>	above 25,001	<input type="text"/>

Part Two: Research Related Questions:

The following questions are presented on a five point likert scale. If the item strongly matches with your response choose 5 (strongly agree), if you moderately agree on the idea choose 4 (agree), if you can't decide on the point choose 3 (neutral), if you don't agree with the idea choose 2 (disagree) and if you completely disagree with the point choose 1 (strongly disagree).

The purpose of this questionnaire is to give you a chance to tell how you feel about your present job, what things you are motivated with & what things you are not motivated with.

Remember: keep the statement in mind when deciding how motivated you feel about the aspect of your job.

Be frank and honest. Give a true picture of your feelings about your present job.

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Payment						
1	My salary is satisfactory in relation to what I do					
2	My salary is fair when compared with that of similar jobs in other companies					
3	My salary is enough to satisfy my needs					
4	Salary increment is managed fairly					
5	Salary adjustment is made according					

	to the current market					
Benefit						
6	There is a good benefit package					
7	My medical scheme is satisfactory					
8	There is a good opportunity for training					
9	Transportation benefit is fair with the current cost of transportation service					
10	The staff loan system is sufficient					
Promotion						
11	The opportunity for promotion exists					
12	My job allows me for rapid promotion					
13	Staffs has promoted in a fair and transparent manner					
14	My job motivated me since it has a return for growth					
Working Condition						
15	The arrangement of office layout is convenient for me					
16	My work has a strong pressure to rush with little time for break					
17	I get the opportunity to discuss with a group of employee and work as a team					
18	I am enjoying the social aspect of my work					
Recognition						
19	The nature of my job helped me to get tangible recognition for my performance					
20	I get credit for what I do					

21	I get constructive criticism about my work					
22	At the organization, those who deserve recognition don't always get it.					
Leader/Supervisor						
23	Support me in case of problems					
24	Treat me equally with other staffs					
25	keeps me informed about what is going on					
26	The relationship with my boss enables me to be open when discussing work problems					
Organizational Commitment						
27	I feel happy when I am working intensely					
28	I feel I belong to the Exchange					
29	I try to improve ways of doing my job effectively and efficiently					
30	I have a courage to do tasks effectively					
Reputation						
31	I am proud to say what kind of work I do					
32	I recommend others to join the Exchange					
33	I enjoy the physical surroundings where I work					
34	For someone with my professional training and experience, ECx is considered to be the best organization to work for.					
Extra Effort						
35	I am willing to stretch myself on my					

	job					
36	I am interested in my work					
37	I own a say on my job					
38	I feel inspired on my job					
Engagement						
39	Feel I am part of something meaningful in my position with ECX					
40	ECX inspires me to do my best work every day					
41	I rarely think about leaving ECX to work somewhere else					
42	Given the opportunity, I tell others great things about working at ECX					

DECLARATION

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

Name

St. Mary's University, Addis Ababa

Signature

June, 2017

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor
St. Mary's University, Addis Ababa

Signature
Jun, 2017