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**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF REWAED ON EMPLOYEE'S
MOTIVATION: THE CASE OF MERCIMOY INDUSTRY AND
COMMERCE PLC**

BY:

DERBE YIMER ALI

JULY, 2023

ADDIS ABABA, ETHIOPIA

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BY:

DERBE YIMER ALI

ADVISOR:

SHOA JEMAL (ASST. PROF)

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DERBE YIMER ALI

APPROVED BY BOARD OF EXAMINERS

Dean, School of Business

Advisor

External Examiner

Internal Examiner

Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

Name

Signature

St. Mary's University, Addis Ababa

July, 2023

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List of Acronyms/Abbreviations

HRM:	Human Resource Management
HDPE:	High density polyethylene
PLC:	Private limited company
PPR:	Polypropylene Random copolymer
SD:	Standard Deviation
SPSS:	Statistical Package for Social Science
UPVC:	Unplasticized polyvinyl Chloride

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Abstract

The purpose of this study is to investigate the effect of rewards on employees' motivation at Mercimoy Industry and Commerce PLC. The study used explanatory research designs. Data were collected through structured, closed-ended questionnaires and interviews with samples of 109 permanent employees through census sampling techniques. Data were analyzed using descriptive and inferential statistics with the aid of Statistical Packages for Social Scientists (SPSS) version 26. The multiple regression analysis technique was used to explain the effect of employee rewards dimensions, both extrinsic (such as payment, promotion, and supervision) and intrinsic (such as challenging and interesting jobs and employee autonomy), on employee motivation. The findings show that the mean value of all extrinsic and intrinsic reward dimensions is above average except payment and challenging and interesting jobs, and that there is a positive and significant correlation between reward dimensions and employee motivation. The multiple regression analysis result indicated that 67.9% of the variation in the employees' motivation can be explained by the combination measures of payment, promotion, supervision, challenging and interesting jobs, recognition, and employee autonomy, and also demonstrated that payment, promotion, employee autonomy, and recognition all had a significant positive effect on employee motivation. Extrinsic and intrinsic rewards have a considerable and favorable effect on employee motivation at Mercimoy Industry and Commerce PLC, according to the results of the regression research. As a result, Mercimoy Industry and Commerce PLC management must focus on overall reward in order to improve employee motivation.

Key words: *Reward, Motivation, Intrinsic reward and Extrinsic reward*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Human resources are usually recognized as an organization's most valuable asset. In the age of global competitiveness, obtaining and retaining the proper staff will become the most critical challenge for any organization. At the very least, the company expects employees to carry out the tasks assigned to them and to the standards set for them, as well as to abide by the norms created to govern the workplace. Employees, on the other hand, will give their all and may get emotionally attached to the organization if they believe their efforts will be fairly and equally rewarded through control.

Armstrong and Murlis (2004) defined reward management as the enhancement, implementation, maintenance, communication, and evaluation of reward programs. The concept of reward control is no longer inextricably linked to the payroll feature. Importantly, reward control is also involved in the development of acceptable company cultures, which underpin core values and increase employee motivation and dedication.

Rewards are grouped in to extrinsic or intrinsic. Extrinsic reward are tangible rewards given to employees by their employers and include salary, incentives, bonuses, stock options, promotions, job stability, flextime, and so on. Intrinsic rewards are intangible or psychological benefits that employees derive from their work. These are self-motivated benefits such as satisfaction in one's work, a sense of success, appreciation, meeting new difficulties, a positive and caring attitude from one's employer, participating in decision-making, or being a member of a team (Satiullah, 2014).

The most significant issue for the human resources manager in every firm nowadays is to encourage and retain employees. In today's competitive environment, a group of individuals who are inspired and dedicated to achieving work-related goals is required. Motivation is the urge that drives people to choose a specific task, accept the process, and work hard at it. A

well-managed agency can motivate and retain personnel, which has the following benefits: lower turnover, lower absenteeism, boost productivity, and improve overall performance.

Employee motivation, as stated by Armstrong (2005), is a complex process driven by a variety of factors. Individual desires and objectives, reward expectations, justice and fairness (the concept of felt fairness), and other elements are examples. In terms of motivation, a reward system is an important instrument for management to use as a channel of employee motivation. As a result, when designing and implementing a reward strategy, the indicated employee motivation component should be considered, as should the company's desire to adopt a desirable total reward strategy.

Furthermore, it has been naive to believe that only extrinsic motivators in the form of money promote long-term motivation. The internal motivators that may arise from the artwork and the working environment may potentially have a deeper and longer-lasting influence (Armstrong, 2009). Unfortunately, most managers believe, incorrectly, that they can properly encourage their employees by delivering benefits such as better pay, bonuses, and paid holidays.

As a result, the purpose of this study is to investigate the effect of reward management on employees' motivation at Mercimoy Industry and Commerce PLC, as well as demonstrate the impact of praise on employee motivation.

Mercimoy Industry and Commerce PLC was established in 2011 in the Oromia special zone, Sebeta city, Alemgene area, and manufactures UPVC, HDPE, and PPR pipes and fittings of different sizes and pressure classes as a joint venture between three partners. The company is organized with manpower having different skills and knowledge in different fields of study. The total number of employees in the company is 109. Mercimoy Industry and Commerce PLC has spent the previous 15 years as an importer and distributor of all plastic pipes and fittings, as well as metal pipes and fittings, through its original commercial import company, Asheber Guluma Import and Export. This long period of experience and existence in the business has encouraged us to develop a plastic pipe manufacturing firm to meet our customers' ever-increasing demand. Recognizing that the internal need for plastic pipes and

fittings has expanded over time, Mercimoy Industry and Commerce PLC has emerged to play a role in our country's import substitution. ISOQAR, an internationally acknowledged British business, has certified our company as ISO 9001:2015.

Mission: Through continuous improvement and client contact, we aim to manufacture and provide high-quality plastic pipes and fittings while exceeding our customers' expectations.

Vision: To be a leader in the production of high-quality plastic pipes and fittings.

1.2. Statement of the problem

Every employee has personal goals that they seek to achieve. There is a risk that employees' aspirations and goals may not correspond with the goals of the industrial firm's management (Arvidsson, 2005). To get making the most of those assets and to satisfy an organization's commitments to its shareholders, employees, and society, senior management needs to establish a relationship between the firm and its personnel in order to meet the continuously changing demands of each side. One method is to inspire employees. According to Baron (1983), motivation is "an accumulation of various procedures that affect and direct our behavior in order to achieve some specific goal." Because unmotivated employees value their own goals higher than those of the organization, this disparity may result in a conflict of interests, so management should design reward structures that improve the relationship between employees' dreams and motivation factors and the goals of the business (Arvidsson, 2005). All employees have individual aspirations, which they seek to acquire. There may be a threat that the employee's objectives and aims are in contravention of the goals of the industrial enterprise administration (Arvidsson, 2005). To acquire the most from those assets and in order for a company to complete its duties to shareholders, employees, and society, top control ought to establish a relationship among the organization and personnel with a goal to fulfill the frequently shifting demands of each party. One way of doing so is by inspiring staff. Baron (1983) explains motivation as "an accumulation of various procedures that affect and direct our behavior to acquire some particular aim". Since unmotivated employees have their very own objectives greater than the ones of the organization, this discrepancy may result in warfare of pursuits, so the management should layout praise structures that improve the

relationship between employees' dreams and motivation elements and the targets of the business enterprise (Arvidsson, 2005).

Employee reward management systems range from spontaneous and casual thank-yous to extensively publicized official programs in which specific behaviors are promoted and popularization strategies are truly recognized. Several studies have shown that rewarding employees is one of the most popular and effective techniques for keeping staff motivated. Employee motivation can be influenced by a variety of rewards, which can be classified as extrinsic or intrinsic. Although extrinsic reward are vital for employee motivation in one-third of the world's countries, where inflation is so severe that people struggle to retain their social status, the relevance of intrinsic reward cannot be understated (Latif, 2012). Mikander (2010) agrees that a well-planned and purposeful reward system can increase employee motivation and pride.

As a result, substantial research on these title has been undertaken in Ethiopia at other firms, and theory has been produced as a result of this research; however, no research on this specific company has been conducted. Mercimoy Industry and Commerce PLC provides employees with one-of-a-kind applications of extrinsic and intrinsic rewards. In contrast, an examination of the industry's 2021-sixteen annual performance review record reveals that many difficult situations and weaknesses, such as an attitude problem, poor overall performance, failure to retain or retain customers, and a knowledge gap, which most of the time stems from employees' loss of motivation, have been designated as a risk to prevent the industry from achieving its vision and mission. Furthermore, according to the industry company development strategy study (September 2021), industry personnel enticement and delight are decreasing in comparison to previous years. Furthermore, according to the 2020/21 1/2-year performance review, the industry turnover is double the expected turnover fee, and as the HR exit interview file investigates in 2019/2020, some employees monitor that even if the industry services are the same across different sectors in Ethiopia. Employee remuneration is superior when compared to other industries. Furthermore, many extrinsic and intrinsic perks, such as free meals or staff discounts, additional leave, sales discounts, housing rent, and milk allowances, are claimed to be insufficient and do not equal the cost of living. Industrial help

frequently provides insufficient health care and educational opportunities. If one's problems aren't solved, the industry can also face extra demanding situations, like consumer dissatisfaction, the discount of sales, and loosing of enormously professional and ability personnel and clients, which can be key for the industry`s fulfillment and success of mission and vision.

With these considerations in mind, the goal of this research is to relate to and investigating the effect of rewarding employee motivation. Academics such as Abenet Azemera, Ephrem Temtime, Yewubdar Mamo, and Addisu Temesgen did research on the effects of employee motivation in diverse Ethiopian groups within the Ethiopian context. However, from the researcher's standpoint, no studies on the effect of reward on the motivation of Mercimoy Industry and Commerce PLC employees had been undertaken. As a result, the researcher will attempt to fill this gap by investigating the effects of various reward dimensions on employee motivation at Mercimoy Industry and Commerce PLC and should seek to answer the following questions:

1.3. Research Questions

The study was mainly focused on answering the following questions:

1. What is the effect of extrinsic reward on employee motivation at Mercimoy Industry and Commerce PLC?
2. What is the effect of intrinsic reward on employee motivation at Mercimoy Industry and Commerce PLC?
3. What is the employees' perception towards reward pattern (extrinsic or intrinsic) management practice at Mercimoy Industry and Commerce PLC?
4. Which reward scheme (intrinsic or extrinsic) does more impact on employee motivation at Mercimoy Industry and Commerce PLC?

1.4. Objectives of the study

1.4.1. General Objective

The main objective of this study is to investigate the effects of reward on employee motivation at Mercimoy Industry and Commerce PLC.

1.4.2. Specific Objective

The study specifically tries to:

- To examine the effect of extrinsic reward on motivation in the Mercimoy Industry and Commerce PLC
- To investigate the effect of intrinsic rewards on employee motivation in the Mercimoy industry and Commerce PLC
- To observe the reward pattern (extrinsic or intrinsic) management practice of Mercimoy Industry and Commerce PLC.
- To evaluate which reward scheme (extrinsic or intrinsic), does more effect on employee motivation in the Mercimoy industry and Commerce PLC.

1.5. Significance of the Study

It has already been announced that the researcher has promised to examine the influence of reward on employees` motivation in the instance of Mercimoy Industry and Commerce PLC. Therefore, the result of this study has the following significance: Firstly, It can benefit managers who participated in the research to assess their actions and viewpoints surrounding reward for motivation. In other words, this study was beneficial for the management of Mercimoy Industry and Commerce PLC to understand the importance of intrinsic and extrinsic rewards on employee motivation, which has a significant impact on employee performance, and it also gave the management a better idea of what kind of reward should be given the most importance and at what stage it should be given while developing its reward system.

Moreover, the findings of the study provide information to the relevant bodies by displaying what is happening in reality and could provide input for motivation through reward. The data is also valuable in other industries for projecting employee motivation and assisting in the regular review of reward and compensation systems based on market data. The information is delivered to the relevant bodies by displaying what is happening in reality and could provide input for motivation through reward. Lastly, it provides a foundation for continuous research, either on the subject itself or in a variety of related fields.

1.6. Scope of the study

The study focuses on the effect of reward on employee motivation at Mercimoy Industry and Commerce PLC using a mixed-methods research approach. Despite this, the researcher underlined the need to cover all Mercimoy Industry and Commerce PLC personnel, resource constraints, disparities in the cost of living, and the reward package. The main concern of the study was based on the employees of Mercimoy Industry and Commerce PLC in the Oromia special zone, Sebeta city, and the Alemgene area. Primary data were collected from questioners that were distributed to all permanent employees of Mercimoy Industry and Commerce PLC, who were included in the study's target group. The remaining non-clerical staff were excluded from the study since they were engaged through agencies and were not permanent employees of Mercimoy Industry and Commerce PLC. Secondary data were collected from different official publications of the industry and other published and unpublished papers related to the study. The study's conceptual focus is on extrinsic rewards (such as payment, promotion, and supervision) and intrinsic rewards (such as a challenging and interesting job, recognition, and employee autonomy). Also for the dependent variable, which is employee motivation. The research was conducted from December 2022 to June 2023, as per St. Mary's University's official schedule.

1.7. Limitation of the study

In conducting this study, some constraints in administering the data collection process and also doing the analysis were faced by the researcher, like the quality of the paper, which hindered the progress of the research. Due to time limits and job load, as well as social desirability bias, the researcher was hampered by a few respondents' refusal to complete and

return surveys. Another limitation of this study was the failure to address all reward variables that influence motivation, which could affect the study's outcome because the dependent variable is vulnerable to other reward variables.

1.8. Definition of Terms and Concepts

Reward is defined as something provided or received in exchange for a deed or service performed; it is a blend of extrinsic and intrinsic benefits available to employees (Armstrong, 2004).

Motivation can be defined as the set of forces that inspire a person at work in an organization to increase his desire and willingness to use his abilities to attain organizational goals (Singh, N. 2000).

Extrinsic rewards are physical benefits offered by the business, such as pay, bonuses, promotions, fringe benefits, and possibilities for career advancement (Jehanzeb, J. et al. 2012).

Intrinsic rewards are rewards that stem from the job's content and include job-related motivators such as autonomy, position clarity, and training (Jehanzeb, J. 2012).

Intrinsic motivation: job-related satisfactions such as pride in one's work, a sense of success, or being part of a team (Hertzberg, 1957).

Extrinsic motivation: benefits provided by the employer, usually money, promotion, or benefits (Hertzberg, 1957).

Payment is defined as "all compensation given to an employee for his work" (Dessler, 2008).

Promotion: Heery and Noon (2006) define promotion as "getting high status in the workplace by doing effective work, which generally increases the status, position, and remuneration of an employee in the organization".

Supervisor: Supervision involves an employee's judgment of the competence or incompetence and fairness or unfairness of the supervision (Alshmemeri et al., 2017).

Challenging and interesting job: Employees who believe that their work is important and that their tasks are meaningful are more likely to be motivated to do well (Herzberg, 1966).

Recognition: acknowledgment for a job well done is a non-monetary reward that enhances job satisfaction (Armstrong, 2004).

Empowerment and autonomy: According to Wilkinson (1998), empowerment and autonomy are the extents to which employees are encouraged to take firm decisions without consultation with their managers.

1.9. Organization of the Study

There are five chapters in this paper. The first chapter contains the introduction, which includes the study's background, the company's background, and the issue statement, as well as the research purpose, research questions, research hypotheses, the relevance of the investigation, the scope of the research, the study's limitations, and the study's organization. The second chapter examines related literature, theoretical evidence, empirical evidence, and a conceptual framework. The third chapter examines the research topic, research setting, research design, research methodology (data collection tools, methods, and sources), and data analysis methods. The fourth chapter provided background information on descriptive and inferential statistics, and moreover the research findings and debate. Finally, Chapter Five offered a summary, conclusion, recommendations, and directions for future research.

CHATER TWO

REVIEW OF RELATED LITERATURE

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

2.1. Theoretical Literature

2.1.1. Concept of Reward 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, 2007), fairly and consistently so as to ensure the achievement of organization goals. This implies that rewards management encompasses the design, implementation and maintenance of reward systems which target both the organization and its stakeholders. Reward management consists of analyzing and controlling employee remuneration, compensation and all of the other benefits for the employees.

Reward structure usually consists of pay policy and practices, salary and payroll administration, total reward, minimum wage, executive pay and team reward. According to Karami, (2012), 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,

Armstrong (2007) also notes that rewards management does not only involve employee pay and benefits but also concerned with non-financial rewards such as learning and development, recognition, praise and increased job responsibility. Njanja (2013) emphasizes that recognition and appreciation are other integral components of rewards management.

According to Karami (2012), 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. Carnellus (2003) observes that reward management is important because it contributes to the achievement of corporate goals through motivating workers of that organization. As a result, a company's rewards management plan should be constructed in such a way that it attracts and maintains the right people by guaranteeing a direct relationship between rewards and efforts.

2.1.2. The Aims of Reward Management

The aim of reward management is to ensure that business goals are supported and achieved by developing and stimulating a culture of performance. Reward management aims to create and efficiently operate a reward structure for an organization. Generally, Armstrong (2009) listed aims of reward management as to:

- Reward people according to what the organization values and wants to pay for.
- Reward people for the value they create.
- Reward the right things to convey the right message about what is important in terms of behaviors and outcomes.
- Develop a performance culture.
- Motivate people and obtain their commitment and engagement.
- Help to attract and retain the high-quality people the organization needs.
- Develop a positive employment relationship and psychological contract.
- Align reward practices with both business goals and employee values; the alignment of organizations reward practices with employee values and needs is every bit as important as alignment with business goals, and critical to the realization of the latter.
- Operate fairly – people feel that they are treated justly in accordance with what is due to them because of their value to the organization
- Apply equitably – people are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.
- Function consistently – decisions on pay do not vary arbitrarily and without due cause between different people or at different times.

- Operate transparently – people understand how reward processes operate and how they are affected by them.

Appropriate timely and effective reward enhances employees' motivation which in turn leads to improved commitment as well as achievement of organizational goals as Karami (2013) noted. Wang and Feng (2003) observe that reward management is one of the most important and significant variables influencing organizational ethics and job performance. This is because it directs the general attitudes of an employee to the job.

2.1.3. Reward System

A reward system consists of the integrated policies, processes and practices and administrative procedure for implementing the system within the framework of the human resources (HR) strategy and the total organizational system (Bratton & Gold, 2007).

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems aim to recruit employees to the organization, keep them coming to work, and motivate them to perform well. The reward system includes all organizational components, such as personnel procedures, rules, and decision-making activities, that are engaged in the allocation of remuneration and benefits to employees in exchange for their contributions to the organization (Pratheepkanth, 2011).

Došenović (2016) also states that, the main role of the reward system is to align individual employee interests and strategic objective of the company by attracting and retaining skilled people, encouraging and supporting employees to develop their skills and knowledge, motivating employees and creating a culture where employees care about the success of companies in which they work.

2.1.4. Reward Strategy

A reward strategy is a long-term plan that defines what the organization wants to do to design and implement incentive policies, procedures, and processes that will help it achieve its business goals and meet the needs of its stakeholders. It provides clarity and purpose, and moreover a platform for developing incentive policies, procedures, and processes. It is based on an understanding of the organizations and its employees' needs and how they can be best

served. It is also responsible for defining the organization's attitudes about how individuals should be rewarded and developing guiding principles to ensure that these values are implemented. A reward philosophy describes what the organization believes should be the basis for valuing and rewarding employees, and it serves as the foundation for an incentive strategy. As guiding concepts, reward philosophies are frequently expressed.

2.1.5. Why Reward Strategy?

In the words of Duncan Brown (2001), “Reward strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organization, to see how you can create value from it. ” More specifically, there are four arguments for developing reward strategies:

1. You must have some idea where you are going, or how do you know how to get there, and how do you know that you have arrived (if you ever do)?
2. Pay costs in most organizations are by far the largest item of expense – they can be 60 per cent and often much more in labor-intensive organizations – so doesn't it makes sense to think about how they should be managed and invested in the longer term?
3. There can be a positive relationship between rewards, in the broadest sense, and performance, so shouldn't we think about how we can strengthen that link?
4. As Cox and Purcell (1998) write „the real benefit in reward strategies lies in complex linkages with other human resource management policies and practices“. Isn't this a good reason for developing a reward strategic framework that indicates how reward processes will be linked to HR processes so that they are coherent and mutually supportive?

2.1.6. Total Reward

Total rewards summarizes all the aspects of work that is valued by employees whether it is related to healthy work environment, better opportunities of learning and development or the benefits packages linked to the pay (Nazir, Shahand & Zaman ,2012).

According to Armstrong, (2009) total reward is the combination of financial and non-financial rewards available to employees. It includes base pay, contingent pay, employee

benefits and rewards from the work itself .Armstrong & Stephen (2005) state total reward combines the impact of the two major categories of reward, transactional rewards and relational rewards. Transactional rewards are tangible rewards arising from transactions between the employers and employees concerning pay and benefits, whereas relational rewards are intangible rewards concerned with learning and development and the work experience.

Table 2.1. Components of Total Reward

Transactional Rewards	Basic Pay	Total remuneration /extrinsic rewards	Total Reward
	Contingent Pay		
	Employee Benefit		
Relational Rewards	Learning and development	Non-financial/intrinsic rewards	
	The work experience		
	Achievement, Recognition, Responsibility, Autonomy, Growth		

Source: Armstrong, M. and Stephenson T.2005

2.1.7. Types of Reward

There are two major types of rewards which employees receive from their work. These are extrinsic and intrinsic reward.

2.1.7.1. Extrinsic Rewards

Extrinsic rewards are the physical benefits provided by the organization that satisfy an employee's basic need for survival and security and drive from factors associated with the job context. This include financial payments such as pay, bonus, promotion, fringe benefits and nonfinancial such as working condition and managerial or supervisor behavior. Bratton & Gold (2007) and Vijauakumar & Subah, (2013). Their common thread is that they are external to the job and come from an outside source, mainly management. According to Yousaf et al. (2014) Employees are offered a financial reward for their services called pay which is a foremost requirement in human resource management. William (2016) every employees has

a dream of social recognition and accomplishment to achieve. As a result, promotion fulfils the desire for achieving distinction and craving social approval.

2.1.7.2. Intrinsic Rewards

Intrinsic rewards refer to psychological enjoyment and satisfaction of change, sometimes called 'Psychic income'; that a worker derives from her or his paid work, and that satisfies higher level needs for self-esteem and personal development. These drive from factors inherent in the way in which the work is designed that is the job content. This encompasses design elements such as the challenging & interesting job and the content of autonomy, in addition to the relevance of the work (Bratton & Gold J., 2007). Intrinsic rewards are related to the worker's perception of the job and, hence, are affected by job design; intrinsic rewards may be called as non-financial/non-monetary rewards (Velnampy, 2009).

According to Ajimal et al (2015) intrinsic rewards have the great importance to integrate the commitment in employees. Employees were given opportunities for recognition and acknowledgement as rewards by the organization, and as a result, the employee became emotionally engaged with the organization as a result of being recognized. The intrinsic rewards are more helpful for employers to develop and construct the emotional attachment among employees towards organization goals and objectives.

2.1.8. Concepts of Motivation

High performance in organization is achieved by well-motivated people who are prepared to exercise discretionary effort to achieve their tasks. Even in very simple roles, Hunter (1990) discovered a 19% difference in value-added discretionary performance between "superior" and "standard" performers. It was 48% for really complicated occupations.

The effects of motivation on performance are determined by the worker's ability, and the link between ability and performance is determined by the worker's motivation. The impacts of ability and motivation on performance are interacting rather than additive. The data presently available on this question suggest something more closely resembling the multiplicative relationship depicted in the formula: $\text{Performance} = f(\text{Ability} \times \text{Motivation})$. Vroom (1964)

Different authors define motivation in different ways. Torrington (2009) defined the phrase as the desire to go above and beyond expectations, to be motivated by internal rather than external forces, and to strive for constant progress. Motivation, according to Armstrong (2010), is the power that energizes, guides, and sustains conduct. Motivation, in the context of work, is a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness

According to Arnold (1991), motivation consists of three components:

1. Directions: relates to an individual preference to do among different possible alternatives.
2. Intensity: refers to the strength of the response once the choice is made.
3. Persistence: refers to a person's ability to maintain their conduct or how long they will continue to exert effort.

Motivation is important to an organization because it increases the performance level of employees, decreases employee's turnover and absenteeism, and helps in accepting of organizational changes. Motivation is a factor that exerts a driving force on our actions and work. According to Baron (1983), motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. In today's setting, it is such a dynamic that expressly creates and embraces a good impact on the job. The finest performance inside a firm is attainable with the most dedicated staff, which may be obtained through employee motivation. There is no definitive motivation technique or a reliable and effective method that works for every one in every situation rather it should be adapted to fit the circumstances (Bradley, 2013).

2.1.9. Types of Motivation

2.1.9.1. Intrinsic Motivation

Intrinsic motivation refers to the motivation that comes from inside an individual and is not created by external incentives. This motivation is formed by the joy or pleasure gained from accomplishing or working on a task. It can take the form of intrinsic motivation, which occurs when people believe that their work is important, interesting, and challenging and that it

provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and opportunities to use and develop their skills and abilities.

Responsibility, freedom to act, the opportunity to use and develop skills and abilities, exciting work, and opportunities for promotion are all variables that influence intrinsic motivation. These motivators, which are concerned with work-life quality, tend to have a long-term influence since they are inherent in people rather than imposed from without (Armstrong, 1998).

2.1.9.2. Extrinsic Motivation

When things are done to or for people to motivate them, this is known as extrinsic motivation. It is caused by external variables such as incentives, increased pay, praise, promotion, and punishments such as disciplinary action, withholding pay, or criticism. These incentives deliver contentment and pleasure that the activity may not.

Extrinsic motivators can have a strong and immediate impact, but they do not always remain. Intrinsic motivators, which are concerned with "quality of working life" (a phrase and movement derived from this concept), are more likely to have a deeper and longer-term impact since they are inherent in individuals and their jobs rather than imposed from without in the form of incentive compensation.

2.1.10. Motivation Theories

Motivation theory describes how motivation works and the factors that influence its effectiveness. It examines how money and other sorts of rewards influence work motivation and performance. It therefore influences decision on how people should be valued, the choice and design of extrinsic rewards and the use of intrinsic rewards. Motivation theory examines the process of motivation. It explains why employees behave the way they do at work in terms of their efforts and the paths they choose (Armstrong, 2006).

There are numerous motivation theories and research findings that seek to explain the behavior-outcome relationship. There are two types of theories: content approaches and process approaches. The distinction between content and process motivation theories is

Process theories examine how behavior is energized, directed, sustained, and terminated, whereas content theories examine what factors within a person energize, direct, sustain, and terminate behavior. We shall look at some of these theories that are linked to the subject matter for the purposes of this study.

2.1.10.1. Content Theories of Motivation

A. Maslow's hierarchy of needs

Maslow's (1954) theory states that needs are structured in a hierarchy, beginning with physiological requirements and progressing to self-actualization needs, and these needs are physiological, safety and security, belongingness, social, and love, esteem, and self-actualization. Maslow's hierarchy of requirements proposes that people first try to meet their physiological demands before shifting their behavior to meet their higher-level needs.

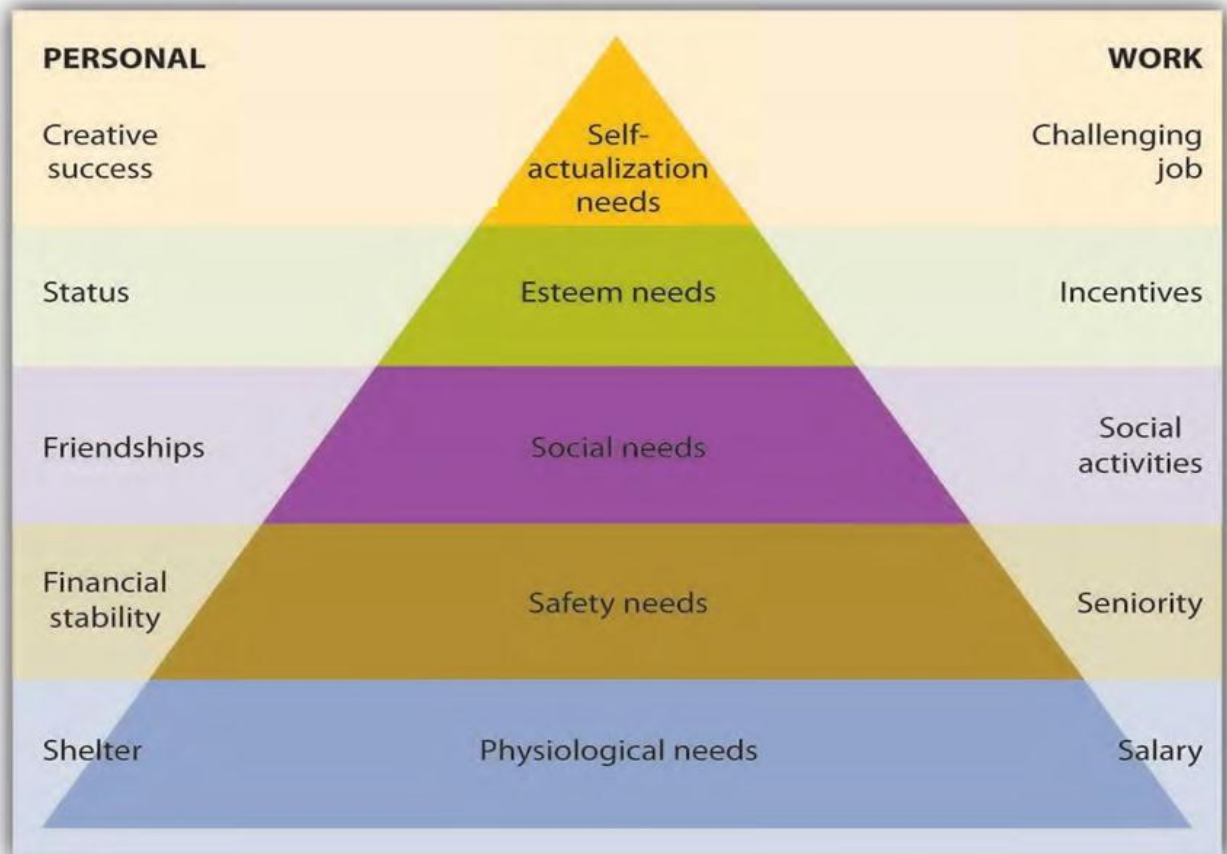


Figure 2.1: The Five levels of needs according on Maslow

B. Herzberg Two-Factor Theory

According to Herzberg's two-factor model hypothesis, the variables that cause job satisfaction (and motivation) are separate from the ones that cause job dissatisfaction. It is also known as the motivation-hygiene theory. There are two categories of factors. The first group comprises of intrinsic job satisfiers or motivators. These include acknowledgment for achievements, the task itself, responsibility, and advancement.

The second type includes dissatisfaction avoidance or hygiene elements, which are extrinsic to employment and include compensation, business policy and administration, personal relationships, status, and security. These cannot bring satisfaction, but they can cause unhappiness unless preventive measures are taken. He also emphasized that any sense of happiness gained from a wage raise was likely to be fleeting in comparison to the long-term satisfaction gained from employment itself. One of the study's main findings is that income is only a short-term motivator and that unequal payment systems may lead to demotivation (Armstrong, 2007).

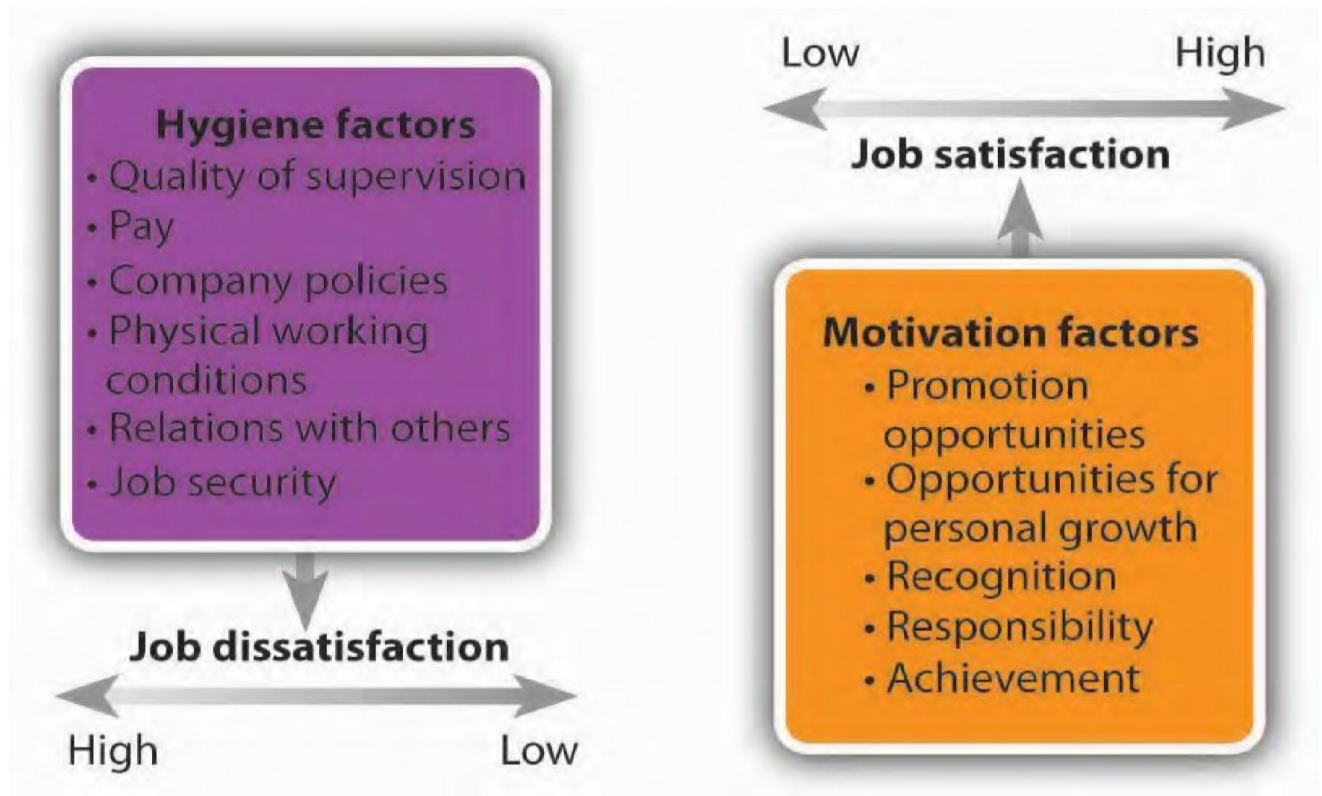


Figure 2.2 Two-Factor Theory of Fredrick Hertzberg

Herzberg's two-factor approach emphasizes the distinction between internal and extrinsic motivators, and his claim that salary-rise pleasure does not last has some face validity. But his research and the conclusions he reached have been attacked – first because it is asserted. The original study is defective in two ways: first, it fails to support the claim that income is not a motivator, and second, no attempt was made to examine the relationship between satisfaction and performance. As David Guest (2004) has written ‘many managers’ knowledge of motivation has not advanced beyond Herzberg and his generation. This is unfortunate. Their theories are now over thirty years old. Extensive research has shown that as general theories of motivation the theories of Herzberg and Maslow are wrong. They have been replaced by more relevant approaches (Armstrong 2007)

2.1.10.2. Process Theories of Motivation

1. Theory of Expectancy

The four most important terms of expectancy theory are: first and second level outcomes, instrumentality, valence, and expectancy. Outcomes in the first and second levels the first-level outcomes of behavior are those linked with completing the job itself, which include productivity, absenteeism, turnover, and productivity quality. The second-level outcomes are those events (rewards or penalties) that the first-level outcomes are expected to induce, such as merit pay increases, promotion, and termination. Instrumentality is the view of an individual that first-level results (performance) are related to second-level outcomes (rewards). Valence refers to the desires for outcomes as seen by the individual. An outcome is positively valiant when it is preferred and negatively valiant when it is not preferred or is avoided.

Expectancy: It refers to the individual’s belief regarding the probability that a particular behavior will be followed by a particular outcome. Managers, can use the concepts and principles of expectancy theory to improve performance. It is critical to acquire an understanding of the outcomes preferred by employees. Managers should listen, talk, and observe employee responses towards the rewards supplied by the firm, for example, compensation, incentives, promotions, praise, gift vouchers, and time off. Because needs and

goals regularly change, employees need today is probably different tomorrow (Poter et.al 2003).

2. Reinforcement Theory

According to Hull (1951), success in obtaining goals and rewards acts as positive motivation and reinforces the successful action, which is repeated the next time a similar need arises. Failures or punishments, on the other hand, provide negative reinforcement, implying that different methods of reaching goals are required. This is referred to as "the law of effect."

The connected idea of operant conditioning (Skinner, 1974) explains how new behaviors or reactions are developed through specific stimuli, therefore conditioning people to repeat behavior through positive reward in the form of feedback and knowledge of results. According to the theory, people behave in ways that they anticipate will result in positive outcomes. The extent to which experience shapes future behavior is, of course, dependent on two factors: first, the extent to which individuals correctly perceive the relationship between the behavior and its outcome; and second, the ability to recognize the resemblance between the previous situation and the one that now confronts them. Perceptual capacity varies from person to person, as does the ability to recognize relationships between occurrences. For these reasons, some people are better than others at learning from experience, and some people are more easily motivated than others.

3. Goal-Setting Theory

According to Latham and Locke (1979), goal planning is a critical component of establishing motivational efficacy. Furthermore, the writers note that unachievable and arbitrary goals may become a demotivating factor for the organization's workforce. According to their findings, goals with a slightly more difficult approach are more likely to motivate staff to higher levels of production. Goals that are excessively difficult or too simple to achieve, on the other hand, result in less productive behavior by personnel.

Goals, according to Locke and Latham (2002), primarily serve four different mechanisms. To begin with, the goals serve as a distinct directive function, allowing the employee to focus on

goal-oriented activities rather than activities that are beyond the goals. When well-designed goals are employed, this mechanism allows the company to align its personnel with the broader aims of the organization. The second point made by Locke and Latham is that goals encourage employees to exert more effort and serve as a motivator. Employees would put in more effort if the organization had tougher goals, as opposed to low-setting goals, which require less effort from employees. Third, goals provide employees with persistence and affection, which implies that employees who manage their own time to attain the goal enhance their effort on the task. Finally, the authors state that the goals are to encourage employees to use their overall knowledge and experience to complete the assignment.

4. Equity Theory

Equity theory (Adams, 1965) is concerned with people's judgments of how they are treated in comparison to others. To be treated fairly in comparison to another group of individuals (a reference group) or a relevant other person is to be treated equally. Equity is always a comparative process that incorporates sentiments and perceptions. It is not the same as equality, which entails treating everyone the same, because this would be inequitable if they deserved to be treated differently.

According to equity theory, people will be more driven if they are treated fairly and less motivated if they are treated unfairly. It describes only one component of the motivation and job satisfaction processes, but it may be important in terms of morale.

There are two types of equity: *distributive equity*, which is concerned with the fairness with which people feel they are rewarded in relation to their contribution and in comparison to others, and *procedural equity*, which is concerned with employees' perceptions of the fairness with which company procedures such as performance appraisal, promotion, and discipline are implemented.

As a researcher, I recommended industries to use Herzberg's two-factor model hypothesis, because of at that the first categories, motivators, are intrinsic to the job and refer to factors such as the work itself (autonomy), achievement, recognition and responsibility. The second type includes dissatisfaction avoidance or hygiene elements, which are extrinsic to

employment and include pay, promotion, supervision, working conditions, business policy and administration, personal relationships, status, and security. These factors are necessary for employees to be satisfied but do not cause job satisfaction.

2.1.11. Relating Rewards with Motivation and Performance

In the corporate world, incentive systems are regarded as crucial for high-level performance as they help to maximize performance and also help to retain great performers. In fact, reward system and strategies lie at the foundation of attracting, retaining, and inspiring skilled, competent, and capable staff that can contribute to the prosperity of the company. The importance of high performers is reflected by the fact that human resource is considered to be a unique and inimitable resource that has ability to provide long term competitive advantage. Thus, if a company is able to attract talented and high performing employees and also succeeds to retain them and keep them loyal to the company then in long term the company maintains a competitive advantage over its rivals (Liu and Tang, 2011).

According to Fareed and associates (2013), the relationship and connection between rewards, employee motivation, is critical to the success of an organization either public or private sector. Motivated employees are needed in our rapidly changing workplaces. Employees are the only strategic assets that keep businesses running. Managers must understand what motivates people within the context of the roles they play in order to be effective. Managers must perform a variety of tasks, but inspiring staff is likely the most difficult. This is due, in part, to the fact that what motivates employee's changes on a regular basis (Bowen & Radhakrishna, 1991).

Organizations can motivate the workforce most through introducing appropriate reward and recognition programs and other benefits. According to Bishop (1987), remuneration is directly tied to productivity, and the reward system is dependent on the size of an organization. The firm's compensation system is crucial to pushing people to perform creatively. Effective reward and recognition system can be a good motivator but lack of rewards demotivates employees and thereby efforts of employees towards excelling in their tasks diminish. Thus, the major purpose of rewards is to seduce and keep personnel by inspiring them to strive for greater performance levels (Peters, 2010). Employees' motivation

in a workplace is one of them central determinants of organizational behavior. Several organizations have succeeded to boost their progress enormously implementing strategies that aim to provide appreciation programs that recognize and acknowledge high performers.

According to the study's findings, employees are expected to give their best efforts if they believe that management will recognize their efforts and reward them suitably. Other than financial compensation, several factors influence employee job performance, including good working conditions, the relationship between worker and employer, opportunities for training and development, the job level security among employees, and management policies regarding recruitment and hiring. In the first place, a company can greatly boost its output by hiring more efficient and effective staff.

Among all the factors that determine employee performance, the most effective is the individual's own motivation. If employee is motivated to perform higher, he/she will find innovative ways to maximize performance in existing working condition and other factors remaining the same. Thus, motivation is the most favorable behavioral factor for organizations (Armstrong, Brown, and Reilly, 2011).

According to the arguments presented by Armstrong, Brown, and Reilly, (2011), the fundamental types of rewards are extrinsic and intrinsic and the former are more related to the financial rewards and later are related to non-financial rewards. It is important that management must keep a balance between both types of rewards to positively influence the performance behaviors among employees. Extrinsic benefits often are tied to the principle of pay-for-performance and include job advancement, performance bonus, tips, gratuities presents, commission, among others. Intrinsic rewards are non- monetary or non-cash rewards and examples of such rewards are social recognition through appreciation letters or certificate, acknowledgement, and public praises among others. Another term used for nonfinancial rewards is non-materials rewards (Georgellis, Iossa, and Tabvuma, 2011). In order to attain the desired performance of employees with high efficiency and effectiveness, management must generate a sense of mutual advantage among employees in order to keep them motivated enough to maintain operating at an optimal level. This mutual gain motivates

the employee to perform higher because he/she can contribute to organizational success by excelling at his/her job in achieving defined target or goal.

Employees in an organization desire both extrinsic and intrinsic rewards. The nature of incentives also has an impact on the level of motivation of an employee. There are some employees that are more motivated by monetary rewards or cash rewards while there are others that are more motivated by non-monetary rewards such as promotion. Employees feel valued when management gives them reward for their performance and they create a perception among themselves that the management is serious about their professional development and career. This way they become loyal to the company (Dewhurst, Guthridge, and Mohr, 2009).

However, some managers are more focused in extrinsic rewards as compared to intrinsic rewards but the success lies in balancing both types of rewards. Intrinsic are intangible or psychological rewards and aim to provide appreciation and recognition for high performers and thus play critical role in encouraging employees to seek further improvement. In reality, the commitment of employees towards task performance development as well as their loyalty towards the organization are heavily dependent on the rewards that they receive for their work (Cerasoli, Nicklin, and Ford, 2014).

Although employees get salaries and other benefits for the job and work, they perform for the company however, rewards are paid to acknowledge and recognize extra efforts that an employee puts in for the company. This is called high performance and the employee who is a high performer expects something extra from the management. On the other side, instead of laying off low performers and hiring new employees, manager's use rewards systems as an incentive for low performers. One of the intentions of management to pay rewards to high performers is to inspire low performers to strive towards high performance. This way organization can create a perception among employees that the management values its employees and in return employees develop loyalty towards organization (Nyberg, 2010).

2.2.12. Dimensions of Rewards underneath Study

According to the studies described above, an employer's overall compensation is made up of both intrinsic and extrinsic rewards. And only payment, promotion, supervisor, challenging and interesting job, acknowledgment, empowerment, and autonomy are discussed for the purpose of this research.

Payment

Payment is stated as what a worker receives for his effort after meeting his duty. Payment comprises a plain wage, bonuses, remuneration for doing extra labor, and reward. According to Herzberg's motivational hygiene theory, earnings are one of these hygiene elements that dispose of job dissatisfaction. Salary is a component that leads employees from dissatisfaction to no dissatisfaction. On the other side, anticipation theory defines those human beings who make efforts due to the fact that they want some rewards in the form of money, promotion, etc. People assume that if they work well in a business, their overall performance will improve, their pay will increase, and they will be promoted. This will result in a rise in their job satisfaction and motivation levels.

H1: There is positive and significant relationship between payment and motivation.

Promotion

Promotion is described as “getting high fame in the workplace via doing positive work, commonly amplify the status, function and remuneration of the employee in the organization” (Heery and Noon, 2001). Graham (1986) defines advertising as “shifting from lower designation to high designation within an agency and commonly will increase in pay package”. If groups are now not giving promotions to their employees, then employees will be disenchanted and their turnover price will be high (De Souza, 2002).

Several researchers targeted on the correlations between motivation and promotion. Locke (1976, p. 1323) advocates that the wish to be promoted derives from the desire for psychological growth, the wish for justice, and the wish for social stability. Management must consequently bear in mind, that promoting can serve as a very high-quality

motivating tool in ensuring that the worker attains desires at a greater level. The importance of advertising appears to be distinctive for human beings that belong to different social training and who function at special ability levels. For professional and managerial people, work is section of their career and merchandising is the easiest reward. For semi-skilled and unskilled people, advertising is less important (Tezera Misganaw, 2006).

H2: There is positive and significant relationship between promotion and motivation.

Supervisor

Supervision is related to the competency or ineptitude and fairness or injustice of the supervisor. This includes the supervisor's readiness to delegate responsibility or instruct, fairness, and job knowledge. A good supervisor, or access to supervision, is vital to boosting the employee's level of job satisfaction. Poor leadership or management may diminish the level of job satisfaction in the workplace.

H3: There is positive and significant relationship between supervision and motivation.

Challenging & interesting Job

The content of job tasks in itself can have positive or negative effect on employees. The job's difficulty and level of engagement can dramatically impact satisfaction or dissatisfaction in the workplace (Alshmemeriet al.2017).

H4: There is positive and significant relationship between challenging & interesting job and motivation.

Recognition

Recognition can be furnished via nice and immediate feedback from managers and colleagues that acknowledge individuals and team contributions. It is also furnished by way of managers who hear to and act upon the advice of their crew members. Other moves that supply awareness consist of acknowledging contribution, allocation to a high-profile project, and enlargement of the job to furnish scope for greater fascinating and profitable work (Tezera Misganaw, 2006).

H5: There is positive and significant relationship between recognition and motivation

Empowerment and autonomy

According to Wilkinson (1998), empowerment/autonomy is the extent to which personnel are inspired to take company decisions, and (Carless, 2004) also provides it is the selection made via employees except consultation with their managers. So that it can enhance employee's decision participation. This component worries the choice of the management conduct (Lee & Koh, 2001), and consequently can be defined as the strengthening of the building, which has delegated administration by using presenting employees with authority and autonomy over their duties (Hsieh & Chao, 2004). Autonomy improves self-belief, offers human being's extra opportunities to achieve, and gives a potential to increase talents. This increases the motivation of workers to a higher extent (Kalleburg, 1977).

H6: There is positive and significant relationship between employee's autonomy and motivation.

2.3. Empirical Review

Rewards that a character receives are very an awful lot a phase of the perception of motivation. Carraher (2006) advocates that there must be a terrific incentive to continue the excessive performers in the organization, and reward needs to be proportional to their output. A lot of effort has been put into examining the relationship between rewards and employee motivation, and there are a large number of studies in the literature describing the effect of incentives on worker motivation.

In order to maximize the performance of the employee's agency need to make such insurance policies and methods and formulate such reward systems underneath those policies and processes which extend employee pride and motivation. Research performed by Kovach (1987) indicated that, as employees' salaries grow, money will become less of an incentive. Also, as employees get older, intriguing work turns into a greater motivation. As an effort to boost employees' creativity, many managers have used extrinsic rewards (e.g., monetary incentives) to inspire their personnel (Fairbank and William, 2001).

While empirical research has proven that extrinsic rewards assist enhance an individual's creative performance. Sometimes administration can pay greater interest to extrinsic rewards but intrinsic rewards are equally essential for worker motivation. Andrew (2004) concludes that the loyalty of employees is based solely on rewards and recognition. Lawler (2003) claimed that the prosperity and longevity of corporations are determined by how they deal with their human resources. It additionally depends on how they communicate their rewards and recognition programs to their employees and whether or not these rewarding tactics are evident to them.

Employee motivation can be expanded no longer solely by means of imposing a single factor; alternatively, it can be better with the aid of the mixture of quite a few factors. A study conducted by Puwanenthiren Pratheepkanth on the reward system and its effect on worker motivation in the Commercial Bank of Sri Lanka Plc. used a hundred samples to know the above relationship with the aid of the usage of statistical methods such as samples, share analysis, correlation analysis, skill analysis, and diagrams. And correlation co-efficient dimension between these variables There is a fantastic relationship between the rewards and worker motivation of the body of workers of this bank that is (+0.7550) and between the intrinsic reward machine and the motivation is also fine that is (+0.5831). Extrinsic reward gadget and motivation (0.7280) and therefore, as a whole, there is a sizable wonderful relationship between the total reward gadget and the employee motivation of the employee of the bank.

Nadia Sajjad Hafiza, Syed Sohaibshah, and Humera Jamsheed (2011) also performed research on the relationship between awards and employee motivation in non-profit organizations in Pakistan. They used spearman's correlation to study the dimension and magnitude of the relationship between extrinsic, intrinsic rewards, and motivation. The discovering of this study shows a massive and positive relationship between extrinsic rewards and employee motivation but it has been determined that businesses are now not supplying a right wide variety of extrinsic rewards to their personnel in this sector. Pay is a great element that influences employee motivation. In addition, Fringe benefits are very necessary in motivating personnel according to this study. This indicates firms need to provide all the necessary fringe advantages to their personnel, which will also boost their task efficiency.

A case study conducted on Kenyan deposit-taking microfinance organization by way of Nyandema (2014), observed out that profession improvement administration and coaching or mentoring has first-rate influence on employee motivation, that a top work environment is the most necessary element of employee motivation. The learn about additionally concluded that intrinsic reward affecting worker motivation and that many corporations provide intrinsic reward to respect employees in shape of self-esteem and grasp for work executed and to make sure there is a favorable working environment for employees in the organization.

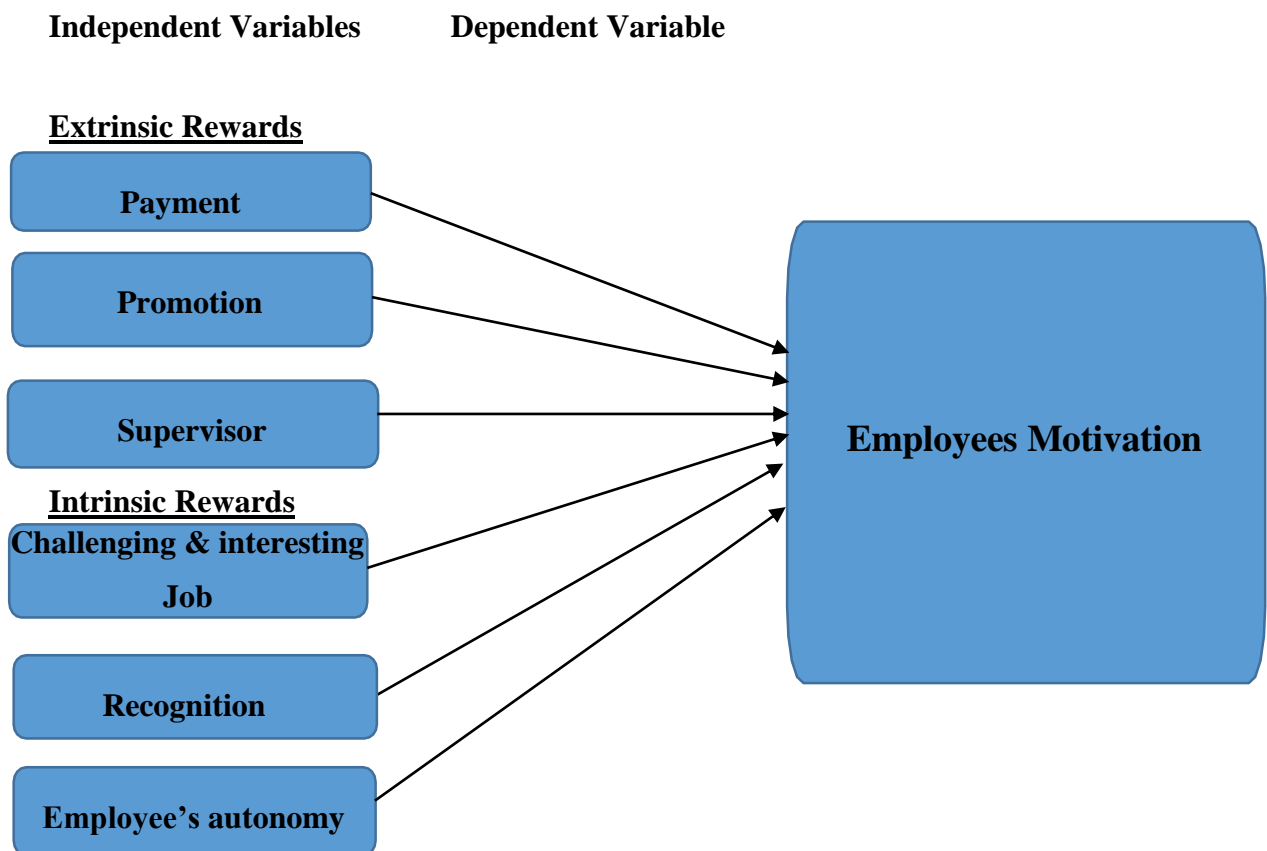
A learn about aimed at investigating the effect of reward administration on worker motivation in Ethio-Telecom with the aid of Ephriem Temitime(2016) used to be undertaken on the whole population of 324 respondents. According to descriptive data of this study, the suggest result, the imply cost of Motivation is 3.54 this suggests that employee in the telecom reasonably motivated. Results from Pearson's product- moment correlation Coefficient printed that there is a fairly sturdy and statistically widespread relationship between complete reward and employee motivation. The mannequin summary of a couple of regression evaluation also confirmed that the percentage of the variant in employee motivation defined by the linear combination of intrinsic and extrinsic reward is 60% (from R squared value) which is statistically full-size at 99% self-assurance level. More over presenting career increase possibilities to the employees yield average motivating effect up on employee motivations.

Nwachukwu (1994) discovered the productiveness of Nigerian people depends on quite a few factors, among them is the employer's failure to provide enough compensation and the indiscipline of the privileged classification that arrogantly displays their wealth, which is very demoralizing to the working-class and subsequently reduced their productivity.

Judging from all these empirical lookup and findings, one may additionally generally conclude that a correct remuneration package, which ties extrinsic rewards to person performance, can be predicted to end result in higher productivity.

2.4. Conceptual Framework of the Study

Based on the usual overview of related pieces of literature and the theoretical framework, the following conceptual mannequin used to be developed for this specific study. As defined in the literature, rewards have a significant have an impact on employee`s motivation. Rewards like payment, promotion, supervisor, challenging & interesting Job, recognition and empowerment and autonomy possibility has been taken as independent variables whilst employees` motivation as the dependent variable. Then the following framework is developed.



Source: Self-developed based on the ideas in the literature.

Figure 2.3 Conceptual Framework of the Study

2.5. Research Gap

The literature review from various researchers on motivation in terms of reward schemes has been covered by categorizing reward schemes as extrinsic rewards and intrinsic rewards.

Extrinsic rewards are also known as tangible returns, and they include cash compensation such as bonuses, increments, short-term incentives, long-term incentives, and other perks such as income protection and allowances. While intrinsic benefits include things like movie tickets, letters of gratitude, restaurant coupons, certificates, compliments from the managers, flexible schedules, a day off, picnics, birthday honors, and free lunches.

My research aims to close the gap by giving a practical approach and knowledge that will be of great use to the academic community by highlighting the influence that is experienced on employee motivation by the application of reward to the case study of the Mercimoy Industry & Commerce PLC

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter describes the activities and processes involved in acquiring data for the research project. It describes in detail how data is collected and processed for this study. In other words, this section explains the research approach. It describes the research design, sampling methodologies and sample size determination, data sources, data collection technologies utilized, validity and reliability tests, how data collected from the research is evaluated, and ethical issues.

3.1. Research Design

The research designs for this study are explanatory research design to explain, understand and predict the cause and effect relationship between variables that is reward dimensions (independent variables) and motivation (dependent variable). Explanatory design (correlation and regression analysis) concerned with test of the relationship between independent and dependent variables, (Kothari, 2004). The researcher used descriptive research design is that it provides a relatively complete picture of what is occurring at a given time, based on this the study result summarized by frequencies, percentages, means and standard deviations (Blumberg, 2005).

The study includes a cross-sectional design as well as a survey method. A cross-sectional design is justified because it is an acceptable technique for acquiring meaningful data from a cross-section of the population at a certain point in time. The census method produces a quantitative description of the population and determines the link between the variables included.

3.2. Research Approach

For this study both qualitative and quantitative research approach are used. Quantitative research provides solutions to problems through a logical procedure that allows for the collection of numerical data, prediction, and measurement of variables. In addition, the qualitative technique was employed to examine interviews questions and triangulate in

explaining and interpreting the quantitative study's findings. According to Creswell (2003), the mixed-method approach is a relatively recent strategy that employs various types of data to allow researchers to construct an understandable design from complex data and analysis.

3.3. Population and Sample Size

3.3.1. Sample Size and Sampling Technique

The study's target population is Mercimoy Industry & Commerce PLC employees and managers placed at Sebeta City, one of the major centers in the Oromia special zone encircling Addis Ababa, located about 24 kilometers south of the capital city of Ethiopia along the Addis-Jimma route. The research was carried out at Mercimoy Industry & Commerce PLC, notably in the Sebeta area behind the Ethio-Djibouti railway Lebu station. According to the organization's Human Resources department, the company has 109 employees. The census study is regarded as the researcher in this study. A census inquiry is a full enumeration of all items in the population. When all things are covered in such an investigation, no element of chance is left, and the utmost accuracy is reached (Kothari, 2004). According to another website, if the population size is less than 300, you should poll everyone in the population. As a result, there was census sampling technique used in this investigation.

3.4. Sources of Data

For the successful completion of this research, both primary and secondary sources of data are used to provide both quantitative and qualitative data. Because original data is more reliable than secondary data, the researcher collected primary data by delivering a structured questionnaire to employees of Mercimoy Industry and Commerce PLC. Secondary data, on the other hand, were gathered from sources such as earlier research, journals, papers, books, internet pages, and other manuals and documents of the Mercimoy Industry and Commerce PLC. Even though secondary data is less accurate, it is less time-consuming and expensive than primary data; the researcher was collecting secondary data to supplement the data collected from the primary source.

3.5. Data Collection Instrument

A questionnaire was used as the primary data-gathering instrument in this investigation. According to Leary (2004), the questionnaire is typically less expensive, easier to administer to a large number of employees, and less time-consuming than other instruments, and it produces more consistent and trustworthy results.

The questionnaires used in this study are divided into three sections. Demographic characteristics of respondents, De Beer's (1987) work satisfaction and motivation questions, Schwab's (1993) reward questions with some modification to fit the study under investigation, and finally, some interviews questions are included to strengthen the finding.

3.6. Variable measurement and Instrument

The researcher measured at the ordinal level. Numbers are allocated to cases at this level to describe simply the sequence of cases allowing greater than and less than distinctions (Engel and Schutt, 2014). As a result, the study used a five-point Likert scale to assess factors because it supports such a link. The Likert scale employed in this study is based on categories rather than numerical points, such as 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=Strongly Agree, allowing respondents to indicate their level of agreement with the statements presented in the questionnaires.

3.7. Validity and Reliability

Validity was concerned with the degree to which the designed questionnaire and interview items fairly and accurately represented the main variables (dependent and independent) discussed in the literature review. As stated earlier, the questionnaire was developed with due care and contains 35 items, out of which five (5) are demographic items and 10 are interview questions. Items in the questionnaire were prepared using a five-point Likert scale, except for the demographic items. Experts in the field were consulted about the content of the instruments, the ambiguity of the question items, and their relevancy.

Cronbach's alpha is a metric for determining reliability on a scale that typically spans between 0 and 1. Internal consistency and dependability are measures of consistency between distinct

pieces of the same construct. When a multiple-item concept test is delivered to respondents, the degree to which those items are rated similarly reflects internal consistency. As a result, a multiple-item measuring scale with internal consistency is applied in the study. According to George and Mallery (2003), "a Cronbach's alpha coefficient greater than 0.9 implies excellent; greater than 0.8 is good; greater than 0.7 is acceptable; greater than 0.6 is questionable; greater than 0.5 is poor'; and less than 0.5 is unacceptable.

Table 3.1 Cronbach Alpha for measures of the Variables

Variables	No. of items	Cronbach's Alpha
Payment	5	0.893
Promotion	5	0.874
Supervision	5	0.859
Challenge and interesting job	5	0.847
Recognition	5	0.879
Employee autonomy	5	0.859
Motivation	5	0.813
Reliability of Total Scale	35	0.861

Source: Own computation using SPSS version 26 of the survey, 2023

3.8. Method of Data Analysis

The information gathered from employees through surveys was mostly analyzed using SPSS version 26. Following that, the acquired data was rearranged, edited, and calculated in order to be full; it was then analyzed using descriptive statistics and multiple linear regression analysis. To evaluate the overall trends of the data, descriptive statistics (mean, frequency, percentage, and standard deviations) were utilized. The Statistical Package for Social Sciences (SPSS 26) was used to analyze the descriptive statistics. Multiple linear regression is used to determine the cause and effect of a variable's connection and to examine the influence of different sorts of rewards on employee motivation. In addition, Pearson correlation was employed with SPSS to determine the link between the independent and dependent variables.

3.9. Ethical Considerations

Participants in the study were advised that their participation was voluntary and that their privacy and identity would be protected and utilized solely for academic purposes. Creswell (2012) states that "as the researcher anticipates data collectors, there is a need to respect the participants and sites for the research." The researcher shall retain objectivity, civility, and no falsification, manipulation, or misrepresentation of data for political or other purposes during the study. Furthermore, abusive, discriminatory, or other undesirable wording was avoided in the creation of surveys.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter deals with the final outcomes as well as the process through which they were produced. In addition, respondents' background information will be supplied. Finally, the statistical methods of the study, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis using SPSS version 26, were discussed.

4.1. Response Rate

This section attempted to determine the respondents' response rate. Only 98 of the 109 questionnaires given were completed and returned, with 11 remaining unanswered. The outcomes are shown in the tables below.

Table 4.1 Response Rate

Items	N	%
Responded	98	89.91
No-responded	11	10.09
Total	109	100.00

Source: Own computation using SPSS version 26 of the survey, 2023

According to the table, the total number of questionnaires that were administered was 109 and out of them 98 questionnaires representing 89.91% were fully answered and returned. 10.09% never returned their questionnaires and this represented 20% out of the total. From the study it can concluded that the response rate was high to give credibility to the findings.

4.2. Demographic Characteristics of Respondents

The demographic characteristics of respondent gathered for this study were gender, age, educational level, years of service.

Table 4.2. Characteristics of Respondents

No.	Profile	Description	Response	Percentage (%)
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1	Gender	Male	80	81.6%
		Female	18	18.4%
		Total	98	100%
2	Age (in Years)	21-30 years old	43	43.9%
		31-40 years old	48	49.0%
		41-50 years old	7	7.1%
		Total	98	100%
3	Marital Status	Married	85	86.7%
		Single	13	13.3%
		Total	98	100%
4	Educational Background	Diploma	15	15.3%
		First Degree	68	69.4%
		Master's Degree	12	12.2%
		Others	3	3.1%
		Total	98	100%
5	Year of service	Less than 1 years	2	2.1%
		1 – 2 years	9	9.2%
		3-5 years	70	71.4%
		Above 6 years	17	17.3%
		Total	98	100%

Source: Own computation using SPSS version 26 of the survey, 2023

Gender

As shown in the table above, the study had more male (81.6%) than female (18.4%) participants. The most important demographic factor that draws a lot of attention in employee

motivation research is gender. According to the table, 80 of the respondents were men and 18 were women. This also implies that the industry employs more male professionals than female professionals. In the industry as a whole, there is a gender disparity among professional employees.

Age

In terms of age, the majority of respondents (48 in total) are between the ages of 31-40, accounting for 49% of all respondents. This is followed by the age groups of 21–30 years (43.9%) and 41–50 years (7.1%). This demonstrates that the majority of Mercimoy Industry and Commerce PLC employees were in a productive age group. This means that if the industry meets the demands of this age group, it will be able to achieve the industry's overall goals. Employees' age has been found to have a negative or beneficial impact (Paoline & Gau, 2020). Adult employees are thus less motivated than their senior peers, so young employees need reward schemes more.

Marital Status

Regarding to marital status of the research participants 85(86.7%) of the respondents are married, while 13(13.3%) are single respectively.

Educational Level

According to the distribution of respondents by academic qualification, the majority (69.4%) hold a first degree, followed by 15 (15.3%) with a diploma and 12 (12.2%) with a second degree level. The distribution shows that the majority of employees hold a degree, which the industry has used as a minimum requirement for employee recruitment, implying that the industry has the right people for additional training and development to grow them into the best practitioners in the business. The bulk of studies examining the relationship between education level and employee's motivation yield consistent findings. Employees with a higher educational level are more motivated with their occupations than employees with a lower educational level, according to Ercikti, Vito, Walsh, and Higgins (2011).

Year Experience

The respondents were asked to provide the year of their experience. The findings revealed that the majority of respondents, 70 (71.4%), had less than 5 years of experience, and 17.3% had been with the current organization for more than 6 years. If the industry satisfies the group of employees who have less than 5 years of experience and can stay in the industry for a long time.

4.3. Descriptive Statistics of Studding Variables

In this part, the data that are collected and entered were reported using SPSS. The mean value and standard deviation of reward variables are analyzed and presented.

Table 4.3 Descriptive Statistics result of Extrinsic Reward

Variables	N	Mean	Std. Deviation
Payment	98	3.9510	0.7949
Promotion	98	4.3694	0.7352
Supervision	98	4.4939	0.7164
Aggregate Mean	98	4.2714	0.7488

Source: Own computation using SPSS version 26 of the survey, 2023

According to the study's mean payment value (Mean = 3.9510, SD =.7949), the majority of corporate employees were dissatisfied with their pay. Payment was discovered to boost employee motivation as a result of this. As a result, the industry's employees should be paid more. However, all other extrinsic reward variables (supervision and promotion) are acceptable because the mean result is somewhat above average. When aggregate results are considered, the industry's extrinsic reward system is adequate.

Table 4.4 Descriptive Statistics result of Intrinsic Rewards

Variables	N	Mean	Std. Deviation
Challenging and interesting job	98	4.2612	0.7904
Recognition	98	4.3776	0.8402
Autonomy	98	4.3367	0.7800
Aggregate Mean	98	4.3252	0.8035

Source: Own computation using SPSS version 26 of the survey, 2023

Based on the mean results (Mean = 4.2612, SD = .7904), the participants are not satisfied with their challenging and interesting job because the mean value is less than the average. The industry should create attractive and conducive jobs. On the other hand, the mean values of recognition and autonomy are higher than the average (Mean = 4.3252), indicating that the industry's reward system with the given variable is satisfactory. When the aggregate mean result (4.3742) is seen, the industry's intrinsic reward system is satisfactory.

Table 4.5 Descriptive Statistic of Motivation

Variables	N	Mean	Std. Deviation
Motivation	98	3.8612	1.0922

Source: Own computation using SPSS version 26 of the survey, 2023

The average or mean degree of work motivation in Mercimoy Industry and Commerce PLC is 3.8612 (SD = 1.0922) on a five-point Likert scale. This suggests that, on average, Mercimoy Industry and Commerce PLC employees are dissatisfied with their jobs. According to the findings, industry executives should examine and improve the reward packages offered to employees in order to improvement motivation.

4.4. Correlation Analysis

Pearson's correlation analysis was utilized in this study to assess the degree of the association between reward and employee motivation. Furthermore, correlation analysis was employed to demonstrate convergent validity. Field (2005) defines a correlation coefficient as "a very useful way of summarizing the relationship between two variables with a single number that falls between -1 and +1." To investigate the links between variables, a correlation analysis with Pearson's correlation coefficient (r) was performed on all variables in this study. Field (2005) recommendations were used to interpret the strengths of connections between variables, mostly for their simplicity. His correlation coefficient (r) classification is as follows: 0.1 to 0.30 is weak, 0.3 to 0.50 is moderate, and > 0.5 is strong.

Table 4.6 Pearson Correlations Matrix

		PA	PR	SU	CH	RE	AU	REM
PA	Pearson Correlation	1						

	Sig. (2-tailed)							
PR	Pearson Correlation	.744**	1					
	Sig. (2-tailed)	.000						
SU	Pearson Correlation	.673**	.776**	1				
	Sig. (2-tailed)	.000	.000					
CH	Pearson Correlation	.657**	.585**	.661**	1			
	Sig. (2-tailed)	.000	.000	.000				
RE	Pearson Correlation	.664**	.610**	.583**	.591**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
AU	Pearson Correlation	.646**	.712**	.575**	.646**	.717**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
REM	Pearson Correlation	.663**	.620**	.403**	.417**	.564**	.542**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).								

Source: Own computation using SPSS version 26 of the survey, 2023

The above table also shows that payment, promotion, recognition and employee autonomy have the highest correlation coefficients, implying that they have a significant positive impact on employee motivation when compared to other variables.

The p-value is less than +1, which shows that correlation between the said two variables is statistically significant. Out of the relationships, on the basis of 109 responses, among the six selected variables, the strongest relationship of employee's motivation in this study is with payment and promotion which has a value of 0.663 and 0.620. This is a direct or positive relationship that means if payment and promotion will be improved by 100% there will be 66.3% and 62% increase in employee's motivation. As per the collected data from 109 responses from the employees, among the six selected variables in this study the second strongest relationship of employee's motivation is with relation between recognition and employee autonomy (which has a value of 0.564 and 0.542). This is a direct or positive relationship that means if relation between recognition and employee autonomy will be improved by 100% there will be 56.4% and 54.2% increase in employee's motivation. As per the collected six selected variables in this study the moderate relationship of motivation level is with challenging and interesting jobs and supervision because the value is 0.417 and .403. This is moderate and positive relationship that means if challenging and interesting jobs and

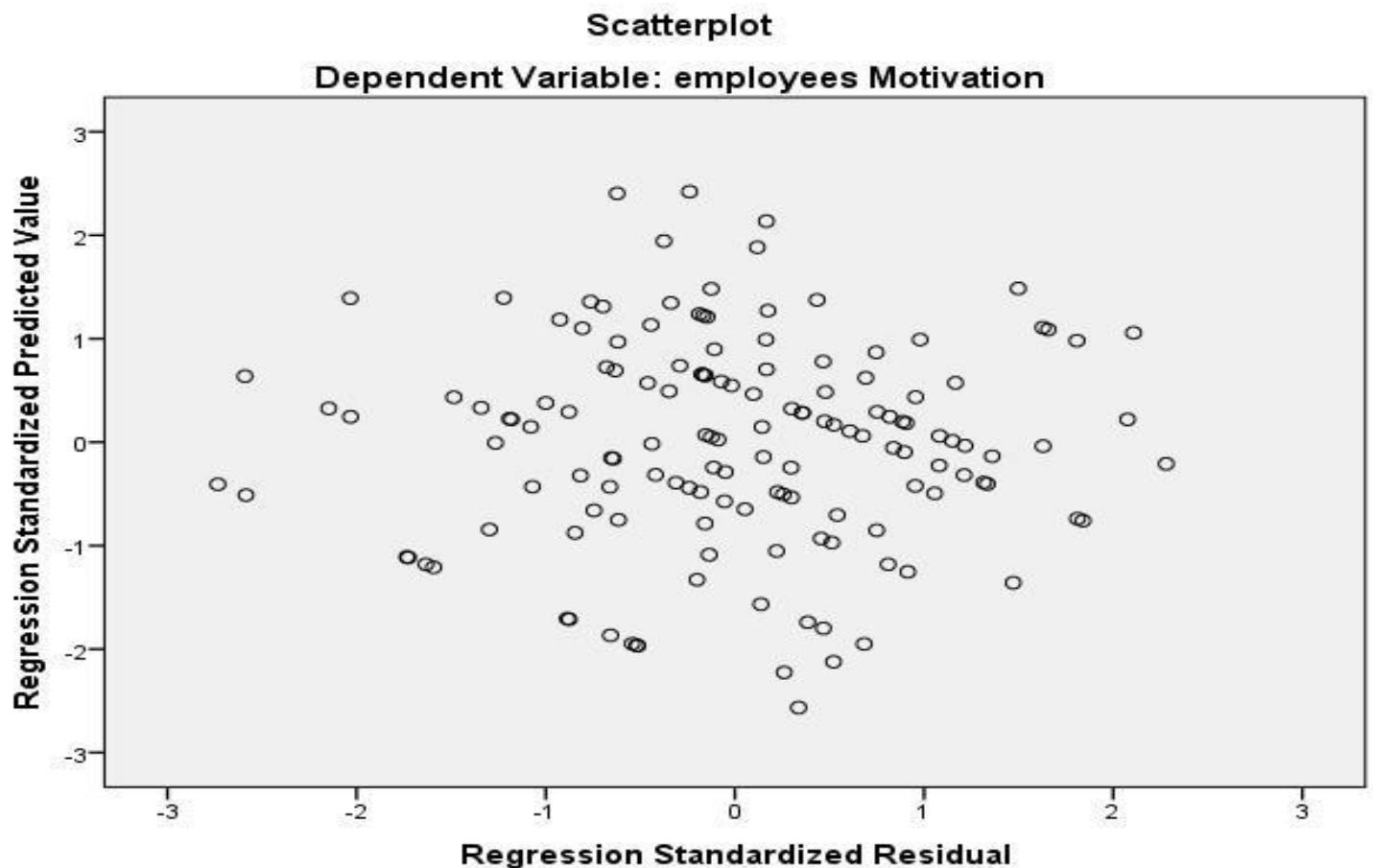
supervision will be improved by 100% there will be 41.7% and 40.3% increase employee motivation.

4.5. Assumptions of Classical Linear Regression Model (CLRM)

The classical linear regression model was used, and properties such as homoscedasticity, autocorrelation, multicollinearity, normality test and linearity test are addressed below.

4.5.1. Homoscedasticity Test

The linear regression model is based on the premise of homoscedasticity. It represents a situation in which the error term (random disturbance in the link between the independent variables and the dependent variables) is the same for all independent variable values. A by a scatter plot diagram can be used to test assumptions.



Source: Own computation using SPSS version 26 of the survey, 2023

Figure 4.1 Homoscedasticity Test

The output plots the values predicted by the model against the residuals collected. The variation in the residuals should be fairly comparable as the expected values increase. The graph appears to be a random collection of dots. As a result, the model is homoscedasticity.

4.5.2. Autocorrelation Test

The Durbin-Watson statistic is used to determine whether or not there is serial correlation among the residuals. If the Durbin-Watson statistic is close to 2, and the allowed range is 1.50 - 2.50, the residuals are not correlated. As indicated in the table below, the Durbin Watson statistic value is 2.178, which is close to 2, indicating that there is no autocorrelation problem in this model.

Table 4.7 Autocorrelation Test

Model summary					
Model	R	R squared	Adjusted R squared	Std. Error of the Estimate	Durbin Watson
1	0.719 ^a	0.679	0.638	0.88874	2.178

- a) Predictors, (constant), payment, promotion, supervision, challenge & interesting jobs, recognition and employee's autonomy
- b) Dependent Variable, employees' motivation

4.5.3. Multicollinearity Test

Multicollinearity occurs when the independent variables are significantly associated with one another. There is "overlap," or sharing of predictive power, when independent variables are connected. This may result in a paradoxical outcome in which the regression model fits the data well, yet none of the predictor variables has a meaningful influence on predicting the dependent variable. This is due to the fact that when the predictor variables are highly linked, they effectively share the same information. As a result, while they may explain a considerable portion of the dependent variable when combined, they may not contribute considerably to the model when considered individually. Using "tolerance" and "VIF" values

for each predictor variable, the presence of multicollinearity may be determined. Multicollinearity is indicated by tolerance values less than 0.10 and a VIF (variance inflation factor) greater than 10 (Robert, 2006). The VIF is a measure of the reciprocal of the complement of the predictors' inter-correlation. The decision rule is a variable with a VIF value greater than 10 that indicates the possibility of a multicollinearity problem. Tolerance (TOL) is defined as $1/VIF$ and is used by several researchers to assess collinearity. The tolerance decision rule states that a variable with a TOL value less than 0.1 indicates the possibility of a multicollinearity problem (Gujarati, 2004).

Table 4.8 Multicollinearity Table

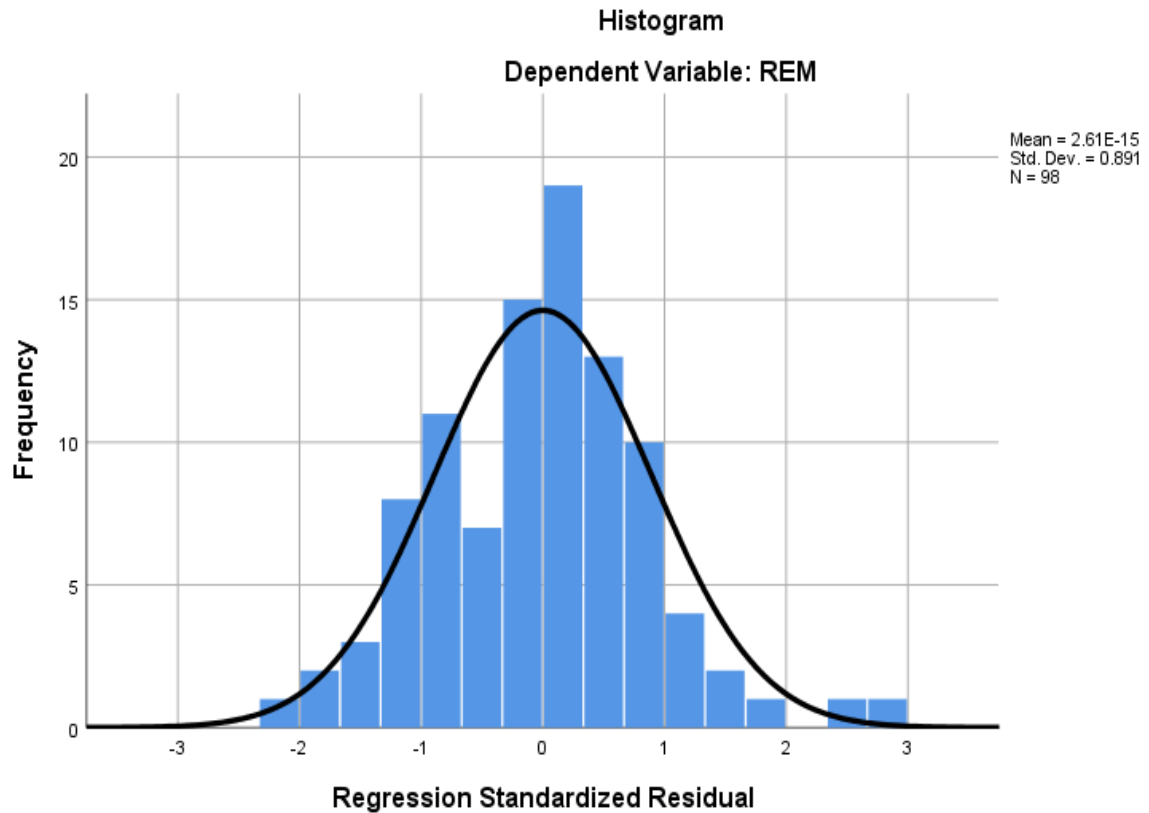
Constant	Collinearity Statistics	
	Tolerance	VIF
Payment	0.825	1.213
Promotion	0.673	1.486
Supervisor	0.845	1.183
Challenging and interesting job	0.704	1.421
Recognition	0.772	1.295
Autonomy	0.680	1.470

Source: Own computation using SPSS version 26 of the survey, 2023

Based on the test results, all of the variance inflated factor (VIF) values are less than 10 and all of the tolerance values are larger than 0.1, indicating that there is no major multicollinearity problem in this model. The problem of multicollinearity is a matter of degree rather than existence.

4.5.4. Normality Test

Multiple regressions necessitate that the residuals be regularly distributed. Skewness and kurtosis are statistical methods that can be used to determine whether or not data is normally distributed.



Source: Own computation using SPSS version 26 of the survey, 2023

Figure 4.2 Normality Test

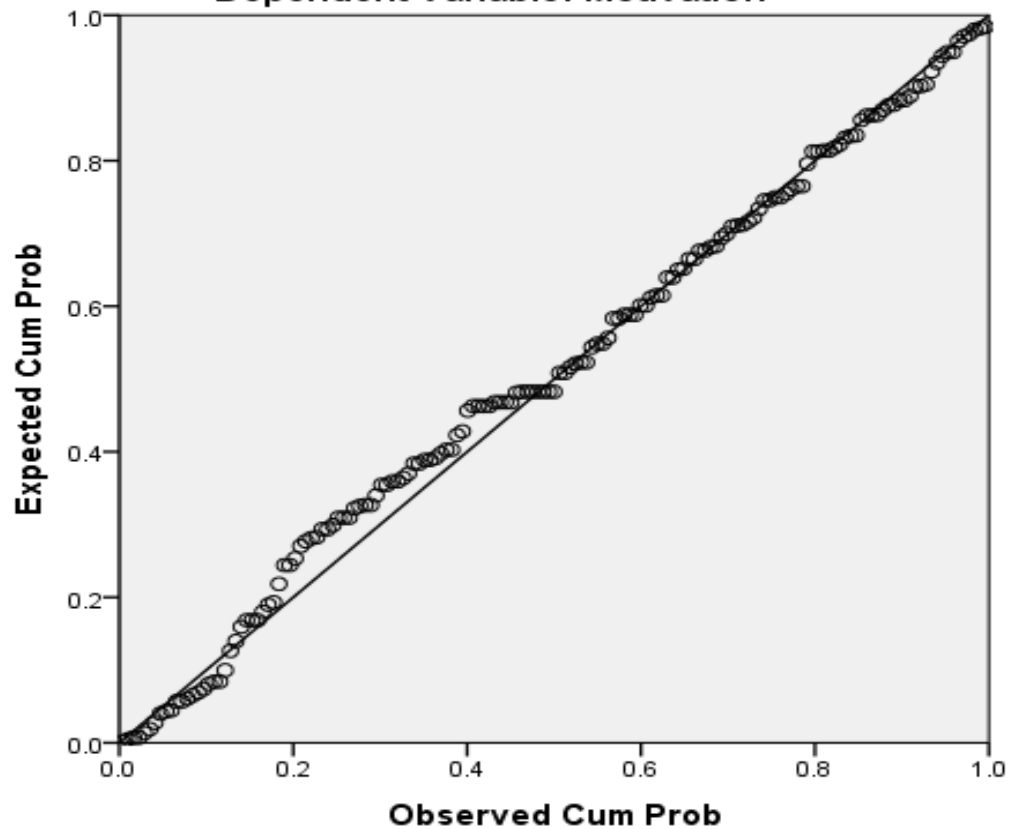
Kurtosis is described by Smith and Wells (2006) as a "property of a distribution that describes the thickness of the tails." The thickness of the tail is determined by the number of scores that fall at the extremes of the Gaussian or normal distribution." Skewness is a symmetry metric. A symmetric distribution or data set appears the same to the left and right of the center point. The data skewness and kurtosis test results are within the allowed range (-1.0 to +1.0), indicating that the data is regularly distributed.

4.5.5. Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variables and the independent variables is linear; normal p-p plot of residuals of the regression residuals for each model through SPSS software had been used.

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Motivation



Source: Own computation using SPSS version 26 of the survey, 2023

Figure 4.3 Linearity Test

The above normal p-p plot of residuals graph showed in that the points lie in a reasonably straight line from bottom left to top right. This is, therefore, showed that the assumption of linearity was not violated

4.6. Multiple Linear Regression Analysis

Multiple regression analysis was used to determine whether or not a statistically significant relationship existed between employee's motivation and the six reward dimensions. Furthermore, it aided in the development of a formula that illustrates the relationship between the dependent variable (employee's motivation) and the independent variables (Payment,

promotion, supervision, challenging and interesting jobs, recognition, and employee autonomy).

A regression model is used in this section of the analysis to test the hypothesis. In a multivariate regression model, six retrieved components were used as independent variables against employee motivation as the dependent variable. Below 95% confidence intervals were utilized for all of the study's hypotheses.

The impact of reward on employee's motivation

Multiple regressions using the following model were done to determine the impact of individual dimensions of reward factors on employee motivation:

$$y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + e$$

Motivation is defined as $a + b_1(\text{payment}) + b_2(\text{promotion}) + b_3(\text{supervision}) + b_4(\text{challenge \& interesting jobs}) + b_5(\text{recognition}) + b_6(\text{employee's autonomy}) + e$

Table 4.9 Model summery

Model	R	R squared	Adjusted R squared	Std. Error of the Estimate
1	0.719 ^a	0.679	0.638	0.88874

- a. Predictors, (constant), payment, promotion, supervision, challenge & interesting jobs, recognition and employee's autonomy
- b. Dependent Variable, employees' motivation

Results indicate that $R^2 = 67.9\%$, which shows that 67.9% of the variance in an employee's motivation was explained by the six dimensions of rewards. The results indicate that all independent variables contribute about 67.9% to the employee's motivation, while 32.1% of the employee's motivation is explained by other variables. This indicates that there are other variables that contribute to the employee's motivation that are not considered in this study. According to Hair et al. (2010), cited by Ramesh Tharu (2019), the value of adjusted R square is higher than the benchmark of 0.5, which is sufficiently explainable for the regression

model. Beta weights were also computed to assess the unique contributions of each independent variable of the study, which are effects of the dependent variable, which is the employee's motivation.

Table 4.10 ANOVA Analysis

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	190.836	6	24.306	65.931	.000 ^b
	Residual	71.877	91	0.790		
	Total	262.713	97			

a) Predictors, (constant), payment, promotion, supervision, challenge & interesting jobs, recognition, and autonomy.

b) Dependent variable, employees' motivation

Table 4.9 shows the overall model significance, which helps us to ensure that the above model (on the model summary table) is a statistically significant effect of the outcome, i.e., employees motivation, and it is evidenced that the model is a statistically significant effect of employees motivation because the p value is less than .05, implying that a significant amount of employees' motivation is influenced by payment, promotion, supervision, challenge and interesting job, recognition, and the employee's autonomy. The regression analysis model summary reveals that the model has a strong fit with an F-value of 65.931 and a p-value of 0.000.

Table 4.11 Regression Analysis of the Reward variable and Employee's Motivation

Model		Unstandardized coefficients		Standardized Coefficients	t	Sig.
		B	Std error	Beta		
1	(Constant)	1.594	0.513		3.104	0.000
	PA	0.951	0.201	0.434	4.722	0.000
	PR	0.594	0.130	0.422	4.557	0.000
	SU	0.140	0.123	0.166	1.144	0.255
	CH	0.094	0.187	0.051	0.501	0.618
	RE	0.307	0.118	0.256	2.590	0.000
	AU	0.503	0.134	0.347	3.746	0.000

- a) Predictors, (constant), payment, promotion, supervision, challenge & interesting jobs, recognition, and autonomy.
- b) Dependent variable, employees' motivation

Beta Coefficient Unstandardized coefficients are responsible for explaining the relative relevance of explanatory factors. These coefficients are calculated using regression analysis after all explanatory variables have been normalized. The greater the standardized coefficient, the greater the relative influence of the factors on employee motivation. The coefficient table indicates the significance level of each variable in the study as well as the study's beta (β) value, which can be used to compare the influence level of each independent variable to the dependent variable, which in this case is the influence or effect of the six dimensions of rewards.

4.6.1. Hypotheses Testing Results

Based on the above Table 4.10 regression analysis of the independent variable result, the hypotheses of the study are tested and presented as follows:

Payment

H0: There is no positive and significant relationship between payments and employee's motivation

H1: There is positive and significant relationship between payment and employee's motivation

According to the findings of this study, payment has a significant impact on employee motivation. The above hypothesis was evaluated at the 0.05 level of significance and concluded that the alternative hypothesis (H1) was accepted at the 5% level of significance because the P-value is 0.000, which is less than the value, and the t-value is 4.722, which is above the value to indicate strong model fit. The coefficient of the variable is 0.951 in this case, implying that payment accounts for 95.1% of the variation in employee motivation.

The expected significant relationship between payments and employees' motivation is consistent with a study conducted by Klassen and Chiu (2010). According to these papers, it can be explained that payment was the prime factor in motivating employees. Payment fit is the leading and most important feature of satisfaction for almost every type of employee in public, private, small, medium, and large institutions, and that reasonable payment is related to the employee's motivation (Bajpai and Srivastava, 2004).

Promotion

H0: There is no positive and significant relationship between promotion and employee's motivation

H1: There is positive and significant relationship between promotion and employee's motivation

Promotion opportunity has a significant effect on determining an employee's motivation. At the 0.05 level of significance, the above hypothesis was tested, and it was concluded that the alternative hypothesis (H1) was accepted at the 5% level of significance since the P- Value is 0.009, which is less than the value. Here the coefficient of the variable is 0.594, which implies that the nature of promotion contributes 59.4% of the variation in the employee's motivation. This is consistent with a study conducted by Koch and Nafziger (2012), which showed that promotions are desirable for most employees only because they work harder to compensate for their "incompetence."

As a result, promotions at regular intervals have an optimistic perspective and are often given to satisfy the psychological needs of employees in the industry. Advancement in one's profession or career development is referred to as promotion. At the 5% level of significance, the coefficient of promotion is positive and statistically significant. This means that a one-unit increase in promotion results in a 0.594-unit rise in employee motivation, assuming all other variables remain constant.

Supervision

H0: There is no positive and significant relationship between supervision and employee's motivation.

H1: There is positive and significant relationship between supervision and employee's motivation.

Relation between supervision has no significant effect on employee's motivation. At $\alpha = 0.05$ level of significance, the above hypothesis was tested, and it was concluded that the null hypothesis (H_0) was accepted at 5% level of significance since the P-value is 0.255, which is greater than the value.

Challenge & interesting jobs

H0: There is no positive and significant relationship between challenge & interesting jobs and employee's motivation.

H1: There is positive and significant relationship between challenge & interesting jobs and employee's motivation.

The relationship between challenging and interesting job has no meaningful effect on employee motivation. The aforementioned hypothesis was evaluated at the $\alpha = 0.05$ level of significance, and it was determined that the null hypothesis (H_0) was accepted at the 5% level of significance because the P-value is 0.618, which is greater than the value.

Recognition

H0: There is no positive and significant relationship between employee's recognition and employee's motivation

H1: There is positive and significant relationship between employee's recognition and employee's motivation

As expected, statistically significant and favorable connections between recognition and employee motivation were also discovered. The beta value for recognition is 0.307, and the p value is less than 0.05. As a result, the alternative hypothesis (H_1) is accepted.

Employee's autonomy

H0: There is no positive and significant relationship between employee's autonomy and employee's motivation.

H1: There is positive and significant relationship between employee's autonomy and employee's motivation.

When it comes to employee autonomy, the alternate hypothesis (H1), which asserts that employee autonomy has a positive and significant effect on employee motivation, has a coefficient of 0.503 and a sig value less than 0.05. As a result, we reject the null hypothesis.

Based on the above-mentioned analysis, the researcher finds that the factors are summarized as follows:

Table 4.12: Summary of Hypothesis (H1-H6) Result

No	Hypothesis	Results	Reason
H ₁	Payment has a positive and significant effect on employee's motivation.	Accepted	Regression Result $\beta=0.951$ sig=0.000
H ₂	Promotion has a positive and significant effect on employee's motivation.	Accepted	Regression Result $\beta=0.594$ sig=0.000
H ₃	Supervision has a positive and significant effect on employee's motivation.	Rejected	Regression Result $\beta=0.140$ sig=0.255
H ₄	Challenge & interesting jobs has a positive and significant effect on employee's motivation.	Rejected	Regression Result $\beta=0.094$ sig=0.618
H ₅	Employee's recognition has a positive and significant effect on employee's motivation	Accepted	Regression Result $\beta=0.307$, sig=0.000
H ₆	Employee's autonomy has positive and significant effect on employee's motivation.	Accepted	Regression Result $\beta=0.503$, sig=0.000

Source: Own computation using SPSS version 26 of the survey, 2023

4.7. Descriptions and analysis from Interviews Questions

According to interview, employees are not motivated with reward administration carried out in the industry. The main reason for this is lack of employee's participation, lack of accessing opportunity for advancement, lack of management recognition etc. From this one can deduce that employees can have minimum sense of ownership over the industry and can stay working until they can get other alternative job.

Form interview question employees were asked to specify the extrinsic and intrinsic rewards available in their industry most of Mercimoy Industry & Commerce PIC respondents respond that in addition to the basic payment other rewards like medical plan, life insurance, bonus, transport allowance, staff loan, milk allowance and educational fee programs will be provided by Mercimoy Industry & Commerce PIC.

Employees of the industry believe that the reward provided is insufficient, not fair and equitable. To mitigate this problem, Mercimoy Industry & Commerce PIC has to set clear reward policy and strategy, able to design a system of accountability for the employees who do not include within planned. Most employees believe that the reward does not compensate or equitable to employees motivation.

Mercimoy Industry & Commerce PIC's practice indicates that there is inadequate and inappropriate provision of intrinsic and extrinsic rewards to employees. To improve this problem, every core and support process should establish objective criteria that avoid or minimize personal biases. And all process could include intrinsic and extrinsic rewards activities within their plans. The top management is also expected to monitor and able to evaluate the status of reward provision and its contribution to Mercimoy Industry & Commerce PIC s performance on a regular basis.

From the interview conducted with the department head we can conclude that there are lots of gaps in the reward management system. The industry has no separate reward strategies, policies, and procedures designed to maximize the benefits both to the organization and its employees. There are no formal recognition mechanisms and there are gaps in ensuring internal and external equity; even though there are lots of reasons for that.

CHAPTER FIVE

FINDINGS, CONCLUSIONS, AND RECOMENDATIOS

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

5.1. Summary of Major Findings

The relationship between an employee's motivation and independent variables like payment, promotion, supervision, recognition, challenging and interesting jobs, and the employee's autonomy was analyzed using correlation and regression analysis.

The validity and reliability measuring scale was carried out using the Cronbach coefficient with an alpha value for all groups greater than 0.7.

According to the background information on the industry, the majority of the respondents are male, which accounts for 80 (81.6%) of the total respondents. The age distribution shows that the majority of respondents 48(49%) are between the ages of 31-40. The majority of respondents 85 (86.7%) are married, whereas 13(13.3%) are single. the majority 68(69.4%) hold a first degree and that the majority of respondents, 70 (71.4%), had less than 5 years of experience.

The descriptive analysis revealed that employees were relatively satisfied with the industry's supervision, recognition, promotion, and employee autonomy package, which has the highest mean value out of five Likert scales. Other reward variables, such as payment and a challenging and interesting job, are below average. The average or mean degree of work motivation indicates that employees of Mercimoy Industry and Commerce PLC are not overly enthusiastic about their jobs.

The correlation analysis result indicates that payment, promotion, recognition and employee autonomy have a strong and significant correlation with an employee's motivation, whereas a challenging and interesting job and supervision have a moderate and significant correlation with motivation.

From the Multiple Regression Analysis model summary result, it is observed that payment, promotion, recognition, and employee autonomy have statistically significant contributions to employee motivation. However, supervision and challenging and interesting jobs have no statistically significant relationship with an employee's motivation ($p = 0.255$ and $p = 0.618$, respectively), which is greater than the alpha value of 0.05. The study has found that the employee's motivation level at Mercimoy Industry and Commerce PLC is 67.9% because all independent variables contribute to the employee's motivation, while 32.1% of the employee's motivation is explained by other variables.

❖ Effect of extrinsic rewards such as payment, promotion, and supervision on employees' motivation

The findings of the present study revealed that payment had a significant effect on the employee's motivation ($\beta = 0.951$, $t = 4.722$, $p < 0.05$). Hence, the alternative hypothesis was accepted. The study indicated that payments are recognized as having a significant effect on employees' motivation.

The findings revealed that promotion opportunity had a significant effect on the employee's motivation with values ($\beta = 0.594$, $t = 4.557$, $p < 0.05$). The value of beta showed that 1 unit change in promotion opportunity will bring 0.594 unit change in the employee's motivation. Thus, management should remember that promotion opportunities are a positive motivating tool in certifying that the employee conquers goals at a higher level. Hence, the proposed hypothesis is accepted.

The result of the current study showed that supervision had no significant effect on the employee's motivation with values ($\beta = 0.140$, $t = 1.144$, $p < 0.05$). Hence, the null hypothesis was accepted.

❖ Effect of intrinsic reward such as challenging and interesting jobs, recognition, and employee's autonomy on employee's motivation

The findings of the present study showed that challenging and interesting jobs had no a significant effect on the employee's motivation with values ($\beta = 0.094$, $t = .501$, $p < 0.05$). Hence, the null hypothesis was accepted.

The findings of the realized study also revealed that recognition had a positive and significant effect on employees' motivation with values ($\beta = 0.307$, $t = 2.590$, $p < 0.05$). Thus, the proposed hypothesis was accepted.

The findings of the current study also revealed that an employee's autonomy had a significant effect on the employee's motivation with values ($\beta = 0.503$, $t = 3.746$, $p < 0.05$). Which revealed that employees' autonomy has a positive and significant effect on employee's motivation. The value of beta showed that 1 unit change in the nature of the employee's autonomy will bring 0.503 unit changes in the employee's motivation. Hence, the alternative hypothesis was accepted.

❖ Employees' perception towards reward pattern (extrinsic or intrinsic) management practice

The finding of the present study showed Mercimoy Industry & Commerce PLC's reward management practice indicates that there is inadequate and inappropriate provision of intrinsic and extrinsic rewards to employees.

❖ The most motivating reward scheme (intrinsic or extrinsic) does the employees

The finding of the realized study is that employees' motivation is more positively and significantly influenced by payment, recognition, and promotion reward elements. In addition to the basic payment, respondents responded in interviews that the industry should provide rewards such as medical plans, bonuses, transport allowance, staff loans, milk allowance, and educational fee programs.

5.2. Conclusions

The study's purpose was to evaluate the effect of rewards on employee motivation, and the following conclusions can be drawn based on the research findings and the literature reviewed:

The primary purpose of this research was to investigate the effect of reward on motivation in the case of Mercimoy Industry and Commerce PLC in Sebeta City, Alemgene. However, Payment, promotion, supervision, a challenging and interesting job, recognition, and the employee's autonomy were identified as the six explanatory variables of motivation in the literature.

The results of the descriptive analysis demonstrate that promotion, supervision, recognition, and employee autonomy have mean values that are higher than the average. This shows that employees have a positive attitude toward the industry's reward programs. Furthermore, the mean value of motivation indicates that the degree of motivation in the industry is extremely low.

We may realize from the analysis's strong correlation between employee motivation and reward dimensions that rewards such as payment, promotion, recognition, and employee autonomy have a good relationship with employee motivation. Supervision and a challenging and interesting job have a moderate correlation coefficient with motivation and reward dimensions, which implies that they have a moderate impact on employees' motivation.

According to the regression results, payment, promotion, recognition, and employee autonomy all have a positive and substantial effect on motivation, whereas rewards such as supervision and a challenging and interesting job do not have a positive effect on motivation.

5.3. Recommendations

Based on the study's results and conclusions, the following recommendations were made to industry executives:

- ✚ Employees of Mercimoy Industries and Commerce PLC have lower than average levels of work motivation. Because there is a relationship between rewards and motivation, the management of Mercimoy Industry and Commerce PLC must clearly declare a well-articulated reward strategy by incorporating some employees in the process of developing it in order to enhance employee motivation and achieve the company's goals.
- ✚ According to the findings and results of the study, employee motivation is more positively influenced by payment, recognition, and promotion reward elements. As a result, the industry should adapt its more attractive payment structure, recognition program, and promotion opportunities depending on the inflation rate and market conditions continuously provided to employees, thereby controlling the most influential factor for job motivation.
- ✚ Supervisors and managers must support employees' efforts to develop interest in their jobs on a daily, weekly, and monthly basis. It is also critical to develop relationships between employers and employees by using a formal program to recognize top performers in each job area. Furthermore, good competition can improve morale, motivate hard work, and promote satisfaction and retention.
- ✚ We can deduce from the interviews with the department head that the reward management system has numerous shortcomings. There are no separate reward schemes, rules, or procedures in place to maximize the benefits to both the organization and its personnel. There are gaps in ensuring internal and external equity, despite the fact that there are numerous reasons for this. To improve this problem, every core and support process should establish objective criteria that avoid or minimize personal biases. And all processes could include intrinsic and extrinsic reward activities within their plans. The top management is also expected to monitor and be able to evaluate the status of reward provision and its contribution to Mercimoy Industry & Commerce Plc's performance on a regular basis.
- ✚ In general, the contemporary market is highly competitive, and rewards extend far beyond monetary compensation and payments. Employee motivation cannot be achieved solely through monetary reward. Other elements that have the biggest impact on employee motivation include providing more challenging and interesting jobs,

providing supervision, recognizing and empowering individuals, and establishing a better leadership system.

Recommendation for future studies

This study advises that future research look at how additional variables such as work-life balance, career development, job security, and so on can influence employee motivation.

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APPENDIXS



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES QUESTIONNAIRE

APPENDIXS I: Questionnaire

This questionnaire is intended to gather primary data on this questionnaire is designed for collecting data for a research to be conducted on “The effects of Reward on Employees` Motivation: The Case of Mercimoy Industry and Commerce PLC.” The purpose of the study is to fulfil a thesis requirement for the Master of Business Administration of Management at St. Mary’s University School of Graduate Studies. Your responses for the questions are very important for the success of completing this study. All information collected through the questionnaire will be used only for the purpose of the study and will be kept confidential.

Thank you so much for your cooperation in advance

Derbe Yimer: Phone No: 0912 91 84 13/0703 04 42 95, email: yimerderbe@gmail.com

Part I: Biographical Characteristics

- Please answer options are available please make a tick mark (✓) in the appropriate box where the choice is appropriate for you.

1. Gender: 1. Male ☐ 2. Female ☐
2. Age: 1. 21-30 ☐ 2. 31-40 ☐ 3. 41-50 ☐ 4. Over 50 ☐
3. Marital Status: 1. Married ☐ 2. Single ☐ 3. Divorce ☐ 4. Widow ☐
4. Education: 1. Diploma ☐ 2. First Degree ☐ 3. Master’s Degree ☐ 4. Others ☐
5. Year of service: 1. <1 years ☐ 2. 1-2 years ☐ 3. 3-5 years ☐ 4. >6 years ☐

Part II: Research Related Questions:

Please indicate the extent to which you agree or disagree with the statement by putting tick (✓) mark with the corresponding score value.

➤ Rating scales:

- ✓ 1 = Strongly Disagree (SA)
- ✓ 2 = Disagree (D)
- ✓ 3 = Neutral (N)
- ✓ 4 = Agree (A)
- ✓ 5 = Strongly Agree (SA)

1. Payment

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
1.1	The Basis of pay for performance is reasonable					
1.2	My salary is satisfactory in relation to the job I do					
1.3	My salary is fair when compared with that of similar jobs in other industry					
1.4	The current salary is adequate to cop up with the ongoing cost of life					
1.5	A well-designed Merit Payment scheme has a high effect on boosting employees' motivation					

2. Promotion

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
2.1	There exists an opportunity for promotion in the industry					
2.2	Promotion is an important factor in my work motivation					
2.3	The criteria for promotion are acceptable					
2.4	Staffs are promoted in a fair & honest way					
2.5	Everyone has equal chance to be promoted					

3. Supervisor

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
3.1	My supervisor is satisfied with my work					
3.2	My supervisor Support me in case of problems					
3.3	I receive adequate guidance and support from my supervisor					
3.4	Treat me equally with other staffs					
3.5	The criticisms I receive are constructive					

4. Challenging and interesting Job

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
4.1	I am interested in my work					
4.2	I perform challenging work and it makes me happy					
4.3	My work consists of varieties of tasks					
4.4	My work is the way to my future success					
4.5	I am willing to stretch myself on my job					

5. Recognition

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
5.1	The feeling of accomplishment I get from the job					
5.2	I receive constructive criticisms about my work					
5.3	I get credit for what I do					
5.4	I am told that I am making progress					
5.5	The recognitions I get are immediate and sincere					

6. Autonomy

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
6.1	I have part in decision making process					
6.2	I have certain degree of autonomy in my work					
6.3	I'm allowed to decide on the methods to perform my work					
6.4	I am independently of other when I perform my work					
6.5	I have control over how I solve daily problems.					

Regarding Motivation

	STATEMENTS	LEVEL OF AGREEMENT				
		SD (1)	D (2)	N (3)	A (4)	SA (5)
1	The intrinsic reward practice of the industry makes me competent and motivated.					
2	The extrinsic reward practice of the industry makes me competent and motivated					
3	I feel encouraged by my organization effort to reward and motivated me					
4	I feel motivated by the organization effort to improve employee reward					
5	Overall I am motivated both intrinsic and extrinsic reward practice of my organization					

APPENDIXS II: Interviews Questions

1. Have you considered employee participation during the design of reward practice?
.....
2. Have you conducted a survey with your organization employee about their feeling or attitude toward reward practice and how significant for them, If you do how often?
.....
3. Kindly list all extrinsic and intrinsic rewards your organization currently made available for the employee?
.....
4. Is the above mentioned rewards practices available for each employee in your organization? (If not it may cause inequity)
.....
5. How does your organization determine salary, pay raise?
.....
6. How does the employee aware about reward packages?
.....
7. Can you say that the reward assignment is fair and equitable?
.....
8. How does the reward in your organization affecting your employee motivation level?
.....
9. What form of intrinsic reward systems do you use in Mercimoy Industry & Commerce PIC?
.....
10. What form of extrinsic reward systems do you use in Mercimoy Industry & Commerce PIC?

Thank you for completing the Questionnaire ! ! !