



**St. Mary's University**  
**School of Graduate Studies**

**THE RELATIONSHIP BETWEEN REWARD AND JOB  
SATISFACTION: THE CASE OF MINAYE FLOWERS  
PLC**

**By: MINTESNOT ASSEFA**

**JUNE, 2016**  
**ADDIS ABABA, ETHIOPIA**

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## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor, Dr. WubshetBekalu, and all sources of materials used for the thesis have been duly acknowledged.

I further confirm that the thesis has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master of Business Administration [MBA]

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\_\_\_\_\_  
Signature and Date

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## **Acronyms/Abbreviations**

HR – Human Resource

SPSS – Statistical Package for Social Science

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## **Abstract**

*This study was conducted on employee of Minaye Flower plc including head quarter and deberziet offices. The main objective of the study to assess whether the theoretically classified extrinsic and intrinsic reward packages are intentionally practiced to increase the level of job satisfaction among employee in the company. Besides, the research was interested to find out that whether the reward system of Minaye Flower plc was transparent, equitable and fair. Descriptive and inferential statistic tools were employee to analyze the data .Questionnaires was used to collect the data from 222 employee and result shows that most respondents are neutral i.e. neither satisfied nor dissatisfied with respect to the reward system of the company. Moderate relation was found between intrinsic and extrinsic reward factor with job satisfaction .In addition to this, high productive validity of the intrinsic and extrinsic reward factors against job satisfaction was found. Finally, the researcher suggests that the company should reconsider its reward policy both to satisfy its employees as well as to enhance company performance.*

**Key words: Job satisfaction, reward systems, Benefits, Promotion, Recognition**

# CHAPTER ONE

## INTRODUCTION

The Ethiopian flower industry emerged in the late 1990s, and despite being a late-comer, Ethiopia has become the second largest flower exporter in Africa (after Kenya). Projection are for even further future growth. Exports are expected to reach \$550 million by the end of 2016. The Ethiopian flower industry represents an extraordinarily fast and successful diversification into a non-traditional export product. Climate conditions have made Ethiopia a favourable cultivation site for such products as it is situated in the tropics, with its diverse range of altitudes. International investment played key roles in Ethiopia's floriculture industry development. Minaye Flowers PLC is a company engaged in the production of cut flowers (Roses) for the export market. The company is located in Debrezeit (Bishoftoo), Ethiopia. The farm is located at an altitude of 1950 meters above sea level. Company's location gives it an advantage to grow quality intermediate varieties. 2004. The Company has learned the business well in the past 10 years in order to produce and export good quality flowers.

Minaye flowersplc delivers to a variety of markets, which focus on Wholesaler's and Full Service Supermarket, to meet the needs and requirements of clients. The company has around 500 employees, 15 Hectares of roses grown with modern technology.

Behind all these investments, there is a need to excel customers' requirements as indicated in the Vision and Mission statements of the company. The company envisions to be a world class rose production facility consistently striving to cultivate, develop and deliver roses of outstanding quality in a harmonious environment.

As it goes in its mission statement, Minaye flowersplc has mission to inspire customers by revealing its passion for superior quality roses that are guaranteed to last and change the way they feel, naturally.

However, the researcher believes that, this mission of the company can easily come true if it works with a motivated work force. Therefore, the need to assess the level of satisfaction of

workers in light of reward is one of the most important predictor of a company's ability to retain employees of high skill, knowledge and attitude.

## **1.1 Background of the Study**

Studies show that satisfaction of workers is highly correlated with productivity, absenteeism and employee turnover. Management or owners of corporations expecting a reasonable return on investment from their human resource should give due emphasis to satisfaction of their employees (Robbins, 1998). Those managers, who are very concerned to employees of their organization and who also are capable of managing employee satisfaction will tap the benefits of hard work, commitment, loyalty and productivity while those who are not will come up with dissatisfied workers whose absenteeism and turnover rate keeps on rising which ultimately hampers the organization's performance (Wagner III, Hollenbeck, 2010).

Armstrong (2010) asserts, any company including the one where the research is to be conducted is expected to accommodate the following in its reward system, to remain competitive in the job market. These are equity, fairness, transparency and consistency.

One of the most focused sectors in the government's transformation plan which was launched in 2010 was the flora sector. This was because; the government considers the sector as a lever to bring about huge foreign currency source in entire economy.

Martocchio (2011), says that those benefits of employees under the umbrella of extrinsic reward packages are health insurance, disability insurance, life insurance, retirement plans, paid time off, accommodation and enhancement in addition to the usually mentioned annual salary and hourly wage. Armstrong & Helen Murlis (2004) states non-financial extrinsic rewards as: non-financial recognition, praise and feedback. The former Author mentioned above, lists his intrinsic rewards as: skill variety, task identity, task significance and Autonomy. But Armstrong on the same page quoted above describes items to be included in intrinsic reward package as: fulfilling work, use of abilities, achievement, responsibility, autonomy, influence, opportunity to grow and quality of work life.

Jobs that are likely to motivate performance and contribute to employees' satisfaction exhibit the following five Job characteristics: skill variety, task identity, task significance, autonomy and feedback (Wagner III, Hollenbeck, 2010).

(Kalleberg (1977), besides those elaborated above, he sees convenience of the job, which includes such characteristics as convenient travel to and from work, good hours, freedom from conflicting demands, pleasant physical surroundings, no excessive amount of work, enough time to do the work and an opportunity to forget about personal problems, as extrinsic reward dimension. Resource adequacy-which includes the following, according to Kalleber (1977), the

help managers give to their employees, equipment ,authority and information required for job performance are included in the extrinsic reward dimension

JanetL.Bokemeier&WilliamB.lacy (1987) explain the relation between reward and job satisfaction as; Job values and rewards are significant independent determinants of job satisfaction with rewards positively related to satisfaction. Job values are negatively related to job satisfaction when rewards are controlled. Workers who highly value certain job characteristics are more dissatisfied than those who do not consider the characteristics important. Armstrong (2010) says that for a reward system to bring the desired level of satisfaction among employees and a good deal of return on investment should accommodate intrinsic and extrinsic reward packages. Besides, the system should maintain equity, consistency and transparency. Robbins (1998) describes typical factors to rate the satisfaction level of employees are listed as: nature of work, supervision, Present pay, promotion opportunities, relation with co-workers.

Although there are lots of researches conducted on the topic internationally and locally in other companies, I hope my research will add value on the topic in the floriculture sector. Besides, the study will try to determine the level of relationship between extrinsic and intrinsic reward practices of the organization with employee satisfaction in Minaye flowers plc.

## **1.2 .Statement of the Problem**

In an increasingly competitive global marketplace, most firms are operating with a high level of market pressure worldwide. To be successful, they need to develop a better way to ensure that customers are satisfied with high production/service levels at acceptable prices. Based on this strategy, the focus is now shifting towards effective reward system management. Management or owners of Company's expecting a good deal of return on investment or increment of wealth holding dissatisfied work force are day dreaming in today's organizations. The company to be researched may is not free from this fact .One of the most important means to create and maintain satisfied work force is through installing attractive, equitable and fair reward system and practicing it consistently as well as in transparency.

The researcher have seen the reward package and other HR activities of MInaye Flower P.L.c,According to my rigorous investigation through observation and conducted preliminary interviews to each specific group of employees about the reward provide to them. Most of them claim to have better pay to provide enough of basic life needs – one according to their contribution to the company and second, they also have grievance to be less paid than other similar workers in the same industry.

Moreover, the flower industry where Minaye Flower p.l.c (the company where the research is to be conducted) is doing business is criticized by environment professionals to bring health damage both to the employees and to the environment at large. The risky nature of the work in the company requires better reward package for the workers than other worker with similar skills, knowledge and ability in the relatively less chemical hazard environment. Workers in the

company are suffering from health problem due to toxic chemicals and even their right to form a strong labour union to bargain on their working conditions and reward package is denied.

Therefore, this call for systematic and scientific finding to deeply know the problem and purpose sound solution.

### **1.3 Research Questions**

To systematically address the stated problem, the study raised the following research questions:-

1. How does the reward management system look like?
2. What is the level of satisfaction of employees?
3. What are the factors that affect satisfaction the most?
4. Does the satisfaction level differ across non managers, supervisors and managers with respect to intrinsic and extrinsic reward package supplied by the company?

### **1.4. Objectives of the Study**

#### **1.4.1 General Objectives of the Study**

To assess whether the theoretically classified extrinsic and intrinsic reward packages are intentionally practiced to increase the level of job satisfaction among employees.

#### **1.4.2 Specific Objectives of the Study**

The specific objectives of the study are :

- To evaluate if the reward system is able to satisfy and motivate employees of the company
- To assess if the reward system of the company is transparent and to determine whether decisions related to reward are consistent, that is, to look at whether procedural justice is enforced in decisions pertinent to reward in the organization.
- To get a general picture of the reward system practiced in the company in light of equity
- To find out if the reward system installed in the company is able to attract and retain high quality people.
- To find out if the reward system is formulated in such a way that it accommodates flexibility for different types of employees' needs.

- To determine the relation between intrinsic and extrinsic reward and job satisfaction.

### **1.5. Definition of Terms/concepts/**

**Employees:** “all part-time and full-time workers who are paid a wage or salary” (United States Department of Labor-BLS, n.d.).

**Job satisfaction:** An individual’s attitude toward his/her job (Ewen, 1967; Weiss, et al., 1967).

**Extrinsic job satisfaction:** An individual’s attitude toward his/her job based on external or environmental factors such as working conditions, supervision, and co-workers (Wanous& Lawler, 1972; Weiss, et al., 1967).

**General job satisfaction:** An individual’s attitude toward his/her job in relation to his/her attitude toward life in general (Wells &Strate, 1957; Weiss, et al., 1967).

**Intrinsic job satisfaction:** An individual’s attitude toward work based on internal factors such as type of work, achievement, and ability utilization ( Wanous& Lawler, 1972; Weiss, et al., 1967).

### **1.6. Significance of the study**

The significance and contribution of the study area, the research to be undertaken will have practical importance for policy makers of the company in order to strike balance between job satisfaction and reward packages, in addition to this, the study may be benchmark for those who will be interested to look at the case in depth for the future, the study will also help to enhance the level of understanding aboutthe relationship between job satisfaction & reward integration in members of floriculture sector in Ethiopia.

### **1.7. Scope of the study**

The research was undertaken in Minaye flower Plc having around 500 workers. The research was carried out taking samples from workers dispersed in sites and head office, this requires a bit large amount of money and time. Besides ,the researcher, as a graduate students for the first time, may have expertise limit in generating sound research .Therefore there factors will have impact on the generalization of the output of the research .



## **1.8. Organization of the Study**

The research report comprised five chapters, which included the following: The first chapter contained introduction in relation to the topic under study. Specifically it tried to discuss in brief about background of the study, statement of the problem and basic research questions, objective of the study, significance of the study and scope and limitation of the study. The second chapter of the paper dealt with the literature relevant to the study.

The third chapter concentrate on Methodology, specifically discussion on research design, sampling, data collection tools and method of data analysis.

In fourth chapter the collected data was analyzed in detail and presented the findings of the research. Finally, the paper ended up by reaching on conclusions based on the findings and by suggesting relevant recommendations believed to help organizations and future researchers.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURES**

#### **2.1 Definition of Reward**

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 (Armstrong, 2010).

#### **2.2 Strategic reward**

Strategic reward management is the process of looking ahead at what an organization needs to do about its reward policies and practices in the middle or relatively distant future. It is concerned with the broader business issues the organization is facing and the general directions in which reward management must go to provide help in dealing with these issues in order to achieve longer-term business goals. Strategic reward management deals with both ends and means. As an end it describes a vision of what reward policies will look like in a few years' time. As a means, it shows how it is expected that the vision will be realized (Armstrong et al, 2004).

Properly managed human resources can be a source of sustained competitive advantage to organizations. This is particularly true for firms operating in complex and dynamic competitive environments, where the capability to rapidly acquire and assimilate new market and technological capabilities is the key to creating enduring advantages over competitors (Zhou et al, 2011)

#### **2.3 Total reward**

It is defined as all of the employer's available tools that may be used to attract, retain, motivate and satisfy employees and encompasses not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve

and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization (Armstrong et al, 2004).

## **2.4 Intrinsic rewards**

### **2.4.1 Fulfilling work**

Work can be fulfilling and therefore motivating when individuals feel that what they do is worthwhile and adds value. This implies that they should ideally work on a complete process or product, or a significant part of it that can be seen as a whole. Work is also fulfilling when it requires people to use abilities they value to perform it effectively and scope is provided for achievement, responsibility, autonomy and influence (Armstrong, 2010), which is supported by Linz et al (2003) who found that designing work in such a way that enables employees to do the whole part of a work satisfied them.

### **2.4.2 Use of abilities**

Fulfilling work enables people to use and develop their abilities. This is particularly the case when people are stretched, but not too hard, to achieve more than they expected they could achieve, this has been found to bring superior job satisfaction among employees as is found in the research of (Linz, 2003; Allen et al, 1999).

### **2.4.3 Achievement**

The need to achieve applies in varying degrees to all people in all jobs, although the level at which it operates will depend on the orientation of the individual and the scope provided by the work to fulfil a need for achievement. People feel rewarded and motivated if they have the scope to achieve as well as being recognized for their achievement (Armstrong, 2010). Allen et al (1999) asserted their findings as: whenever promotions of organizations are based on achievements of employees on the targets given to them and failure of employees to achieve a target is supported by trainings to enhance their skills, their desire to achieve in work increases and their satisfaction in job also increases.

### **2.4.4 Responsibility**

Individuals can be motivated by being given more responsibility for their work. People are in positions of responsibility when they are held to account for what they do. They are in charge of their work and resources required to do it. Being given responsibility can satisfy needs for

achievement and increase self-esteem there by, satisfying employees in their jobs. It is also a form of recognition (Armstrong, 2010) and this is also supported by the findings of (Linz, 2003).

#### **2.4.5 Autonomy**

Autonomy exists when an individual has freedom to make decisions and act independently without reference to higher authority. It enhances self-belief, gives people more opportunity to achieve and provides an opportunity to develop skills. This increases the satisfaction of workers to a greater extent (Kalleberg, 1977; Bokeimeretal, 1987; Fahr, 2011)

#### **2.4.6 Influence**

Jobs are more fulfilling if people can influence what they do or exert wider influence on policy operational decisions (Linz, 2003; Zhou, et al, 2011; Armstrong, 2010) .

#### **2.4.7 Opportunity to grow**

Alderfer(1972) as cited in Armstrong(2010),emphasized the importance of providing people with opportunities for personal growth as a means of rewarding and therefore motivating them. He believed that satisfaction of growth needs take place when individuals have the opportunity to be what they are most fully and to become what they can. Most learning and development opportunities take place in the course of every day work, and the organization can encourage this through coaching, mentoring, and support in the implementation of personal development created as part of the performance management process. Zhou,et al(2011) found that Intrinsic rewards (including setting innovation objectives, assessing and recognizing innovation, performance improvement feedback, providing extensive learning opportunities, job rotation, work flexibility, and maintaining harmonious interpersonal relationships) have a positive impact on the innovative behaviour of employees.

### **2.5 Extrinsic reward**

All monetary rewards are included in this category (Martocchio, 2011).The non-monetary ones are included here under

Work-life balance policies reward people by recognizing their needs outside work by, for example, adopting family-friendly policies, including the provisions of more flexible working arrangements (Bogler.et al, 2010)

Employee wellbeing services can be provided for individuals to help them deal with their problems. This may involve counselling or personal casework where the aim is as far as possible to get individuals to help themselves (Kalleberg, 1997)

Concierge services provide employees with help by undertaking mundane personal tasks such as getting their car serviced, home repairs or waiting at home for deliveries (Martocchio,2011).

Voluntary benefit schemes provide opportunities for employees to buy goods services at discounted prices. The employer negotiates deals with suppliers (Martocchio, 2011).

Learning and development programmes give employees the chance to develop their skills and careers. All these, non-financial extrinsic reward are required to be included in the reward systems of those companies which need to retain talent and satisfy their employees(Armstrong et al,2004).

Allen et al(1999) found in their research that including Profit sharing that links organizational performance with individual rewards, gain sharing which rewards work groups with bonuses for improvements they make in quality, productivity, or cost reduction., Pay-for-performance plans in which pay is based on achievement of quantifiable goals that are linked to the organization's quality strategy.

Comp time that gives employees the option of receiving overtime or bonus compensation in the form of additional time off rather than pay.

Strong assurances of employment security so that in employees do not fear losing their jobs as a result of making their work processes more efficient. All these extrinsic reward components are worth including in the company's reward strategy for they have positive correlation with company performance and in bringing quality in the organization.

## **2.6. Motivation**

Motivation is defined as a process governing choices made by persons or lower organisms among alternative forms of voluntary activity (Wilson, 2010).

One way for an organization to gain competitive advantage over its rivals is to generate a more motivated work force. Motivation refers to the energy a person is willing to devote to a task. A person who is highly motivated will start work sooner and leave work later relative to someone who is unmotivated, and may come in on weekends to finish up tasks that were left undone during the week. While engaged at work, a highly motivated person will work faster, take fewer breaks, and be less easily distracted relative to someone who is unmotivated. A person who is highly motivated will go out of his or her way to learn new things to improve future performance and help co-workers when the workloads within the group gets unbalanced (Wagner et al).

## **2.7. Theories of Motivation**

### **2.7.1 The Hierarchy of Needs**

Abraham Maslow's hierarchy of needs. He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

1. *Physiological*: Includes hunger, thirst, shelter, sex, and other bodily needs
2. *Safety*: Includes security and protection from physical and emotional harm
3. *Social*: Includes affection, belongingness, acceptance, and friendship
4. *Esteem*: Includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention
5. *Self-actualization*: The drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment .As each of these needs becomes substantially satisfied, the next need becomes dominant (Wagner et al, 2010; Bratton et al, 2007 Robbins,1998;Wilson,2010)

### **2.7.2 Herzberg's two factor theory**

Herzberg's theory of motivation starts with the premise that the factors involved in producing job satisfaction and motivation are separate and distinct from the factors that lead to job dissatisfaction. These two feelings are not opposite of each other; rather the opposite of job satisfaction is no job satisfaction, while the opposite of job dissatisfaction is no job dissatisfaction. Motivator factors which are intrinsic to work are achievement, recognition for

achievement, the work itself, responsibility, and growth or advancement. Motivators, according to Herzberg are primary cause of job satisfaction (Wilson, 2010).

Hygienic factors stand in contrast to motivators. These factors are primary source of un happiness in work. Included in this category are company policy, administration, supervision, interpersonal relationship, working conditions, salary, status, and security. Herzberg recommends enriching work by vertical loading. This can be achieved by removing some controls while retaining accountability (Wilson, 2010).

### **2.7.3 Theory X and Theory Y**

Douglas McGregor proposed two distinct views of human beings: one basically negative, labelled **Theory X**, and the other basically positive, labelled **Theory Y**. Under Theory X, the four assumptions held by managers are:

1. Employees inherently dislike work and, whenever possible, will attempt to avoid it.
2. Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals.
3. Employees will avoid responsibilities and seek formal direction whenever possible.
4. Most workers place security above all other factors associated with work and will display little ambition.

In contrast to these negative views about the nature of human beings, McGregor listed the four positive assumptions that he called

Theory Y:

1. Employees can view work as being as natural as rest or play.
2. People will exercise self-direction and self-control if they are committed to the objectives.
3. The average person can learn to accept, even seek, responsibility
4. The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions (Bratton et al, 2007 Robbins, 1998; Wilson, 2010)

#### **2.7.4 ERG Theory**

Alderfer in his theory published in 1972 argues that there are three groups of core need—existence, relatedness, and growth. In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be operative at the same time, and (2) if the gratification of a higher level need is stifled, the desire to satisfy a lower-level need increases. Maslow's need hierarchy follows a rigid, step like progression (Robbins, 1998)

#### **2.7.5 McClelland's theory of needs**

This was developed by David McClelland and his associates. The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

Need for achievement: The drive to excel, to achieve in relation to a set of standards, to strive to succeed

Need for power: The need to make others behave in a way that they would not have behaved otherwise

Need for affiliation: The desire for friendly and close interpersonal relationships (Robbins, 1998; Wilson, 2010)

Goal setting theory states that specific and difficult goals lead to higher performance. Whereas reinforcement theory says behaviour is a function of its consequences. On the other hand expectancy theory asserts that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Robbins, 1998).

### **2.8. Equity.**

Equity is achieved when people are rewarded appropriately in relation to others within the organization. Equitable reward processes ensure that relativities between jobs are measured as objectively as possible and that equal pay is provided for work of equal value (Armstrong et al. 2004)

According to equity theory, an employee evaluates the adequacy of his or her rewards by comparing them with his or her inputs. Rewards might include items such as pay, recognition, fringe benefits and promotions while inputs might include time, education, experience, effort and seniority (Livingstone et al, 1995).



Results of Livingstone et al (1995), indicated that internal promotion equity, internal salary equity, external recognition equity, external incentive equity and external raise equity were the facets of internal and external equity related to job satisfaction for outside salespeople. Age and performance were also positively related to job satisfaction. Individuals who are underpaid should not only be less productive, but they should also be less satisfied than their equitably paid co-workers. Those who are overpaid should be more productive but still less satisfied than equitably paid workers (Greenberg, 1982). Lawler (1971) indicates that employees who believe their pay is equitable in comparison to others should have higher job satisfaction than those where equity is not perceived to exist. Thus, any sense of inequity should lead to a negative affective state for workers. Vroom (1964) clearly outlines this expected relationship: If a person receives less than a fair amount, he/ she feel that an injustice has been done him /her; if he she receives more than a fair amount, he she feels guilty. This point of view would lead us to regard job satisfaction as a function of the amount of difference between the amount of reward that the person believes he /she should receive and the amount of reward which in fact he she does receive. The greater the difference between the two amounts, the greater the tension or disequilibrium experienced by the person (p. 168).

**2.8.1 Internal equity** is concerned with individual's perceptions of the fairness of their rewards relative to their co-workers. Within organization comparisons of rewards have been found to be important to individuals in a number of studies (Mello, 2011)

**2.8.2 External equity** refers to the perceived fairness of one's rewards relative to other individuals' rewards in other organizations. According to Mello (2011), norms of fair pay exist and organizational members frequently compare their rewards with the rewards of those in other organizations based on those norms. The importance of internal and external equity exists in part because of the way pay structures are set in organizations. Pay is generally based on three types of information, 1) the organization's present pay structure, 2) market surveys of jobs in other organizations, and 3) results of job evaluations done within the organization. Market surveys are designed to reflect the external worth of jobs while job evaluations help determine the internal worth of jobs (Mello, 2011).

Equity theory suggests that employees develop perceptions of how fairly they are treated by comparing themselves with relevant others (Shore, 2004). Equity theory has recently been criticized for failing to recognize differences exist in how individuals react to situations involving equity (Mowday, 1991 as cited by Shore, 2004). Consequently, Huseman et al (1985, 1987 as cited by Shore, 2004) proposed the concept of equity sensitivity which hypothesizes that there are three types of individuals:

(1) Benevolent who are described as “givers” and dislike being on the receiving end of a social exchange;

(2) Entitleds who are “getters” and perceive equity when their outcomes exceed their inputs; and

(3) Equity Sensitives who adhere to traditional equity theory by preferring equality between their outcomes and inputs and that of others. Equity sensitivity theory predicts that benevolents, equity sensitives and entitleds will respond differently to equity/inequity in the work setting. The prediction according to the theory is that Benevolents should experience higher levels of satisfaction when they are under-rewarded than when they are over-rewarded. By contrast, Entitleds are expected to be most satisfied when over-rewarded, and equity sensitive individuals are predicted to be most satisfied when they are equitably rewarded. But Shore(2004) argued to find the following results

“Benevolent individuals reported the highest pay satisfaction, perceived pay fairness, and lowest turnover intentions. Contrary to expectations, Entitled individuals did not report lower overall pay satisfaction, perceived pay fairness or higher turnover intentions than Equity Sensitive individuals. All three equity sensitivity groups preferred being over-rewarded to being equitably rewarded, and were relatively distressed when under-rewarded.”

Findlay et al (2013) argued to find that, Pay comparability matters. It matters to workers’ perceptions of fairness and employers’ efforts to attract and retain sufficient appropriately skilled/qualified workers.

## **2.9 Definition of Job Satisfaction**

The term *job satisfaction* refers to an individual’s general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job, while a person who is dissatisfied with his or her job holds negative attitudes about the job (Robbins, 1998).

Wagner et al (2010) defined job satisfaction as a pleasurable feeling that results from the perception that one's job fulfils or allows for the fulfilment of one's important job values.

Job satisfaction refers to an overall affective orientation on the part of individuals toward work roles (Kalleberg, 1977)

Douglas et al (1991) defined Job satisfaction as any combination of psychological, physiological and environmental circumstances that cause a person truthfully to say I am satisfied with my job.

Job satisfaction is a complex and multifaceted concept which can mean different things to different people. Job satisfaction is usually linked with motivation, but the nature of this relationship is not clear. Satisfaction is not the same as motivation. Job satisfaction is more of an attitude, an internal state. It could, for example, be associated with a personal feeling of achievement, either quantitative or qualitative (Livingstone et al, 1995)

Chiun Lo et al(2011) defined job satisfaction as a positive emotional feeling, a result of one's evaluation towards his or her job experience by comparing between what he or she expects from his or her job and what he or she actually gets from it.

Job satisfaction is the feelings or a general attitude of the employees in relation with their jobs and the job components such as the working environment, working conditions, equitable rewards, and communication with the colleagues (Gunlu et al, 2009)

Locke (1969, p. 317 as cited by Gunlu et al,2009) defined job satisfaction and dissatisfaction as "that job satisfaction is the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating one's job values ". Job dissatisfaction is "the un pleasurable emotional state resulting from the appraisal of one's job as frustrating or blocking the attainment of one's values."

## **2.10 Determinants of Job Satisfaction**

The more important factors conducive to job satisfaction are mentally challenging work, equitable rewards, supportive working conditions, and supportive colleagues, a good personality– job fit and an individual's genetic disposition (some people are just inherently

upbeat and positive about all things, including their job)(Robbins,1998).Abdulla et al (2011) asserted that Demographic and environmental factors play in determining job satisfaction. Demographic factors are attributes of the individual such as age, race, gender, education level, and years of work experience. Environmental factors are characteristics of the immediate job environment such as the skills variety required to carry out the job, task significance, autonomy, and interaction with co-workers.

### **2.10.1 Mentally challenging work**

Employees tend to prefer jobs that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom, and feedback on how well they are doing. These characteristics make work mentally challenging. Jobs that have too little challenge create boredom, but too much challenge creates frustration and feelings of failure. Under conditions of moderate challenge, most employees will experience pleasure and Satisfaction (Robbins, 1998; Wagneretal, 2010).

### **2.10.2 Equitable reward**

Employees want pay systems and promotion policies that they perceive as being just, unambiguous, and in line with their expectations (Wagner et al, 2010; Bratton et al, 2007; Livingstone et al, 1995)

### **2.10.3 Supportive working condition**

Employees are concerned with their work environment for both personal comfort and facilitating doing a good job. Employees prefer physical surroundings that are not dangerous or uncomfortable. Temperature, light, noise, and other environmental factors should not be at either extreme. Having too much heat or too little light causes dissatisfaction among employee. Additionally, most employees prefer working relatively close to home, in clean and relatively modern facilities, and with adequate tools and equipment (Wagneretal, 2010; Robbins, 1998; Kalleberg, 1977).

#### **2.10.4 Supportive colleagues**

People get more out of work than merely money or tangible achievements. For most employees, work also fills the need for social interaction. Not surprisingly, therefore, having friendly and supportive co-workers leads to increased job satisfaction. The behaviour of one's boss also is a major determinant of satisfaction. Studies generally find that employee satisfaction is increased when the immediate supervisor is understanding and friendly, offers praise for good performance, listens to employees' opinions, and shows a personal interest in them (Wagner et al., 2010; Robbins, 1998; Wilson, 2010).

#### **2.10.5 The Personality– job fit**

People with personality types congruent with their chosen vocations should find that they have the right talents and abilities to meet the demands of their jobs.

Thus, they are more likely to be successful on those jobs and, because of this success, have a greater probability of achieving high satisfaction from their work (Robbins, 1998). But this is in contradiction with findings of Fahr (2011) who says as long as Job design is appropriate, even people with no personality-job fit are satisfied.

#### **2.10.6 It's in the genes**

As much as 30 percent of an individual's satisfaction can be explained by heredity. Analysis of satisfaction data for a selected sample of individuals over a 50 year period found that individual results were consistently stable over time, even when these people changed the employer for whom they worked and their occupation (Robbins, 1998)

#### **2.10.7 Mentoring**

The results obtained from the study of Chun et al (2011) showed that there was a positive relationship between career mentoring and all dimensions in job satisfaction such as co-workers, job itself, promotion and supervisors. This result matched with a number of different research studies which indicate that employees with mentors report higher levels of learning on the job than those without mentors and hence mentoring would result in direct positive employee satisfaction. Besides, they found employees with mentors report more promotions, earn better incomes, and are more satisfied at work than employees without a mentor. This further concurred

with a study by Levenson et al. (2006) that there is a positive relationship between mentoring and firm performance rating.

### **2.10.8 Job design**

Fahr (2011) says that the extension of a workplace in the vertical dimension with a higher degree of autonomy and the enhancement of a workplace in the horizontal dimension with a higher degree of multitasking. The presence of both characteristics on a workplace is designated as an enriched job design in comparison with the classic job design, where both characteristics are not given.

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Mohr and Zoghi (2008) found that the positive impact on job satisfaction from enriched job design is less strong for the unionized (mismatched workers) than for the non-unionized workers (matched workers). Clark (1999) finds a positive correlation between the variable "job content" and job satisfaction with data of the International in 1997. The variable "job content" comprises autonomy at the workplace which is part of the concept of enriched job design as cited by the. But these authors found another attribute in personality job fit and job enrichment which is explained as the impact on job satisfaction for workers whose observable characteristics match the requirements of enriched workplaces is higher than for mismatched workers

### **2.10.9 Ethical climate**

McCain et al (2010) have shown that casino employees' ethical behavior is motivated by both distributive and procedural justice, with the latter having a slightly stronger effect.They also found that employees working where there is justice are highly satisfied in their job and satisfy their customers

Desphande(1996) in his investigation of ethical climate of organizations on job satisfaction ,concluded that except for satisfaction with pay, an organization can influence all facets of job satisfaction of its employees by manipulating the ethical climate. This study also indicates that those who believe that their organization had caring climate are more satisfied with their supervisors.

Instrumental climate is present in those organizations where people protect their own interests above all else. Desphande(1996), suggests that an instrumental climate has a significant negative influence on satisfaction with promotions, co-workers, supervisors, and overall job satisfaction.

#### **2.10.10 Occupational status and Financial Rewards**

Bokeimeretal (1987) explain that A number of factors such as occupational status and financial rewards have been documented as significant determinants of job satisfaction.Abdullaet.al (2010) found in their research about satisfaction of Dubai policemen that

There is a high correlation between social perceptions of their job, status of their job on the police job satisfaction

For both men and women, age is clearly a critical predictor, with older workers reporting higher levels of job satisfaction. Job rewards as measured by occupational prestige and improving personal financial situations are also important for men's and women's job satisfaction. Further the relative strengths of these determinants of job satisfaction differ for women and men. For example, while an improving personal financial situation is important for both sexes, it is the most important factor for men. Preference for the intrinsic job attribute of meaningful work is a significant correlate of women's job satisfaction (Bokeimer etal1987)

#### **2.10.11Organizational culture**

Lund(2003) ,in his study about the impact of organizational culture on job satisfaction , found that clan culture( characterized by its emphasis on mentoring, loyalty and tradition) and adhocracy culture ( characterized by its emphasis on entrepreneurship and flexibility) elicited significantly higher levels of employee job satisfaction than market culture ( characterized by competition, goal achievement and market superiority) and hierarchy culture( characterized by bureaucratic order, rules and regulation, and predictability). Abdulla et al (2011) concluded that in addition to organizational culture limited in scope as compared to national culture, across

countries provides evidence to suggest that job satisfaction is strongly influenced by national cultural values and norms

## **2.11. The Effects of Job Satisfaction**

**2.11.1. Satisfaction and productivity** the notion that a happy worker is a productive worker is not strongly supported by empirical findings. Satisfied workers will not necessarily be the highest producers. There are many possible moderating variables, the most important of which seems to be rewards. If people receive rewards and they feel they are equitable, they will be satisfied and this is likely to result in greater performance effort. Job satisfaction may not necessarily lead to individual performance improvement but does lead to departmental and organizational level improvements (Wagner et al, 2010). But the findings of Rusbult et al (1983) showed that there is a strong positive correlation between job satisfaction and productivity.

**2.11.2 Satisfaction and Absenteeism** A consistent negative relationship between satisfaction and absenteeism, but the correlation is moderate (Robbins.1998; wagner et al, 2010).

**2.11.3 Satisfaction and Turnover** Satisfaction is also negatively related to turnover (Robbins.1998; Wagner et al, 2010; Rusbult et al, 1983).

**Customer loyalty and customer satisfaction** are also the results of a satisfied work force (Sarwar et al, 2012)

### **2.11.4 Satisfaction with organizational Commitment**

Organizational commitment is relative strength of an individual's identification with and involvement in a particular organization. Conceptually, it can be characterized by at least three factors: (a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization (Gunluet al, 2009). And these authors' findings showed a stronger positive correlation between job satisfaction and organizational commitment; It is also consistent with the findings of Rusbult et al(1983). Linz (2003) in her research on Russian workers found that the positive correlation between and job satisfaction organizational commitment suggests that policies that contribute to employees being proud of where they work



or otherwise identifying in a positive way with their company will have a significant impact on others with regard to the image of their organization.

On the contrary, the effect of job Dissatisfaction and stress which seem opposite to job satisfaction is elaborated by

Wagner et al (2010) as “organizational costs of dissatisfaction and stress are: lower performance at organizational and individual level, health care costs, absenteeism, turnover, low organizational commitment and poor citizenship, workplace violence, sabotage. Sources of dissatisfaction are categorized under physical and social environment, the person, the task and the role. Under the first category which brings dissatisfaction is high temperature, unclean and contaminated offices. Issues in the second and third category are stated as follows: negative affectivity, self-esteem, self-efficacy, task complexity, task meaningfulness, role ambiguity, role conflict, role scope.”

## **2.12 The Relationship between Reward and Job Satisfaction**

Abdulla et al (2010), assert on the literature about determinants of job satisfaction dividing into two camps: the content perspective which approaches job determinants of job satisfaction from the perspective of needs fulfillment, and the process perspective which emphasizes the cognitive process leading to job satisfaction .The content perspective assumes that all individuals possess the same set of needs and therefore prescribes the characteristics that ought to be present in jobs. Content theories include Maslow’s need hierarchy theory and the motivator-hygiene theory proposed by Herzberg .Scholars of the process theories, on the other hand, de-emphasize the role of needs, and focus on the cognitive processes leading to job dissatisfaction. Process theories include Vroom’s (1964) expectancy theory, and Adams’ (1963) equity theory. Recent literature (Rollinson, 2008), however, posits that the two perspectives are complementary and advocates that’ scholars incorporate both of these in the study of those factors that determine job satisfaction all the three preceding authors cited by (Robbins1998).

Managers have the responsibility to create a proper climate in which employees can develop to their fullest potential. Failure to provide such a climate would increase employee frustration and could result in poorer performance, lowers job satisfaction, and increased withdrawal from the

organization(Linz ,2003).reward is related to job satisfaction illustrating the loss poor reward management brings in organizations as, in today's highly competitive labor market, there is extensive evidence that organizations regardless of size, technological advances, market focus, are facing retention challenges the average company loses approximately \$1 million with every ten managerial and professional employees who leave the organization combined with the direct and indirect costs; the total cost of an exempt employee's turnover is a minimum of one year's pay and benefits(Arnstrong,2010).

One of the most common reasons for employees to leave a job is unresolved conflicts in their work resulting in high employee turnover, and also job dissatisfaction causing low productivity. Conflicts are the detrimental factors, which have negative impact on employees' performance and job satisfaction (Chen et al, 2012).The findings of these researchers among Chinese workers clearly indicated that supervisory and co-worker relationships which are categorized as extrinsic reward to be positively correlated with job satisfaction of employees. Lord (2002),in his study proved that the main job satisfaction factors among the respondents are found to be accomplishment, job responsibility, recognition and Autonomy. The author concludes by saying that successful application of these factors improves job satisfaction and therefore increases productivity.Lund(2003)surveyed four types of employees namely, ground workers, library clerks, patient relation representatives, and medical record assistants working at East Carolina University to know their motivation. The author found that good pay and recognition were the most effective factors to employees' job satisfaction. On the other hand, benefits, working environment, co-workers also have effects on motivation but not as strong as the previous two.

Herzberg's two-factor theory supposed that the phenomenon of job satisfaction and/or dissatisfaction is a function of two classes of variables named motivator and hygiene factors. The satisfaction, growth or motivator factors that are intrinsic to the job are: achievement, recognition for achievement, responsibility, the work itself, and growth or advancement. The dissatisfaction, avoidance or hygiene factors that are extrinsic to the job are: salary, status, security, company policy and administration, working conditions, supervision, and interpersonal relationships (Toker, 2011). Oshagbemi et al (2003) as cited by Abdullah et al(2010) in their assessment of job satisfaction among teachers of Queen's University of Belfast,

UK, they found that pay and working conditions important to bring job satisfaction among the university teachers. Besides, year of service to negatively correlated to job satisfaction.

Linz (2003) asserted her findings as: While additional pay is important – workers with high incomes were those who reported a high level of job satisfaction. Adopting reward structures tied to the development and mastery of work-related skills would likely raise job satisfaction levels. Redesigning jobs to give workers more variety in their job tasks or more responsibility would also likely coincide with higher job satisfaction among employees. Douglas et al (1991) found in their research that only the intrinsic indicators of skill and autonomy had a significant impact on job satisfaction and no extrinsic indicator reached a level of significance to impact job satisfaction. Kalleberg (1977) concluded in his research that workers with greater numbers of dependents are more likely to value financial aspects of work, men place greater valuation on the intrinsic dimension of work than women do, and determinants of job satisfaction for employees change over time; he also found occupations to relate with job satisfaction.

Desphende(1996) argued that except for satisfaction with pay, an organization can influence all facets of job satisfaction of its employees by manipulating the ethical climate. One implication of his study was that managers can influence overall job satisfaction and satisfaction with promotions, supervisors, and work by ensuring that the organization has a professional climate. Policies that ensure that employees comply with legal and professional standards may ensure such a climate. His study also indicates that those who believe that their organization had caring climate are more satisfied with their supervisors. He continued to argue that an organization can ensure a caring environment by ensuring that its major consideration is what is best for everyone in the company. He also found that in companies with instrumental climate, a significant negative influence on satisfaction with promotions, coworkers, supervisors, and overall job satisfaction is prevalent. According to him, a company with instrumental climate is the one which people protect their own interests above all else. Livingstone et al(1995) argued that their study tested the impact of both internal and external equity perceptions in a sales setting on job satisfaction and they found that both internal and external equity perceptions are important to sales peoples' satisfaction, thus effective reward programs for salespeople must be designed taking both influences into account. Rusbultetal (1983) asserted their finding that greater job rewards and lower job costs induce greater employee satisfaction, and greater job commitment is encouraged by higher rewards and lower job costs. Stringer et al (2011) claimed to find in their

study to measure job satisfaction of front-line employees that there are positive associations between pay and intrinsic motivation and intrinsic motivation and job satisfaction, while there was a negative association between extrinsic motivation and job satisfaction; and pay satisfaction to have the strongest association with job satisfaction. The practical implications of this for managers are to pay their front-line employees well and job satisfaction will be high. Bogler et al (2010) in their assessment of teachers perceived organizational support on job satisfaction, they found that organizational leaders can positively affect their followers' satisfaction through organizational processes provided that they act in ways that are perceived to advance their followers' well-being and at the same time, promote followers' autonomy and authority through processes of empowerment. Linz et al(2013),in their search whether gender differences in expected rewards contribute to gender differences in job satisfaction, they found out that for women, job satisfaction is positively linked to both extrinsic and intrinsic rewards, but for men, job satisfaction tends to be positively linked to extrinsic rewards. When reward desirability is included, more often for women than for men, non-monetary rewards are positively linked to job satisfaction regardless of whether they are viewed as desirable. Among men, the link between job satisfaction and a particular reward tends to be stronger if the reward is desired, although for job security this result holds for women as well. While own earnings tend to be positively linked to job satisfaction, The findings of Mehta et al(2000) provide some evidence that career stage has an impact on the importance that sales managers place on various rewards. More specifically, career stage has an influence on the importance of two of three intrinsic rewards (achievement of market goals and retaining respect of salespeople) and four of six extrinsic rewards (salary and commission, opportunities for promotion, fringe benefits, and retirement plan) considered in their investigation. There was no support, however, that the perceived importance of one higher-order reward (attitude of superiors towards the sales manager) and two lower-order rewards (bonus and stock options) are influenced by sales manager career stage. Thus, sales managers apparently view these three rewards to be equal in significance irrespective of their career stage. They also found different preferences of rewards at different carrier stages of sales managers to relate with job satisfaction and job performance.

# **CHAPTER THREE**

## **RESEARCH DESIGN AND METHODOLOGY**

This chapter presents details of the research design and methodology. It discusses the research technique used in the study and the reasons for selecting such a technique. This includes the research design, sample size and sampling technique, data source and collection method, procedure of data collection.

### **3.1 Research Design**

The methodology followed throughout the research had been quantitative. This was because, the problem identified was to see the cause and effect relationship of intrinsic and extrinsic rewards of the company under study with the level of job satisfaction of workers. This was done using linear regression. In addition to this, there is description on each independent and dependent variables using descriptive statistics. Therefore, the viable methodology for such a research is quantitative (Kothari, 2004)

Survey method was chosen to conduct the research which used questionnaires as instruments for collecting data.

### **3.2 Data Type and Sources**

The research used primary and secondary data for its consumption. The primary data were collected through questionnaires. The secondary data were gathered using the company's website and through contacting HR people of the organization who provided valuable sources to carry out the research.

### **3.3 Sample Frame and Sampling Design**

The population to be considered for the study were all Minaye flowers plc employees residing in Debrezeit farm office and Head office in Addis Ababa .Sample for the study was taken from both these offices randomly. The specific sampling technique employed is stratified random sampling for there were three strata to be treated separately. All members from each stratum had equal chance to be included for the study. This design has support from the scholar

affirming the situation as “Stratified random sampling is appropriate to reach in to precise conclusions and recommendations for populations which have heterogeneity.” (Field, 2005).

The following formula developed by Yamane (1967) was used to determine the sample

$$n = \frac{N}{1 + N(e)^2}$$

size.

N represents the number of population,n for sample and e standard error at 95% confidence level. Based on this ,the no of sample to be taken from each stratum of the three strata is as follows:

**Table 3.1 Employees’ position,their numbers in the population and sample**

Position of employee	Number of employees	Percentage	Sample to be taken
Managers	12	2.40%	5
Supervisors	34	6.80%	15
Non-managers/non-supervisors	454	90.8%	202

The sample to be taken from each stratum was calculated by multiplying 222 ( sample size determined by using the above formula for a population of 500)by each corresponding percentage.Proportional allocation is considered as efficient and an optimal design when the cost of selecting an item is equal for each stratum, there is no difference in within-stratum variances, and the purpose of sampling happens to estimate the population (Kothari,2004).)

### 3.4 Data Collection Method

Questionnaires was primarily chosen because the sample to be taken is large, therefore gathering information for such relatively large sample through other techniques such as interview will be practically impossible considering time constraint. The situation dictates to use questionnaires. All of the questions in the instrument are close ended where validity and reliability tested by such prior studies. I have used Minnesota satisfaction questionnaire (1967), Spector (2005), Robbins(1998) concepts in Herzberg's two factor theory and Armstrong(2010) are used to develop the questionnaire because these sources are found to be suitable for achieving the objectives of paper and give appropriate answers for the set research questions.

The instrument for data collection, i.e. questionnaire was distributed to each randomly selected respondent based on his/her consent. Proper communication about the research's purpose was adequately made. I gave a maximum of a week to each respondent to return the questionnaire back .The required number of response to undertake the research according to the plan was possible after intense effort.

### 3.5 Measurement

**Independent variables:** The independent variables of this study were the intrinsic and extrinsic rewards used in reward management practices. Intrinsic reward included the following items for its measurement: responsibility, autonomy, opportunity to grow, ability, quality of work life, skill variety (Armstrong, 2010).

Extrinsic reward was measured using items which specifically address constructs such as: compensation and benefit, working conditions, recognition, supervision, job security, company policies and practices, equity, flexibility in benefit provision, retention capacity of the reward.

**Dependent variable:** The dependent variable of the research is job satisfaction. It was measured using the single rate method and counter checked by another item used by many researchers such as Douglas et al (1991) and Linz (2003).

### 3.6 Data Analysis

After collected the relevant data for the study was analysed statistically to generate descriptive and inferential explanations for the variables under study. The descriptive method used parameters such as mean, and correlation to describe extrinsic, intrinsic rewards and job

satisfaction. Besides, comparison of means was also used to get the average responses of subjects on each independent variable in relation to job satisfaction. Inferences about the cause and effect relations between reward factors (independent variables) on job satisfaction (dependent variable) were made using regression analysis.

The well-known software SPSS was used to generate out puts of classification and analysis for the gathered data.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

The instrument to undertake the research process was questionnaire. Two hundred twenty questionnaires were distributed and 222 were returned back. Among the 222 used questionnaires, 104 were responded by male participants and 118 were female respondents.

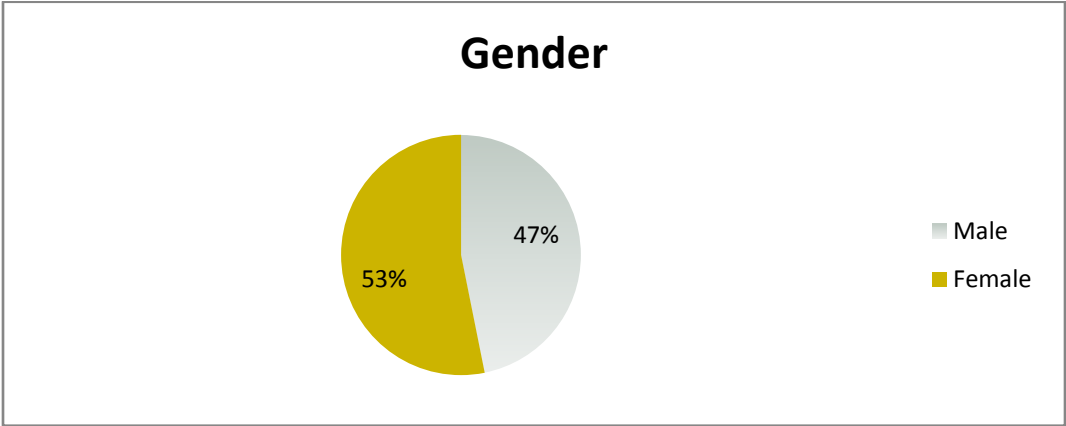
The 56 items in the questionnaire were synthesised into 16 less items using SPSS and the result of reliability as depicted in the table below is beyond the acceptable .75 (Field, 2005) which shows that the instrument measures consistently what it is desired to measure.

Table 4.1 **Reliability Statistics**

Cranach's alpha	No of Items
.82	16

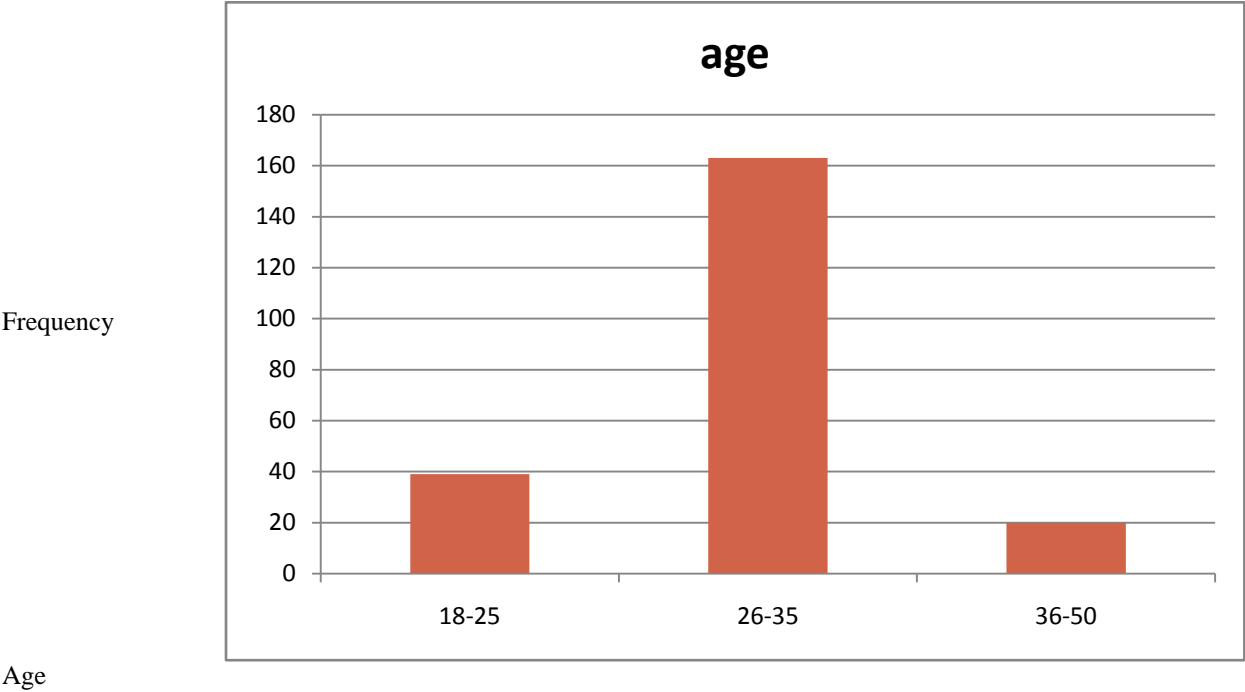
The number of male respondents was 104 and that of females was 118 out of 222 total respondents. The gender diversity in the sample is nearly 41-59%, which is comparable to the gender diversity in the population which is composed of 47% males and 53% females. The composition of employees in the sample is good enough to generalize results with respect to gender.

**Figure 4.1 the gender composition of respondents in Minaye flowers plc**



As can be seen from the age distribution, in figure 4.2, most of the employees are in the range between 26 and 35 which indicates that most of the company’s workers have adequate experience and will have much time to serve the company as long as the company remains best place to work in.

**Figure 4.2 Age Distribution**



The table below (table 4.2) shows that 32.4% of the respondents served the company more than six years. Those who worked below 1 and between 2 to 4 years comprise 17.6% and 23.5% respectively. Generally, with no further analysis, one can say that the workers of Minaye flowers are loyal to the company.

**Table 4.2 Number of years Served by Respondents**

Number of years served	Frequency	Percent	Valid Percent	Cumulative Percent
0-1	39	17.6	17.6	17.6
1-2	33	14.7	14.7	32.3
2-4	52	23.5	23.5	55.8
4-6	26	11.8	11.8	67.6
Over 6 year	72	32.4	32.4	100.0
Total	222	100.0	100.0	

Based on the formula described in the Methodology part of this paper, the number of samples taken for each stratum is as shown below in table 4.3 .Out of the total 222 respondents,202(90.8%) were in a non-managerial/non-supervisory position,15(6.8%) were in a supervisory position and the rest 5(2.4%) were managerial staff. This sub division was made intentionally to find whether there is satisfaction variation across hierarchies of the organization.

**Table 4.3 Number and Position composition of respondents**

Position in the company	Frequency	Percent	Valid %	Cumulative %
non-supervisory/non-managerial	202	90.8	90.8	90.8
Supervisory	15	6.8	6.8	97.6
Managerial	5	2.4	2.4	100
Total	222	100	100	

The result in table 4.4 matches with the research question 4 which says that hierarchies in the organization bring satisfaction differences. And it is found that the satisfaction level of managers is better than that of non-managers/non-supervisors and non-managers/non-supervisors better than supervisors. The illustration in the table below proved the research question to come true by giving mean satisfaction levels of non-supervisors/non-managers, supervisors and managers 3.22, 2.67 and 3.18 respectively. The satisfaction level of supervisors is the least among the strata, which may be attributed to the pressure coming from above and below and it is supported by literature that asserts middle level managerial position is the most stressful position sandwiched between the top and the bottom.

**Table 4.4 Respondents position in the company**

position in the company	Mean	N	Std. Deviation
non-supervisory/ non-managerial	3.2222	202	1.06027
Supervisory	2.6667	15	1.32288
Managerial	3.7143	5	.75593
Total	3.1765	222	1.11384

The computation of comparison of means in table 4.5 indicates that, the responses of employees for both intrinsic and extrinsic reward factors lie around the neutral point 3. That is, the employees of Minaye flowers are neither satisfied nor dissatisfied by the reward packages of the company. Based on the mean values of company policy and practice, reward flexibility, retention of employees, promotion, compensation, supervisory, job security and recognition a slight satisfaction level is observed. Some level of difference which shows employees in the company are better satisfied in extrinsic than intrinsic reward. Extrinsic with a mean of (3.33) and intrinsic with a mean of (2.76). The result of comparison of means given in the table below addressed issues in the research question two.

**Table 4.5 Comparison of means for different intrinsic and extrinsic reward factor**

<b>Factor</b>	<b>Mean</b>	<b>Standard deviation</b>
Ability	2.71	1.06
Autonomy	2.98	1.06
Decision	2.54	1.07
Quality of work	2.75	1.09
Task Variety	2.67	1.06
Responsibility	2.93	1.07
Working Condition	2.99	1.06
Company Polices	3.34	1.05
Promotion	3.45	1.06
Compensation	3.56	1.07
Supervisory	3.62	1.05
Equity	2.83	1.06
Retention of employees	3.41	1.07
Job security	3.32	1.05
Recognition	3.35	1.06
Flexibility in benefit	3.42	1.05
Total Extrinsic reward	3.33	1.05
Total intrinsic Reward	2.76	1.06
Overall job satisfaction	3.04	1.07

### **4.3 Correlation analysis of reward and job satisfaction**

Tables 4.6 and 4.7 show correlation between reward factors and job satisfaction.

Correlation analysis was made for total intrinsic and extrinsic reward factors against job satisfaction and a strong relation for both factors was found with job satisfaction. But the correlation of extrinsic reward factors is better than that of intrinsic factors. The coefficient of correlation being .756 and .498 for extrinsic and intrinsic factors respectively. The findings in these tables proved the presence of relationship between extrinsic and intrinsic reward and job satisfaction there by answering research question three.

**Table 4.6 intrinsic –satisfaction correlation**

Variables		Intrinsic reward	Job satisfaction
Intrinsic reward	Pearso Correlation	1	.498**
	Sig. (2-tailed)		.005
	N	222	222
Job satisfaction	Pearson Correlation	.498**	1
	Sig. (2-tailed)	.005	
	N	222	222

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

**Table 4.7**

**Extrinsic-satisfaction correlation**

Variables		Job satisfaction	extrinsic reward
Job satisfaction	Pearson Correlation	1	.756**
	Sig. (2-tailed)		0.05
	N		
Total extrinsic reward	Pearson Correlation	.756**	1
	Sig. (2-tailed)	0.05	
	N	222	222

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

Table 4.8 shows the different reward factors' correlation with job satisfaction .Among the variables presented in this table, the highest correlation of job satisfaction is with task variety utilization with a coefficient of .577.The lowest being with quality of work with a correlation coefficient of .062.The highest inter- factor correlation was found to be that of Autonomy And ability (.983) .The lowest inter factor relationship is between task variety and quality of work (.039)

**Table 4.8 correlation between reward factors and job Satisfaction**

	Job Satisfaction N=222	Ability N=222	Autonomy =222	Decision N=222	Quality of work N=222	Task Variety N=222
Job Satisfaction	1	.093	.385	.108	.062	.577
Ability	.093	1	.983	.058	.109	.233
Autonomy	.385	.983	1	.057	0.109	.146
Decision	.108	0.58	.057	1	.518	.235
Quality of work	.062	.109	.109	.518	1	.039
Task Variety	.577	.233	.409	.235	.039	1

Pearson correlation Sig at .05(2-tailed)

Table 4.9 also shows inter- factor correlation and Factor- job satisfaction correlation and it depicts that the reward factor which has the maximum correlation among the listed in the table is .738 and the minimum correlation. .412. The maximum one is the correlation job satisfaction has with compensation and the minimum one is the relation of job satisfaction with Company police. The highest inter- factor correlation is between Working condition and Responsibility with a coefficient of .649.

**Table 4.9 correlation between reward factors and job Satisfaction**

	Job satisfaction N=222	Responsibility N=222	Working condition N=222	Company polices N=222	promoti on N=222	compensatio n N=22
Job satisfaction	1	.580	.553	.412	.726	.738
Responsibility	.580	1	.649	.168	.616	.583
Working condition	.553	.649	1	.016	.405	.565
Company polices	.412	.168	.016	1	.334	.366
Promotion	.726	.616	.405	.334	1	.319
Compensation	.738	.583	.565	.366	.319	1

Pearson correlation Sig at .05(2-tailed)

Table 4.10 also shows inter- factor correlation and job satisfaction correlation and it depicts that the reward factor which has the maximum correlation among the listed in the table is .664 and the minimum correlation .136. The maximum one is the correlation job satisfaction has with Job security and the minimum one is the relation of job satisfaction with recognition. The highest inter- factor correlation is between recognition co-worker relationship and Flexibility in benefit with a coefficient of .832.

**Table 4.10 correlation between reward factors and job Satisfaction**

	Job satisfaction N=222	supervision N=222	equity N=222	retention N=222	Job security N=222	recognition N=222	Flexibility in benefit N=22
Job satisfaction	1	.399	.581	.150	.664	.136	.658
supervision	.399	1	.196	.011	.155	.221	.216
equity	.581	.196	1	.498	.557	.254	.370
Retention	.150	.196	.498	1	.355	.511	.726
Job security	.664	.155	.557	.335	1	.186	.675
recognition	.136	.221	.254	.511	.186	1	.832
Flexibility in	.658	.216	.370	.726	.675	.832	1

Pearson correlation Sig at .05(2-tailed)

#### **4.4 Regression result for intrinsic and extrinsic reward**

Linear regression was used to assess the impact of extrinsic and intrinsic rewards on job satisfaction and the result of R<sup>2</sup> displayed in the tables 4.11 indicates that extrinsic factors impact job satisfaction by a percentage of 31.2 (p<0.05) and intrinsic by a percentage of 17.2 (p<0.05). The logic behind this is that a 100% improvement in total extrinsic reward enables the company to improve job satisfaction by 31.2% and a 100% improvement in total intrinsic reward improves job satisfaction of Minaye flowers employees by 17.2%. If the company works in these two things, it can bring tremendous change in the satisfaction level of its employees there by the overall company performance.



**Table 4.11 Regression Analysis**

Factor	R	R square	Adjusted R2	Std error of estimate
Extrinsic Reward	.559	.312	.291	.93787
Intrinsic Reward	.414	.172	.146	1.02943

# CHAPTER FIVE

## CONCLUSION AND RECOMMENDATIONS

### 5.1 Summary of findings

Four demographic factors were among the questions forwarded to respondents, these were regarding: gender, age, tenure and position in the company .the first three were not the intent of the study in driving relationships with job satisfaction. The last one, position was among the determinants to be treated in relation to job satisfaction. Based on the findings, 47% (n=104), 53 % ( n=118) of respondents were males and females respectively. With regard to age distribution,17%(n=39) ,74%(n=163),9%(n=20) respondents were in the ages between18-25,26-35,36-50 respectively. With regard to position distribution 90.8 % ( n=202), 6.80% (n=15), 2.40 % ( n=5) of the respondents were in non-managerial/non-supervisory, supervisory and managerial positions respectively. The average responses of these three sub groups with regard to job satisfaction was found to be 3.22, 2.67 and 3.71.Those in the non-managerial/non-supervisory and managerial positions satisfied ,the managers being more satisfied than the non-managerial/non-supervisory. But those who are supervisory are slightly dissatisfied. Comparison of means for 16 items including the flexibility in benefit provision was done and the result was ability

(m=2.71), autonomy (m=2.98), decision (m=2.54) quality of work (m=2.75), task Variety (m=2.67), responsibility (m=2.93), working condition(m=2.99) company polices (m=3.34), Opportunity to grow (m=3.45), compensation (m=3.56) supervisory (m=3.62), equity (m=2.83), retention of employees (m=3.41), job security (m=3.32), recognition (m=3.35) flexibility in benefit provision (m=3.42),total extrinsic reward( m=3.33) , total intrinsic reward(2.76) and all factors' standard deviations swinging from 1.05 to 1.07.

Correlation analysis was made for total extrinsic and total intrinsic reward factors against job satisfaction and found to be .756 and .498. Extrinsic factors got higher correlation than Intrinsic factors. The other correlation analysis conducted, treated the reward factors in relation to job satisfaction individually. And the result in table 3.8 showed the highest correlation of job satisfaction is with task variety with a coefficient of .577 .The lowest being with quality of work with a correlation coefficient of .062. The highest inter- factor correlation was found to be

that of autonomy and ability .983 .The lowest inter factor relationship is between task variety and quality of work life .039.

In the same analysis made in table 3.9, the results found were maximum correlation of .738 and the minimum correlation .412.The maximum one is the correlation job satisfaction has with compensation and the minimum one is the relation of job satisfaction with company polices. The highest inter- factor correlation is between working condition and Responsibility with a coefficient of .649. The lowest inter factor relationship is between company polices and working condition.016.

And the result in table 3.10 showed the highest correlation of job satisfaction is with job security with a coefficient of .664 the lowest being with recognition with a correlation coefficient of .136. The highest inter- factor correlation was found to be that of flexibility in benefit and recognition .832.The lowest inter factor relationship is between retention and supervision 0.11.

Regression analysis of extrinsic and intrinsic reward factors was done and the value of R squared was found to be 31.2 (p<0.05) for extrinsic factors and 17.2(p<.05) for intrinsic factors. These findings proved that the two factors are valuable predictors of job satisfaction.

## **5.2 CONCLUSION**

Based on the findings of the research, the following conclusions can be drawn:

The managers of the company are more satisfied than the non-managerial/non-supervisory and the non-managerial/non-supervisory are more satisfied than those in supervisor's positions.

Computation of means of the different extrinsic and intrinsic factors in relation to job satisfaction showed that there is a neutral satisfaction level in the reward package provided by the company. Besides, this computation of means proved that the company's human resource policy slightly lacks fairness, equitability and ability utilization,task variety, quality of work .It also showed the company has to improve its reward package to increase job satisfaction and retain its human resource. The findings about tenure of workers showed that, most of the respondents served the company more than six years. But this doesn't necessarily mean that the reward package suits the employees being enough to retain them. Computation of correlation for extrinsic and intrinsic reward factors with job satisfaction proved that there is positive relation for both factors to job satisfaction.

The result of Regression analysis proved that the extrinsic and intrinsic reward factors are valuable predictors of job satisfaction in the company and have tremendous impact on it.

### **5.3. LIMITATION OF THE STUDY**

One of the limitations of the study was that it was only carried out in the horticultural sector in Minaye flowers plc. This left out other same company in horticultural sectors in the country where the relationship between job satisfaction & reward package. This limited the generalization of the findings of the study to other the same industry.

### **5.4 RECOMMENDATION**

As far as the findings of the research are concerned, the overall reward system of Minaye flowers plc has been found to bring a satisfaction level of employees is neutral point (neither satisfied nor dissatisfied) level. This calls for a work to be done in the HR policy makers of the company.

Those in a responsible position to amend policies have to see best practices of internationally and locally acknowledged companies' bundles of rewards given to employees and adapt it in accordance with their company's situations such as organizational culture. The company envisions being a world class rose production facility consistently striving to cultivate, develop and deliver roses of outstanding quality in a harmonious environment. This cannot be a reality without appropriately responding to the reward questions of employees. Most for-profit organizations in the world including Minaye flowers plc claim to say that their customers are number one stake holders. Making this a fore statement in their missions is not bad by itself. But not giving appropriate attention to work force is not scientific for the ultimate product/service to customers is created by the value chains of the organizations through their people. The logic behind this that, angry employees cannot please their customers. Therefore, Minaye flowers plc has to strike balance in prioritizing its stake holders and has to give intense attention to its employees too.

Job satisfaction of the company, in treating the three strata separately, it has been found that employees in supervisory positions are in the dissatisfaction condition although not in a worst case. This calls for giving special attention for this specific group of employees and to critically compare and contrast their reward with other groups. Based on this, the HR people are required

to amend rewards of this group after careful analysis on what has been denied to them. This is because coalition of satisfied managers with dissatisfied supervisors cannot be as efficient as when both groups are satisfied. The HR people of Minaye flowers plc should also consider that both extrinsic and intrinsic reward factors are valuable predictors of job satisfaction, the former better than the latter. Therefore, crafting policies related to reward has to be in giving more emphasis to intrinsic than extrinsic although both have been found important.

The relation official position has with job satisfaction in the company is treated in the study. Other demographic factors such as age, gender and tenure are open for further treatment.

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# APPENDIX A

## St. Mary's University

### School of Graduate Studies

#### MBA Program

#### Questionnaire

As a partial fulfilment to the requirement of the program, I am conducting a research on the relationship between rewards and job satisfaction in Minaye flowers Plc. The finding of the research May help the company to deal with the issue systematically for competitive advantage .Hence, as your response are indispensable for successful accomplishment of this study, I cordially request your cooperation in providing genuine and complete information for the questions .No one is requested to write his/her name on the questioner to keep amenity of respondent. I can assure you that views expressed in this questioner will be kept with strict confidentiality and will be used for academic purpose only .Any information identifying the respondent will not be disclosed to any other third party.

Thank you for your collaboration.

Please put tick mark “✓” in front of each box that suits your condition

Sex

- Male
- Female

Age

- 0-1
- 1 -2
- 2-4
- 4 -6
- Over 6 Year

- 18-25
- 26-35
- 36-50
- Above 50

Position in the company

- Non Managerial
- Supervisor
- Managerial

Year Of service in the company in year

	<b>Intrinsic reward questionnaire item</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	I Have an opportunity to utilize my skill and talent					
2	I have a chance to try out some of my ideas					
3	I have a chance to make use of my best abilities					
4	I have a chance to do something that makes use of my best abilities					
5	I am able to do my job without feeling it is morally wrong					
6	I am able to do things that don't go against my conscience					
7	My job doesn't harm other people					
8	I get a feeling of accomplishment from my job					
9	There are variety of tasks in my work					
10	I am able to keep myself busy all the time					
11	I sometimes feel my job is meaningless					
12	My job is enjoyable					
13	I feel a sense of pride in doing my job					
14	I have a chance to accomplish work by myself					
15	I am responsible for planning my work					
16	I am proud of my job's responsibility					
17	I have a chance to make decisions in my job myself					
18	I have a freedom to use my own judgment in my job					
19	Did the company arrange periodical health examination at the appropriate time for worker who exposed to toxic substance					

	<b>Extrinsic reward questionnaire item</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
20	Communications seem good within this organization					
21	I often feel that I do not know what is going on with the organization					
22	The goals of this organization are not clear to me					
23	Work assignments are not fully explained to me					
24	Decisions related to promotion are consistent and declared in a visible place in the company					
25	Company Polices are consistently applied equally to any individual employee					
26	I am satisfied by the polices and practices towards employees of the company					
27	There is too much fighting at work					
28	I like the people I work with					
29	I find I have to work harder at my job because of the incompetence of people					
30	I enjoy working with co-workers.					
31	I like the spirit of cooperation among my co-workers					
32	My Co-workers are easy to make friends					
33	I am satisfy when I do good job					
34	I am able to take pride in a job well done					
35	I get full credit for the work I do					
36	There is really too little chance for promotion on my job					
37	Those who do well on the job have a fair chance of being promoted					

38	There is educational opportunity provided by the company					
39	My boss is quite competent to doing his/her job					
40	My boss is unfair to me					
41	My boss coaches ,trains his/her employees					
42	My boss takes care of the complaints of subordinates					
43	I feel I am being paid a fair amount for the work I do					
44	The benefit package of the company is equitable					
45	I feel satisfied with my chances for salary increases					
46	I have a chance to choose from the different benefit package of the company that can't be taken together					
47	I enjoy working in the company for the rest of my life					
48	My company's salary and benefit package is preferable to many other companies in the country					
49	There are benefits we do not have which we should have					
50	My working condition is pleasant					
51	I enjoy the physical surroundings where I work					
52	My job provides for a secure future					
53	My job provides for a steady employment					
54	I have social position in the community that goes with my job					
	<b>Job satisfaction questionnaire</b>					
55	All things considered, I am satisfied with my job					
56	I would recommend my job for a close friend or relative					

## ENDORSEMENT

This is to certify that this project work, “**The relation between Reward and job satisfaction in case of minaye flower plc**”undertaken by MintesnotAssefafor the partial fulfillment of Master’s of Business Administration [MBA] at St. Mary University, is an original work and not submitted earlier for any degree either at this University or any other University.

**Research Advisor**

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**Dr .WubshetBekalu**