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DECLARATION

I, Dagmawit W/Gebriel Abate, have carried out independently a research work on “The Effect of Reward Practices on Employee Motivation in Heineken Brewery S.C. This study is my own work that has not been submitted for any degree or diploma program in this or any other institution. Finally, I declare that all source materials used in this research has been dully recognized and acknowledged.

Dagmawit W/Gebriel ------------------

Signature------------------------

Date --------------------------
STATEMENT OF CERTIFICATION

This is to certify that Dagmawit W/Gebriel has carried out this research work on the topic titled as: “Effect of Rewards practices on Employee Motivation: The Case of Heineken Brewery S.C”. The work is suitable for submission of the award of Master’s Degree in Business Administration.

Confirmation by Advisor:  

Abeba Beyene (Phd)  Signature  Date
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Finally, for those whose name is not mentioned here yet their encouragement, prayers and support in diverse ways have gone a long way to assist me complete this program successfully, God bless you and your beloved others.

While the researcher shares the credit of this Master’s thesis with all the above mentioned and unmentioned people, responsibility for any errors, shortcomings or omissions in this study is solely mine.
LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis Of Variance

HR: Human Resources

HRM: Human Resources Management

SPSS: Statistical Package for Social Science
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ABSTRACT

The purpose of this research was to investigate; the effect of reward practices on employee motivation in Heineken Brewery S.C. Heineken has financial and nonfinancial reward system in place as a means of motivating and retaining employee. But the problem is the company has not conducted a study to measure which type of reward scheme is appropriate and which is not. In time, these might highly impact organizational effectiveness and excellence. In addition, the staffs have a number of problems associated with financial and non-financial rewards provided by the company. Meanwhile, subsequent problems have been observed in the company, according to human resource annual report issue related with reward practices de-motivated employee turnover have been recorded. The study used both primary and secondary sources of data. A quantitative research approach of data collection was used and 183 questionnaires were distributed out of which 153 of them were returned. Probability sampling (stratified) method was used and employees were selected from each stratum with a random sampling technique. Among the major findings, the overall perception of respondents over current reward practices were not happy, not enough, not competitive and not attractive. On other side the ranking orders as respondents choice of the most motivator factors from the list, payment is the highest influential factor for employee motivation followed by promotion, benefits, recognition working condition and job security respectively. The result of correlation shows that; there exist positive and significant relation between payment, promotion, benefit, recognition, job security & working condition and employee motivation. On other side, the result of regression analysis shows that; payment and promotion have high explanatory of employee motivation. On top of that, a significant portion of employees considered the reward practices in Heineken Brewery S.C. as less motivating, unfair, not competitive and attractive and hence employees seemed to be less responsibility, less loyalty and belongingness and less committed to the organization. It is recommended to review the company current reward practice that are factor that affect employees motivation.

Keywords: Reward Practices, Employee Motivation
CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

To compete in today’s global economy, human capital need to be motivated by their organizations. Organizational growth and survival is being determined progressively by the way its people are treated Lawer, (2003). Organizations are now considering the need to create a balance among individuals influence to the organization and the organization’s influence to the individual. Keeping that in mind, it is fair to assume that organizations need to have an understanding of how to motivate employees to achieve higher levels of performance Amos, Ristow&Ristow, (2004).

The motive that directs the employee towards certain behavior is called employee motivation. Motivation is the extent of enthusiasm, direction and persistence of efforts with which employee tries to accomplish goal (Don, John& Slocum, 2011), implies that the employee is eager to work to the best of his abilities only if they are ensuring for their need of satisfaction. The essence of human resource management practice is, therefore, to enhance the motivation of employees. The effectiveness of an organization is greater than before when it has a motivated workforce. The more the motivated an employee is, the better he will perform his job.

Companies can gain competitive advantage over other firms by motivating and retaining human resource. Organizations can motivate high performers by providing financial and nonfinancial rewards systems. The motivated workforce is more quality oriented and dedicated to accomplishing goals. According to there are certain cross disciplinary indicators like commitment, contentment, loyalty and intention to quit which measures motivation of employees.
It is a known fact that financial rewards are an important form of rewarding employees for their outstanding performance. Other forms of recognition are often overlooked as part of an organization’s reward system (Luthans, 2002) According to Ferguson and Borhugh(2009), remuneration is very important to employees, but what is really important to them is the quality of their work experience. Therefore, effective reward management involves a close understanding of employee reference. Reward is a thing given in recognition of service, effort, or achievement. Lotta, (2012) employee rewards plays a vital role in motivating employees. Basically, employees who are motivated are much more productive for the organizational excellence. Markova and Ford,(2011) mentioned that the real success of companies originate from employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

Lawler, (2008) states that, a reward programme must provide necessary rewards to motivate employees. It should provide employees with a clear view of their roles going into the near future; give employees the authority to influence their performance and deliver on it.

In order to maximize motivation of the case company employees’ so that the organization achieve its mission and objectives, and to address the current gap research, this research is designed to examine the reward practice of the case company, and over seeing a reward scheme that has more impact on motivating the company employees.
1.2 Background of Heineken Brewery S.C.

Heineken is a Dutch brewing company, founded in 1864 by Gerard Adriaan; it has grown from a single brewery in Amsterdam in 1864, to the world’s most international brewer. Staying true to the company value has shaped Heineken for more than 150 years. As of 2017, Heineken owns over 165 breweries in more than 170 countries. It produces 250 international, regional, local and specialty beers and ciders and employs approximately 73,000 people. (Heineken Website, 2019 since the merger between the two largest brewing empires in the world, Anheuser-Busch InBev and SABMiller, in October 2016, Heineken has been the second largest brewer in the world.

Heineken bought a Brewery known as De Hooiberg in Amsterdam. In 1869 Heineken switched to the use of bottom fermenting yeast. In 1873 the brewery’s name changed to Heineken’s BierbrowerjiMaatschappi(HBM), and opened a second brewery in Rotterdam in 1874. In 1886 Dr.H.Elion, a pupil of the French chemist Louis Pasteur, developed the “Heineken A-yeast” in the Heineken laboratory. This yeast is still the key ingredient of Heineken Beer. Heineken has a long history with Africa. Already in 1900, Heineken was exporting beer to various African countries (Ghana, Nigeria, Liberia and Sierra Leone). The first Brewery in DRC was established in 1923. For many years the business expanded across the content and in 2011 the acquisition of Harar and Bedele Breweries Ethiopia was made. In August 2014 the new Greenfield brewery in Kilinto, Addis Ababa was operational. Heineken Ethiopia’s key brands are Walia, Bedele Special, Bedele Regular, Harar Stout and Sofi Malt. Beer is not for sale to persons under the age of 18 years.

Heineken envisions “To be the leading Brewer with great Brands and People”, and its mission is “To create value by exciting our consumers with great Portfolio of Brands and by
being a Partner for Growth in the Communities in which we operate.” (DrAwan, Hassan and Shahid, 2014) note that the best employee motivations are transferring their impact on customer satisfaction indicators so the company needs to focus elements of their employee motivation to enhance customer satisfaction and loyal customer base. In services sector, special frontline employees have direct interaction with the customers and if they are disgruntled with the company, then they will not be able to deliver quality services to the customers. Employees reflect the image of how they are being treated by their treating the customers in same way. Employee motivation has a pertinent impact in attaining the mission and objective of the company.

1.3 Statement of the Problem

The brewery industry exists in an intensely competitive market. In such environment, capability to retain efficient and experienced workforce in an organization is very crucial for the overall performance of the organizations. The highly motivated employee serves as the competitive advantage for companies because their performance leads an organization to well accomplishment of its goals.

Currently, Heineken has financial and nonfinancial reward system in place as a means of motivating and retaining employee. But the problem is the company has not conducted a study to measure which type of reward scheme is appropriate and which is not. In time, these might highly impact organizational effectiveness and excellence.

In addition, the staffs have a number of problems associated with financial and non-financial rewards provided by the company. For instance; salary, transport allowance, promotion and recognition is said not to be enough and is not subject to adjustment with the increase in cost of living. The medical benefits provided by the company are not satisfactory and because of that,
there is a lack of work commitment and lack of loyalty observed in many of the current company staff.

Meanwhile, subsequent problems have been observed in the company, according to human resource annual report issue related with reward practices de-motivated employee turnover have been recorded, as result it increase recruiting cost, increase training cost, decreased productivity, missing talented and experienced employee is very costly to the organization.

For that reason, the stated problems initiated the researcher to further investigate the effects of reward practice and employee motivation in Heineken Brewery S.C. and fill the gaps and tried to give recommendation and suggestion to the organization. Thus these issues hold the core of what is to be studied and shades light on important areas on which the company can take maintenance measures.

The study also reviews the effect of the reward systems, both financial and nonfinancial rewards as means of motivating employees.

1.4 Objectives of the Study

1.4.1 General Objectives

The objective of this research is to investigate the effect of financial and nonfinancial rewards systems in motivating employees in Heineken Brewery S.C.

1.4.2 Specific Objectives

The specific objectives that the research study aims to accomplish are:

- To examine the effect of each component of financial and non financial rewards on the motivation of the employees of Heineken Brewery S.C.
- To determine which reward scheme has more effect on employee motivation.
To find out what change should be made in the current reward system of the company.

1.5 Research Questions

After its completion this research tried to answer the following questions.

I. What are the elements that form part of the reward and incentive offering to employees in the company?

II. To what extent the Company uses non financial and financial rewards in their offering to motivating employee?

III. What are the reward preferences by employees?

1.6-Hypothesis of the study

With regard to the objective articulated above, the following hypotheses were investigated.

Hypothesis 1

H0: The existing financial reward practice of the company has a positive relationship also an effect to the motivation level of employees.

H1: The existing financial reward practice of the company has not a positive relationship also an effect to the motivation level of employees.

Hypothesis 2

H0: The existing non financial reward practice of the company has a positive relationship also an effect to the motivation level of employees.

H2: The existing non financial reward practice of the company has a positive relationship also an effect to the motivation level of employees.
1.7. Significance of the Study

The findings and recommendations of this study are believed to have significant contributions to several parties. The beneficiaries and the possible benefits they may get are listed below: The study will provide an input for the managers of Heineken Brewery S.C. to evaluate the reward scheme they are currently in motivating their employees and make amendments where necessary.

The results and recommendations of the study are expected to improve and/or sustain the motivation system. Furthermore, the study is also believed to contribute to current literature in the field of reward and employee motivation nexus which may provide relevant information for researchers who are interested in conducting research in related area.

1.8 Scope of the Study

This study is encircled to employee motivation of Heineken Brewery Company and its effectiveness. It tries to identify which financial and non-financial incentives are effective for employee motivation. As for the geographical scope, the research data will be collected from Heineken S.C. Head Quarters located at KolfeKeranio Sub-City and the brewery at Kilinto located at Akaki Sub-city.

The researcher has tried to see reward in two dimensions which are financial and non financial rewards and how those two independent variables affects the dependent variable which is motivation that can be measured through the employee’s commitment and performance.

Methodologically, the study has followed quantitative research approach. In analyzing the data, and to get a clear understanding of the effect of financial and non financial rewards on motivation of the company through on the selective population, the researcher has selected quantitative research approach.
Concerning time horizon, this study used cross-sectional study. Data has been collected from employees of Heineken in a particular time and not for different periods of time. The study only focuses on the group of respondents from clerical, up to managerial level. Hence the data collection instrument supports the inclusiveness.

1.9 Limitation of the study

This study was in line with office career assignments. In addition, since human beings are tending to hide what they really feel from within due to different reasons, respondents might reluctant to provide their true feelings as a result conclusions of the findings might be affected. Some participants may tease whiling responding. But with the help of a friend that works there, the researcher manages to get clear information from the employees of the case company and proceed with the data analysis part. Lack of experience was also affected the research work.

1.10 Definition of Terms

Employee Motivation: According to Pinder, (1998) employee motivation may be regarded as a set of internal and external forces that initiate work-related behavior, and determine its form, direction, intensity and duration.


Non Financial rewards: Nadi, (2011) defined as intangible rewards or psychological like appreciation, meeting the new challenges, positive and caring attitude from employer and job rotation after attaining the goal. Frey, (1997) argued that once pay exceeds a subsistence level, intrinsic factors are stronger motivators, and staff motivation requires intrinsic rewards such as satisfaction at doing a good job and a sense of doing something worthwhile.
Financial rewards: Nadi, (2011) also defined extrinsic rewards as tangible rewards and these rewards are external to the job or task performed by the employee. External rewards can be in terms of salary/pay, incentives, promotions and job security

1.11. Organization of the Research Report

This research work has five consecutive chapters. The first chapter contains introduction which includes background, problem statements, research question, and objectives of the study, significance of the study and scope of the study.

Chapter two illustrates review of relevant literature. Several theories related to motivation and rewards are presented. Under the empirical framework section different studies on related matter will be reviewed.

Chapter three is about research design and methodology. It focuses on research design, sampling techniques, data collection tools and procedures, and specify the data analysis techniques employed while undertaking the study.

The fourth chapter covers finding of the study, interpretations of the result and discussion of the result by comparing with the existing literature.

The last chapter covers the summary of the finding, conclusion, and recommendation
CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

In this section, different concepts and theories related to motivation and reward has been reviewed. In the theoretical literature review section, various concepts of motivation and reward have been discussed. It is followed by discussion of relevant theories associated with motivation. Findings of research studies undertaken by different researchers on related matters have been treated in the empirical literature review section.

2.1. The Concept of Motivation

The concept of motivation is perceived from so many angles by different scholars. In this study, however, motivation has been seen in terms of non-financial and financial motivation.

The word motivation is coined from the Latin word Motus, a form of the verb Movere, which means ‘to move’ Greenberg and Baron, (2003). Robbins and Judge, (2008) expand the term motivation to the set of psychological processes that cause the arousal direction and persistence of individuals’ behavior towards attaining a goal.

Organizational scientists and practitioners have long been interested in employee motivation and commitment. This interest derives from the belief and evidence that there are benefits to having a motivated and a committed workforce Meyer & Allen, (1997).

In the same way, Dessler, (2008) defines Motivation as the forces that energizes, directs, and sustain behavior. Employee Motivation is an employee's intrinsic enthusiasm about and drives to accomplish Activities related to work.

According to Greenberg and Baron, (2000) motivation is divided into three main parts. The first part looks at arousal that deals with the drive, or energy behind an individual’s action. People tend to be guided by their interest in making good impression on others, doing interesting work
and being successful in what they do. The second part refers to the choice people make and the
direction their behavior takes. The last part deals with maintaining behavior clearly; defining
how long people have to persist at attempting to meet their goals.

Robbins and Judge, (2008) expand the term motivation to the set of psychological processes
that cause the arousal, direction and persistence of an individual’s behavior towards attaining a
goal. The above scholars look at motivation as a psychological process with three components
that affect behavior, that is: direction, effort and persistence. Hence, motivation is perceived as a
goal directed behavior.

Likewise Lawler, (1994) defined motivation as a conscious process that results from an
individual’s choice about what will and will not be in a given situation, while Armstrong, (2005)
defined motivation as concerned with the factors that influence people to behave in certain ways.
Armstrong mentioned three components of motivation as direction (what a person is trying to
do), effort (how hard a person is trying), and persistence (how long a person keeps on
trying). This means motivating people is about getting them to move in the direction you want
them to go in order to achieve a result, and motivating yourself is about setting the direction
independently and then taking a course of action which will ensure that you get there.

According to Don, John, & Slocum, (2011) motivation is either internal or external force that
influences the person to behave or act in a specific, goal-oriented manner. This force affects
productivity of employee so managers must be certain that they channel employee motivation
effectively toward organizational goal achievement.
Types of Motivation

There are two types of motivation at work as originally identified by Herzberg, (1957). These are:-

**Intrinsic motivation**: rated factors that influence people to behave in a particular way or to move in a particular direction. These factors include responsibility (feeling that the work is important and having control over one’s own resources), autonomy (freedom to act), scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement.

**Extrinsic motivation**: This concerns what is done for people to motivate them. It includes rewards such as increased pay, recognition, or promotion and punishments such as disciplinary action, withholding pay among others. Extrinsic motivation has a powerful effect, but it will not necessarily last long. Motivation is very important for an organization as it improves the level of efficiency of employees. The level of a subordinate does not depend upon his or her qualifications or abilities. To get the best of his work performance, the gap between ability and willingness has to be filled.

A company needs employees that are both satisfied and motivated, without them, customer satisfaction level would also be affected. Interpersonal relationships established between company personnel and the customers are a big driving force behind ensuring that a customer is satisfied or dissatisfied. Add that the relationship established between the employees and the customers may lead to an increase in values perception with regards to the company’s products and services. When a high perception of value is achieved, then it is also highly likely that the customer will be satisfied, thereby bringing in more business for the company.
Scholars have put forth different explanations on how motivation can be achieved within a company or an organization.

2.2. Theories Related to Motivation

2.2.1 Maslow’s Hierarch of Needs

Maslow, (1943) classified human needs into five categories arranged in a hierarchy of importance. These include physiological, security, belongings, esteem and self-actualization needs. According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge. According to Maslow, (1943) a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated only to fulfill them. When physiological needs are satisfied they cease to act as primary motivational factors and the individual moves “up” the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied. Maslow, (1943) also provided that the rationale is quite simple because employees who are too hungry or too ill to work will hardly is able to make much a contribution to productivity hence difficulties in meeting organizational goals.

2.2.2 Herzberg’s Two-Factor theory of Motivation

Herzberg, (1968) followed the humanistic path lay down by Maslow and developed the two factor theory which suggests that there are only two basic sets of needs not five. Moreover, Herzberg, (1968) differentiated between the two needs factors and asserted that one set promotes job satisfaction and motivation, which he named motivators. Hertzberg thought that hygiene needs (parallel to Maslow’s physiological and safety needs) devise from “mankind” animal nature to avoid pain from the environment. Hence at the work place we look for job security,
good working environment, fairness of company policy and administration and interpersonal relationships.

According to Hertzberg, meeting hygiene factors would only eliminate dissatisfaction, but would not result in actual motivation. This can be achieved only by fulfilling motivator factors such as recognition achievement, the work itself (the meaningful, interesting and important work). Robbins and Judge, (2008) say that the detractors of the two-factor theory question the reliability of Herzberg’s methodology, but regardless of this admissible criticism, Herzberg’s work had major effects over generations of managers.

Herzberg’s Two-Factor theory suggests that organization must focus upon safeguarding the suitability of the hygiene factors to elude employee dissatisfaction Herzberg, (1968). Organization must not only offer hygiene factors to avoid employee de-motivation, but also must offer factors essential to the work itself for employees to be satisfied with their job.

### 2.2.3 Equity theory

Locke and Latham, (2002), claims that specific and difficult yet attainable goals along with feedback motivate and lead to high performance more than vague goals such as exhortation to “do your best”. Armstrong, (2006) argues that equity theory is concerned with the perception people have about how they are compared with others. To be dealt with equitably is to be treated fairly in comparison with another group of people (a reference group). Equity involves feelings and perceptions and is always a comparative process. The theory states that, in effect, people will be motivated if they are treated equitably, and frustrated if they are treated inequitably.

In support of Equity theory, Aswathappa, (2003) argues that the theory emphasizes equity in the structure of employees’ remuneration. The maxim, “a fair day works for fair day pay” denotes the sense of equity felt by employees. The way the employees are treated by firms is of
prime importance to them; when they receive inequity it can result into lower productivity, higher absenteeism or decrease in staff turnover. According to this theory, employees constantly think about their inputs to the job -- for example, effort, experience, education and their outcomes like salary, promotions, and prizes, among others. This compels them to make an output-to-input ratio and compare it to the perceived ratio of their friends and co-workers.

Robbins and Judge, (2008) assert that if the comparison of the ratios shows identical results, employees are motivated and keep on with their jobs; but if it shows that others gain more or sometimes even less, tension is created and subsequent action to relive that tension will be taken.

2.3. The Concept of Reward

Pitts, (2011) stated that reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility. Pitts, (2011) also specified that pay is the most significant and motivating benefit that is received in return for performing a task or service. It is pay that motivates individuals to go out and seek work. Pay is also one of the few ways to set a mutually acceptance common value to the individual work contribution. Pay also can be a powerful de-motivator, if employees are not satisfied with the reward package, it will be hard for the company to recruit and retain good individuals.

Similarly Torrington, (2009) emphasized that advocates of the expectancy theory believe that employees will change their behavior by working harder to prioritizing their actions if they know that by doing so they will be rewarded with something of value to them. Hence incentives are a great way to reward effort and behaviors which the organizations wish to encourage. If the incentive is paid in return for behavior that contribution to the organizations goals, it will in the long run enhance organizational effectiveness and productivity and hence generates a positive
outcome for both employer and employee. Pitts, (2011) underlined that the principle reward for performing work is pay, many employees however offer also reward packages of which wages and salaries are only a part of. The packages typically include: bonuses, pension schemes, health insurance, allocated cars, beneficial loans, subsidized meals, profit sharing, share options and much more.

2.3.1 Types of rewards

According to John, (2005), reward is broadly categorized by two: non-financial (intrinsic or intangible) rewards and financial (extrinsic or tangible) rewards. Financial and nonfinancial reward systems have a strong influence over the employee and enhance job satisfaction

I. Financial Rewards;

Financial rewards are the non-job related rewards such as pay, salary and work conditions. Gupta and Shaw, (1998) concluded in their research that financial incentives are indeed effective. They took the point of view that not all the jobs are interesting and challenging in nature, if we would live in an ideal world everyone would be intrinsically motivated and rewarded, but in many work places this is not the reality. They concluded that money matters to most of us and it motivates us because of the symbolic and instrumental value it bears. Symbolic value of money recaps what we ourselves and what others think about it, instrumental value of money means the ends we can get for exchanging it. The financial rewards are pay, bonuses, transportation allowance and medical facility.

Pay: is proposed as a key motivational factor for individual and organizational performance and motivation Robbins, Stephen & Mary, (2012). Empirical evidence like Gelard and Razea, (2016) and Araya and Haiyan, (2016) indicates that pay is among the most important construct linked to positive workplace behaviors, such as work motivation and job performance. Pay is a leading reason for individuals to find employment elsewhere.
**Transport allowance:** The problems of the working force and retirement and their mental stress is increasing due to the inefficient transport system. Public transport is costly, scarcely available and unpleasant. Government is still unable to provide adequate transport facilities to the commuters even in the major cities of the country. Environment and lack of infrastructure provision decreases labor force participation. So, there is a greater need to provide employees with more suitable transportation options. The availability of official enhancing employee satisfaction and accomplishing transport facility for employees who were living far from their workplace and were making their own transport and arrangements would reduce their financial burden and abilities of employees. Organizations should provide convenience effective role in motivating the employee by organizing to their staff because it will be very helpful in motivating the tasks in a way that are interesting and challenging at the employees.

**Medical facility:** When medical and surgical expenses of the employee are paid by the insurer, it is said to be health insurance. It is a source of motivation and attracting the competent employees because health cost schedules, has increased over the time and health insurance decreases the financial burden of the employee and increases its motivation and commitment. The insured is determining either remunerated for the expenses of the illness or the health care provider is given the money by health insurance. It provides coverage for the stays in hospitals, visits and medical expense.

**II. Non-Financial Rewards**

As per Bratton, (2007) defines rewards as referring to all monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform. Banfield, (2007) identifies non-financial rewards as psychological or intrinsic rewards that people do, and their working environment. According to Hertzberg, (1966), while
financial rewards are purely hygiene factors, non-financial rewards address the psychological needs of employees and can unlock latent effort and engender greater organization commitment. Pfeiffer, (2006) identifies that non-financial rewards focus on achievement, recognition, responsibility, influence and personal growth. Non-monetary rewards are more varied and unique than monetary rewards and offer major advantages. They help meet employees’ needs for recognition, growth and responsibility and most can be relatively inexpensive. Torrington, (2002) establishes that in the organization, non-monetary rewards range from small merchandise rewards to certificates of appreciation. The technical requirements are equally varied, ranging from rewards with no documentation (certificates of appreciation) to rewards requiring management's signature (external rewards) before being submitted to the employees Armstrong, (1994) identifies that non-financial rewards focus on the needs most people have and they include the need for promotion, recognition, job security and working condition.

**Promotion:** A study by García, (2012) identified that perceptions of promotion systems affect organizational justice and job satisfaction. Likewise, Koch and Nafziger, (2012) specified that promotions are desirable for most employees, only because they work harder to compensate for their “incompetence.” As a result, promotion at regular interval of time has an optimistic approach behind and they are generally given to satisfy the psychological requirements of employees in the organization.

**Recognition:** According to Candi, (2013), a growing recognition of the opportunities of innovation is through experience staging. Mahazril, (2012) concluded that rewards and recognition and communication may motivate them to work. Recognition enhances the level of productivity and performance at job whether it is a first time performance or a repeated action at the job in a progressive way and ultimately reinforces the behavior of employee.
**Job security:** As per Yamamoto, (2013) if an employee perceives they will be getting rewards for good work and their job is a secured one, the performance will automatically be better. Similarly, Zhang and Wu, (2004) indicated that with Job security, an employee gets confident with the future career and they put their most efforts to achieve the objectives of the organization. So we can say job satisfaction is the most influential tool of motivation and put the employee very far off from mental tension and he gives his best to the organization, ultimately it leads to profit maximization.

**Working conditions:** In (2012), Jung and Kim stated that good work environment and good work conditions can increase employee job satisfaction and an employee organizational commitment. So the employees will try to give their best which can increase the employee work performance. Similarly, Cheng, (2013) concluded that there were evidences of moderating effects of age on the associations between psychosocial work conditions and health. Now the importance and the need of working condition is so describing or defining the physical environment by identifying those elements or dimensions of the physical environment. Employees having poor working conditions will only provoke negative performance, since their jobs are mentally and physically demanding, they need good working conditions.

### 2.3.2 Reward Management

Reward management is concerned with the formulation and implementation of strategies and polices that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

The reward management is a key function in HRM systems in modern enterprises, playing an important role in attracting, retaining and motivating employees Milkovich and Newman,(2004).
These days, organizations with varying degree of success, attempts to tie together the powerful forces of pay as a motivator to encourage employees to work in ways that lead to the achievement of organizational objectives. There are many more forms of incentive payments, many varieties of recognition awards and the number of employee benefits has greatly expanded. John, (2005).

According to Derek, Laura & Stephen, (2008) the key aim of reward management is to design reward packages which serve to motivate, attract, and retain staff. At the same time ensuring the organization commercial and financial viability is not affected by the cost of reward package. The significance employee put on their pay and their tendency of comparing their pay with relevant others make the task very difficult. Any mistake on reward package has major negative consequences, it de-motivate employee in a serious way, resignation of employee good employee, less effort and unhealthy employee relation climate, high level of absenteeism. In time this reduces organization’s effectiveness and damage financial performance. Managing reward is largely about managing expectations what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. The tighter the labor market becomes, the harder it is to recruit and retain the best-qualified people, and the more pressure there is placed on employers to develop rewards packages that suit employees as much as they suit their own needs Madhuri, (2014).

It can be said that people are the only scarce resource companies have which other competitors cannot copy. Based on this point of view investment on employees should be of high importance to the companies which have understood the real gain they can retrain from their unique employees.
2.3.3. The Aim of Reward Management

The strategic aim of reward management is to develop and implement the reward policies, process and practice required to support the achievement of the organization’s business goals. According to Armstrong & Murlis, (2004) the specific aims are to Reward the right things to convey the right message about what is important in terms of expected behaviors and outcomes. They also stated that it is create total reward process that are based on beliefs about what the organizations values and wants to achieve. Most importantly it aims to reward people for the value they create and to develop a positive employment relationship and psychological contract as well.

2.3.4 Reward Strategy

Brown, (2011) suggested that in order to have an effective reward strategies, organization should have to have clear defined goals and well defined link to business objectives, there has to be well-designed pay and reward programmes as well as effective and supportive HR and reward processes must be in place.

2.3.5 Forms of Reward and the Relation between Employee Motivations

Intrinsic Rewards

Intrinsic rewards are an intrinsically motivated individual will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her Armstrong & Murlis, (2007).

According to Mottaz, (1985), Intrinsic rewards are derived from the content of the task itself and include such factors as interesting and challenging work, self-direction, variety, creativity, opportunities to use one’s skills and abilities, and sufficient feedback regarding the effectiveness of one’s efforts. Employee are thought to be motivated to work hard to produce quality results
when they have pride in their work and they believe their efforts are important to the success of the organization objectives Mahaney & Lederer, (2006).

**Extrinsic rewards**

Extrinsic rewards, on the other hand, are external to the job itself. An extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job (Armstrong & Murlis, 2007).

The extrinsic rewards themselves can be divided as financial and non-financial rewards and, it enhance directly the financial well-being of the employee.

They comprise such elements as competitive salaries, pay raises, merit bonuses and fringe benefits, bonus and promotions. On the other hand, non-motivational rewards do not increase the financial pay offs to the employee. Instead of making the employee’s life better of the job like the financial rewards, they emphasize making life on the job more attractive according to Mahaney & Lederer, (2006).

**2.3. Empirical Framework**

Oluseyi and Ayo, (2009) conducted a study on employee motivation. The study investigated influence of work motivation, leadership effectiveness and time management on employees’ performance in some selected industries in Ibadan. The data were analyzed using multiple regression statistical method and correlation matrix. Based on the findings of this study, it was recommended that employers, human resource managers and other leaders in organizations are encouraged to show greater interest in the welfare of workers to make them more valuable contributors to the success of the organization.

Madhuri, (2014) conducted a research on impacts of financial and non-financial rewards with respect to overall levels of employee motivation in private sector. According to these researches
finding, there is strong relationship between level of reward and motivation. The finding also reveals employee in private sector gave much importance to financial rewards than non-financial rewards. Yet these may vary according to that status of employee, lower level and middle level employee give much importance to financial rewards and high level staffs like managers emphasis on non-financial rewards. Reward variables that are given a high rank by the respondents are retirement benefit, salary and financial reward and good interpersonal relationship and freedom of work from non-financial reward.

On the other hand the study conducted by Martha, (2013) on effect of financial and non-financial rewards with respect to lower level employee in retail industry. The finding shows that there is no significant relationship between financial reward and employee motivation. But there was a significance relationship between non-financial reward and motivation among lower level employee. Flexible working hour and recognition considered significant non-financial rewards and pay for performance considered important financial reward.

Kahn, (2010) has examined the influence of on payment, recognition, promotion on employee work motivation. The statistical analysis result shows that there is strong relationship between reward and employee motivation. This study has greatly contributed in revealing the fact that different tactics and policies would have different motivational impact on diverse people.

Nebiat, (2010) conducted a research on ‘relationship between Reward and Nurse’s motivation in Addis Ababa Hospitals’. The objective of this research was to examine the relationship between rewards and nurse work motivation in hospitals administrated by Addis Ababa Health Bureau. There is a positive significant relationship between reward and the nurse’s work motivation. Payment is the most significant variable among financial reward and recognition is the least significant from non-financial reward variable.
Another research conducted by Berhan, (2007), this study examines the impact of intrinsic, extrinsic, and equity factors of work on employee’s organizational motivation case study in two selected private colleges in Addis Ababa. The finding shows that instructors in private colleges were satisfied with intrinsic factors of work such as opportunity for achievement & responsibility. On the other hand, instructors are generally dissatisfied with extrinsic content of work such as salary, fringe benefits and bonus. Moreover, there is also structural inequity. Consequently, employees were not committed to their organization which implies the availability of high turnover and lower performance.

2.4. Conceptual Framework of the Study

Conceptual framework is defined as an interconnected set of ideas (concepts or theories and Models) about how a particular trend is related to its parts Svinicki, (2010). The aim of this framework is to clarify concepts and the relationship among the variables in the study.

**INDEPENDENT VARIABLE**

<table>
<thead>
<tr>
<th>Financial Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pay</td>
</tr>
<tr>
<td>• Benefit packages</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Financial Rewards</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Recognition</td>
</tr>
<tr>
<td>• Job security</td>
</tr>
<tr>
<td>• Working condition</td>
</tr>
<tr>
<td>• Promotion</td>
</tr>
</tbody>
</table>

**DEPENDENT VARIABLE**

MOTIVATION
In the conceptual framework as displayed in Figure 1 above, Rewards, the independent variable (IV) is hypothesized to influence employees Motivation in which two dimensions of Non-financial which are recognition, job security, working condition and achievement. And financial rewards which are pay, bonuses, transport allowance and medical facility are used. Motivation on the other hand, is conceptualized as a dependent variable (DV). Motivation is measured in terms of performance and commitment.
CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter presents the methodology that is employed to collect and analyze the data required to describe the participants and answer the research questions. The discussion includes the research design, population/sample, source and method of data collection, variables of the study, instrumentation, and measurement of variables, reliability and validity test.

3.1 Research Approach

The strategies and the method all contribute to a research approach that tends to be more quantitative, qualitative or mixed (Creswell, 2004).

Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics Marczyk, Dematteo&Frestinger, (2005).

Therefore, the study used quantitative research approach because it used structural questionnaire data collection method and statically data analysis techniques. Concerning time horizon, this study used cross-sectional study. Data is collected from employees of Heineken in a particular time and not for different periods of time.

3.2 Research Design

The research design adopted was explanatory survey design. According to Cooper and Schindler (2000), Since the purpose of explanatory research design is explaining and interpreting relationships between two or more aspects of a situation or phenomenon, it is used to explain and interpret the relationship between reward and motivation in the current study Creswell, (2004). With this respect, the main target of the study was to investigate the effects of reward practices on
employee motivation in Heineken Brewery S.C. Therefore, correlation analysis was used to assess
the relationship that exists between the variables, i.e. independent variables and dependent variable.

3.3. Population and Sampling Techniques.

3.3.1. Target Population

Target population means the total number of entities in which the researcher is interested in, it could be the collection of individuals, objects or events about which the researcher wants to make inferences. The target population of this study includes employees of Heineken Brewery found in Addis Ababa specifically those who work in the office. The population size is 334 based on 2017/18 annual report of the Company.

3.3.2. Sample Size

Total sample population is an employee that works in the office specifically, Head Quarters located at Kolfe Keranio Sub-City and the brewery at Kilinto located at Akaki Sub-city which counts 334. The sample size is calculated based on the formula developed by Israel (2009), at +/- 5% level of precision

\[ n = \frac{N}{1 + (N \times e^2)} \]

\[ e^2 \] - the desired level of precision

\[ n= 334 \]

\[ 1+334*(0.05)^2 \]

n=183

A sample size of 183 was selected from a total population of 334 of employees. The researcher believed the sample size is sufficient and representative of the entire population. Therefore by using the above formula, the sample size of the study will be 183 and questioners will be distributed accordingly.
Table 1 Sample size of the population

<table>
<thead>
<tr>
<th>Population</th>
<th>Gender</th>
<th>Population size</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non Managerial</td>
<td>Male</td>
<td>156</td>
<td>90</td>
</tr>
<tr>
<td>Non Managerial</td>
<td>Female</td>
<td>110</td>
<td>55</td>
</tr>
<tr>
<td>Managerial</td>
<td>Male</td>
<td>53</td>
<td>33</td>
</tr>
<tr>
<td>Managerial</td>
<td>Female</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>334</strong></td>
<td><strong>183</strong></td>
</tr>
</tbody>
</table>

Source: Researchers’.

3.3.3. Sampling Techniques

Sampling is defined as the selection of some part of an aggregate or totality on the basis of which a judgment of inference about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it. Kothari, (2004). Sampling is used for variety of reasons some of them are; sample study is usually less expensive than census and produce result in relatively faster speed, sampling remain only option when the population contains substantially many members. In this study, the researcher employed stratified simple random sampling to select respondents. The researcher used this sampling method because this technique gives equal chance for all respondents to be included in the sample. A total of 183 employees randomly selected from the case company. The researcher randomly selects managerial and clerical staffs working at the company and distributes the questionnaire for those staffs. The survey has been done on every employee from clerical to managerial except lower level employees like cleaner, security guard and messenger and employee working at outlined branches were excluded.
3.4. Types of Data and Tools/Instruments of Data Collection

The researcher used both primary and secondary data collection method. Primary data is collected to obtain firsthand information on the specific research questions. And secondary data was used to support the facts acquired through primary data. As for primary data questionnaire were used.

Structured Questionnaire was used in order to reach wide range of respondents so that, acquire information to examine and explain the relationships between variables. The questions was framed using Likert’s scale of measurement ranging from strongly agree to strongly disagree (Strongly agree 5, Agree 4, Neutral 3, Disagree 2 and Strongly Disagree 1). The survey questionnaire will have 6 parts; part 1, to capture basic demographic information of respondent. part 2, to capture information on employee opinion on current reward in use. Part 3, questions about reward practice, part 4 questions about motivation, part 5 questions on financial and non-financial reward scheme and motivation to identify which reward schemes impact their motivation most and part 6 is all about what they would like the company to improve.

As the researcher tried to show in the conceptual frame work, the researcher has measured motivation. In doing so regarding to the financial rewards the researcher expect information from the company data base and as for the non financial rewards, the researcher has tried to get answers by using the questioners that was distributed for this specific purpose.
3.5. Data Collection Procedures

The developed questionnaire was distributed to all 183 employees working at purposely sampled areas.

3.6 Reliability and Validity of Data

3.6.1 Reliability

Reliability means that the measure yields consistent results Lufumbi, (2010). That is the degree to which the instrument measures what was intended to be measured Lufumbi, (2010). To test reliability of the data collected from respondents, survey method is used. This test the responses from respondents who in turn indicated a series of attributed when making a choice of motivation attributes on a 5-point measure known as likert-scale Nnunay, (2004).

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivation</td>
<td>0.77</td>
<td>10</td>
</tr>
<tr>
<td>Financial rewards</td>
<td>0.79</td>
<td>6</td>
</tr>
<tr>
<td>Non-financial rewards</td>
<td>0.84</td>
<td>6</td>
</tr>
<tr>
<td>Overall</td>
<td>0.80</td>
<td>22</td>
</tr>
</tbody>
</table>

Table 2, Reliability test

3.6.2 Validity

Validity is determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account John, (2009). This study’s validity has been assured through conducting interview with few of sample population to determine accuracy of finding drawn from questionnaire. Also opinion from the research advisor and experts ensure the content validity, whether the items measure the area of interest or the concept it intends to measure which will advance its validity.
3.7. **Data Analysis Methods.**

The data collected using questionnaire was analyzed by descriptive and inferential statistics. Here, the study used the statistical package for social science (SPSS) and has presented the information gathered in a useful way like frequencies distribution for the descriptive statistics and multiple linear regression model to understand and examine the causal relationship of the variables.

3.8. **Ethical Considerations.**

Respondents were assured the confidentiality and anonymity of their response and informed purpose and objectives of the study on the cover letter attached with each questionnaire. In order to increase respondents’ rate and accuracy of responses busy office hours has not been used.
CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The objective of this research is to investigate the effects of rewards systems in motivating employees in Heineken Brewery S.C. Sample respondents were made to fill in the data collection instrument. In this chapter, results have been presented, analyzed, and interpreted in light of the research questions and objectives. Demographic information of respondents, descriptive statistics result of employee attitude on reward in use, correlation matrix, and the results of the regression analysis and discussion of results are presented below.

4.1 Response Rate

A total of 183 questionnaires were distributed to the sample respondents. A total of 165 (90%) questionnaires were returned out of which only 153 (84%) were usable. The study participants have different personal information.

Demographic Information of Respondents

This demographic information of the respondents was not used to understand their relationship with the dependent variable which is motivation level of employee. Rather they are just used to understand the composition of the staffs as it is. Therefore, the demographic profile of respondents, participated in this study is shown below:
Table 3 presents the demographic information of the respondents

<table>
<thead>
<tr>
<th>General Information</th>
<th>Category</th>
<th>Number of Respondent</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>77</td>
<td>50.3 %</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>76</td>
<td>49.7 %</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>153</td>
<td>100 %</td>
</tr>
<tr>
<td></td>
<td>Marital status</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Single</td>
<td>49</td>
<td>32.0 %</td>
</tr>
<tr>
<td></td>
<td>Married</td>
<td>61</td>
<td>32.9 %</td>
</tr>
<tr>
<td></td>
<td>Widowed</td>
<td>22</td>
<td>14.4 %</td>
</tr>
<tr>
<td></td>
<td>Divorced</td>
<td>21</td>
<td>13.7 %</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>153</td>
<td>100 %</td>
</tr>
<tr>
<td></td>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>18-25</td>
<td>21</td>
<td>13.7 %</td>
</tr>
<tr>
<td></td>
<td>26-30</td>
<td>33</td>
<td>21.6 %</td>
</tr>
<tr>
<td></td>
<td>31-35</td>
<td>40</td>
<td>26.1 %</td>
</tr>
<tr>
<td></td>
<td>36-40</td>
<td>28</td>
<td>18.3 %</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>19</td>
<td>12.4 %</td>
</tr>
<tr>
<td></td>
<td>Above 50</td>
<td>12</td>
<td>7.8 %</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>153</td>
<td>100 %</td>
</tr>
<tr>
<td></td>
<td>Educational Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certificate</td>
<td>20</td>
<td>13.1 %</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>20</td>
<td>13.1 %</td>
</tr>
<tr>
<td></td>
<td>Degree</td>
<td>56</td>
<td>36.6 %</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>57</td>
<td>37.3 %</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>153</td>
<td>100 %</td>
</tr>
<tr>
<td></td>
<td>Work Experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1-2</td>
<td>14</td>
<td>9.2 %</td>
</tr>
<tr>
<td></td>
<td>3-5</td>
<td>57</td>
<td>37.3 %</td>
</tr>
<tr>
<td></td>
<td>5-10</td>
<td>44</td>
<td>28.8 %</td>
</tr>
<tr>
<td></td>
<td>Above 10</td>
<td>38</td>
<td>24.8 %</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>153</td>
<td>100 %</td>
</tr>
<tr>
<td></td>
<td>1000-2000</td>
<td>12</td>
<td>7.8 %</td>
</tr>
</tbody>
</table>
Referring the above table (Table 1) from a total of 153 respondents, 77 (50.3%) were male while 76 (49.7%) were female; this indicates that relatively well distributed the number of proportions between male and female employees in the sample.

As shown in the above table, from a total of 153 respondents, 49(32.0%) are single, 61(32.9%) are married, 22(14.4%) are widowed, 21(13.7%) are divorced.

We can also see that out of the total respondents that 73 (47.7%) fall under category of young generation. As a result, it is possible to say that most of employees of the company are young generation. So, the company acquires the best out of energetic employees.

With respect to the level of education, 20 (13.1%) are College Diploma holders, respondents 56 (36.6 %) have BA/BSC Degree holders and 57 (37.3 %) have MA/MSC degree holders. Therefore, the majority of the respondents are educated to a level of BA/BSC degree and MA/MSC. So, the company have relatively qualified employee.

The above table also depicts work experience that respondents have in the company. 14 (9.2%) have been working in the company more than 1 year, 57(37.3%) are between three to five years, 44 (28.8%) are between five to ten years, and 38 (24.8%) are more than 10 years. Thus, majority

<table>
<thead>
<tr>
<th>Salary</th>
<th>2500-3500</th>
<th>22</th>
<th>14.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3500-6000</td>
<td>47</td>
<td>30.7%</td>
</tr>
<tr>
<td></td>
<td>6000-10000</td>
<td>35</td>
<td>22.9%</td>
</tr>
<tr>
<td></td>
<td>Above 10000</td>
<td>35</td>
<td>24.2%</td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td></td>
<td>100 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job category</th>
<th>Managerial</th>
<th>57</th>
<th>37.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-Managerial</td>
<td>95</td>
<td>62.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salary Range</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2500-3500</td>
<td>22</td>
<td>14.4%</td>
</tr>
<tr>
<td>3500-6000</td>
<td>47</td>
<td>30.7%</td>
</tr>
<tr>
<td>6000-10000</td>
<td>35</td>
<td>22.9%</td>
</tr>
<tr>
<td>Above 10000</td>
<td>35</td>
<td>24.2%</td>
</tr>
<tr>
<td>Total</td>
<td>153</td>
<td>100%</td>
</tr>
</tbody>
</table>
of respondents have three to ten years’ length of service. On the other hand a small percent of employees i.e. 9.2% more than 1 years length of service. Therefore the company has relatively experienced employees.

With respect to the level of salary, 12 (7.8%) is paid with “between” the range of 1000-2000, 22 (14.4%) is paid between the range of 2001-3500, 47(30.7%) is paid “between” the range of 3501-6000, 35(22.9%) is paid “between” the range of 6001-10000, 35(24.2%) is paid above 10000.

Finally under Job classification, which were manager and Non managerial, 57 (37.3%) were managerial and 95(62.1%), this entails that majority of the respondents were professional and clerical employees.

4.2. Percentage and Descriptive Statistics
4.2.1 Financial Rewards
4.2.1.1 Payment Practice of the Company

The responses collected about the payment practice of the company under study are summarized using the table

Table 4. Frequency, and Mean for Measures of respondent’s Perception of Payment Practice.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My salary is satisfactory in relation to what I do.</td>
<td>69 (45.1)</td>
<td></td>
</tr>
<tr>
<td>2. The amount of basic pay is fair relative to the industries average.</td>
<td>48 (31.4)</td>
<td></td>
</tr>
<tr>
<td>3. The basis of payment for example overtime payment is reasonable</td>
<td>34 (22.2)</td>
<td></td>
</tr>
<tr>
<td>4. Salary adjustments made within a reasonable time period.</td>
<td>56 (36.6)</td>
<td></td>
</tr>
<tr>
<td>5. Salary increments are made based on performance results of workers</td>
<td>56 (27.5)</td>
<td></td>
</tr>
</tbody>
</table>
Salary increments made for high performing employees encourages others

<table>
<thead>
<tr>
<th>Perception of employee towards payment</th>
<th>1=Strongly Disagree</th>
<th>2= Disagree</th>
<th>3= Neutral</th>
<th>4= Agree</th>
<th>5=Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall perception of employee towards payment</td>
<td>27 (17.6)</td>
<td>1 (.7)</td>
<td>2 (1.3)</td>
<td>38 (24.8)</td>
<td>85 (55.6)</td>
</tr>
</tbody>
</table>

Source: Own Survey Questionnaire, 2019

Referring the above table out of the total 81% believed they disagree with their salary is satisfactory relation to what they do. 1.3% said they are neutral, the other only 17.7% said they agree. This implies that majority of respondents don’t think their salary is satisfactory enough in relation to what they do.

According to the above table out of the total 78.5% believed they disagree with the reasonable basic payment. 1.3% said they are neutral, the other only 17.7% said they agree. This imply that majority of respondents are not happy about the reasonable basic payment of an individual towards their contribution to the company.

When employees were asked about the reasonability of over time payment in their company, they responded 70.6% disagreeing, 12.4% by being neutral, and 19.3% by agreeing. To put it another way a considerable amount of the respondents are didn’t agree on how the over time payment is handled in the company.

When employees were asked about salary adjustment within reasonable time, about 66%said they disagree, 14.4% said neutral, 19.6% said they agree .This implies that majority of the respondents are not happy about the salary adjustment made by the company.

With regard to the respondent’s agreement with, the company fairness management of Salary increments based on workers performance, 73.9% said they disagree, 6.5% said neutral, 19.6% said they agree . This implies that most of the respondents don’t agree with the company fairness management of Salary increment based in workers performance.
Similarly, when employees were asked about Salary increments made for high performing employees encourages others, 18.3% said they disagree, 1.3% said they are neutral, 80.4% responded by agree. This shows that most of respondents do believe salary increment for high performance worker is one way of encouraging others.

The total observation of employees towards the payment practice of the company shows that the employees are not happy with the payment practice of the company.

4.2.1.2. Response of Respondents towards benefit packages

Table 5, Frequency and Mean of respondents for Benefit packages.

<table>
<thead>
<tr>
<th>The</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The medical allowance schemes are attractive</td>
<td>32 (20.9)</td>
<td>76 (49.5)</td>
</tr>
<tr>
<td>2</td>
<td>The transportation allowance schemes are attractive</td>
<td>37 (24.2)</td>
<td>69 (45.1)</td>
</tr>
<tr>
<td>3</td>
<td>Benefit packages are modified to ensure competitiveness</td>
<td>32 (20.9)</td>
<td>81 (52.9)</td>
</tr>
</tbody>
</table>

| Overall perception of employees towards the benefits | 3.69 |

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree

Source: Own Survey Questionnaire, 2019

According to the above table out of the total 70.4% believed they disagree with the attractiveness of the medical allowance provided by the company. 3.9% said they are neutral, the other only 25.7% said they agree. This imply that majority of respondents are not happy about the attractiveness of the medical allowance schemes.

In the same way, when employees were asked about the attractiveness of the transportation allowance, 69.3% said they disagree, 9.8% said they are neutral, 20.9% responded by agree. This shows that most of respondents are not happy about the attractiveness of the transportation allowance schemes.
When employees were asked if the benefit packages are modified to ensure competitiveness in their company, they responded 73.9% disagreeing, 5.2% by being neutral, and 20.9% by agreeing.

From the above table in general, which indicate above average number of respondents, perception, is somewhat in disagreement or not satisfied.

4.2.2 Nonfinancial Reward

4.2.2.1 Response of Respondents towards the Promotion practices.

Table 6, Frequencies, and Mean for Measures of Promotion Expectation

<table>
<thead>
<tr>
<th>The</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Everyone has an equal opportunity to get promoted</td>
<td>32 (20.9)</td>
<td>82 (53.6)</td>
</tr>
<tr>
<td>2</td>
<td>The existence of promotion has little effect on performance</td>
<td>50 (32.7)</td>
<td>61 (39.9)</td>
</tr>
<tr>
<td>3</td>
<td>The organizations promotion policy is communicated to all.</td>
<td>39 (25.5)</td>
<td>81 (52.9)</td>
</tr>
</tbody>
</table>

Overall perception of employees towards promotion 3.72

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree

Source: Own Survey Questionnaire, 2019

Referring the above table out of the total 74.5% believed they disagree when they are asked whether they get equal opportunity to get promoted. 8.5% said they are neutral, the other only 17% said they agree. This implies that majority of respondents thinks that there is no such thing like equal opportunity to get promoted in their company.

With regard to the respondent’s agreement with, if the organization promotion policy is commutation to all, 78.4% say they disagree, 4.6% said neutral, and 17% responded by agreeing.

The total observation of employees towards the promotion practice of the company shows that the employees are not happy with the promotion practice of the company.
4.2.3.2 Response of Respondents towards the Job Security

Table 7, Frequency, and Mean and of job security

<table>
<thead>
<tr>
<th>The</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>I do feel secure when discussing and resolving work</td>
<td>22 (14.4)</td>
<td>93 (60.8)</td>
</tr>
<tr>
<td></td>
<td>issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>I have a good relationship with my colleagues</td>
<td>19 (12.4)</td>
<td>94 (61.4)</td>
</tr>
<tr>
<td>3</td>
<td>I don’t feel threatened by my colleague’s performance</td>
<td>19 (12.4)</td>
<td>10 (6.5)</td>
</tr>
</tbody>
</table>

Overall perception of employees towards Job Security 3.68

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree
Source: Own Survey Questionnaire, 2019

With regard to the respondent’s whether if they feel secure when discussing and resolving work issues, 75.2% said they disagree, 4.6% said neutral, 20.3% responded by agreeing.

Referring the above table out of the total 73.8% believed they disagree when they are asked whether they have a good relationship with their colleagues. 18.3% said they are neutral, the other only 7.8% responded by agreeing.

In the same way, when employees were asked if they don’t feel threatened by their colleagues’ performance, 18.9 % said they disagree, 18.3% said they are neutral, 62.7% responded by agreeing.

According to the above table, the majority of the respondents don’t feel secure in their job.
4.2.3.3 Response of Respondents towards the recognition

Table 8. Frequency and Mean for Measures of recognition

<table>
<thead>
<tr>
<th>The</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>I get credit for what I do</td>
<td>44 (28.8)</td>
<td>3.99</td>
</tr>
<tr>
<td></td>
<td></td>
<td>66 (43.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>41 (26.8)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 (1.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 (2.0)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>I receive constructive criticism</td>
<td>17 (11.1)</td>
<td>3.41</td>
</tr>
<tr>
<td></td>
<td></td>
<td>84 (54.9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>19 (12.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11 (7.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>22 (14.4)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The existence of recognition has made me work beyond</td>
<td>25 (16.3)</td>
<td>3.43</td>
</tr>
<tr>
<td></td>
<td>requirements</td>
<td>35 (22.9)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>28 (18.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>67 (43.8)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>25 (16.3)</td>
<td></td>
</tr>
</tbody>
</table>

Overall perception of employees towards recognition 3.61

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree
Source: Own Survey Questionnaire, 2019

With regard to the respondent’s whether if they get credit for what they do, 71.9% said they disagree, 26.8% said neutral, 3.3% responded by agreeing.

In the same way, when employees were asked if they receive constructive criticism, 66 % said they disagree, 18.3% said they are neutral, 39.2% responded by agreeing.

When employees were asked the existence of recognition has made them work beyond requirements, they responded 39.2% disagreeing, 18.3% by being neutral, and 90.1% by agreeing.

Based on the above table, which brings about the majority of the respondents, are not happy towards the recognition practice of the case company.
4.2.3.4 Response of Respondents towards working conditions
Table 9, Frequency and Mean and for Measures of working conditions

<table>
<thead>
<tr>
<th>The</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>My working hours are reasonable</td>
<td>6 (3.9)</td>
<td>33 (87)</td>
</tr>
<tr>
<td>2</td>
<td>I am never overworked</td>
<td>32 (20.9)</td>
<td>71 (46.4)</td>
</tr>
<tr>
<td>3</td>
<td>Creation of conductive work environment encourages high performers</td>
<td>19 (12.4)</td>
<td>26 (17.0)</td>
</tr>
<tr>
<td>4</td>
<td>The existence of safe working conditions has encouraged me</td>
<td>19 (12.4)</td>
<td>96 (83.6)</td>
</tr>
</tbody>
</table>

Overall perception of employees towards working condition 3.48

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree
Source: Own Survey Questionnaire, 2019

In respect to whether the creation of conductive work environment encourages high performance, more than 46.4% of the respondents replied by agreeing that it is.

The overall mean dimensions under working condition shows a mean , which shows above average number of respondents opinions replied, that the working environments of the company is not suitable.

4.3. Response of Respondents towards the Motivation

Table 10, Frequency, and Mean for Measures of motivation

<table>
<thead>
<tr>
<th>I</th>
<th>Variables</th>
<th>Frequency</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>I am motivated by making contribution in my work</td>
<td>10 (6.8)</td>
<td>19 (12.4)</td>
</tr>
<tr>
<td>2</td>
<td>I am motivated by management that makes decisions quickly</td>
<td>9 (5.9)</td>
<td>22 (14.4)</td>
</tr>
<tr>
<td>3</td>
<td>My views and opinions are taken into account when decisions are made</td>
<td>53 (34.6)</td>
<td>71 (46.4)</td>
</tr>
<tr>
<td></td>
<td>I am motivated by a team and work with different members</td>
<td>25 (16.3)</td>
<td>1 (.7)</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------</td>
<td>------------</td>
<td>--------</td>
</tr>
<tr>
<td>5</td>
<td>I am motivated by clear management authority</td>
<td>35 (22.9)</td>
<td>10 (6.9)</td>
</tr>
<tr>
<td>6</td>
<td>My work tasks are interesting</td>
<td>40 (26.1)</td>
<td>77 (50.3)</td>
</tr>
<tr>
<td>7</td>
<td>I get enough feedback from my employer</td>
<td>10 (6.5)</td>
<td>84 (54.9)</td>
</tr>
<tr>
<td>8</td>
<td>My job has visible outcome which I am aware of</td>
<td>39 (25.5)</td>
<td>73 (47.7)</td>
</tr>
<tr>
<td>9</td>
<td>My job requires various skills</td>
<td>26 (17.0)</td>
<td>47 (30.7)</td>
</tr>
</tbody>
</table>

**Overall perception of employees towards motivation** | 3.73

1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5=Strongly Agree

Source: Own Survey Questionnaire, 2019

Referring the above table out of the total 19.2% believed they disagree when they are asked if they are motivated by making contribution to their work. 2.0% said they are neutral, the other only 79% responded by agreeing which means, most of them agree on being motivated by making contribution to their work.

In the same way, when employees were asked if they are motivated when management make decision quickly, 20.3 % said they disagree, 14.4% said they are neutral, 65.3% responded by agreeing. It means the majority respondent agree on being motivated when management mad decision quickly.

Regarding with whether their view and opinions are taken into making decision by the company, 81% said they disagree, 6.5% said neutral, 36.7% responded by agreeing. It means when decision were made by the company employee’s view and opinions will not be included.
With regard to the respondent’s whether if they are motivated by team and work with different members, 17% said they disagree, 8.5% said neutral, 74.5% responded by agreeing.

In the same way, when employees were asked if they are motivated when there is a clear management authority, 29.8 % said they disagree, 0.7% said they are neutral, 74.5% responded by agreeing.

When employees were asked if their work task is interesting, they responded 76.4% disagreeing, 6.5% by being neutral, and 17% by agreeing.

In the same way, when employees were asked if they are motivated when there is a clear management authority, 29.8 % said they disagree, 0.7% said they are neutral, 74.5% responded by agreeing.

likewise, when employees were asked if they are get enough feedback from employer, 61.4 % said they disagree, 0.7% said they are neutral, 37.9% responded by agreeing.

When employees were asked if their work task has visible outcome and requires various skills, they responded 73.2% disagreeing, 0.7% by being neutral, and 26.1% by agreeing.

**Summary of Descriptive Statistics Results of the Study Variables**

Table 11, Descriptive Statistics Results of the Study Variables

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>salary and other pay</td>
<td>153</td>
<td>1.33</td>
<td>4.83</td>
<td>3.7745</td>
<td>1.11100</td>
</tr>
<tr>
<td>Benefit packages (medical, transportation allowance)</td>
<td>153</td>
<td>1.33</td>
<td>5.00</td>
<td>3.7018</td>
<td>1.00838</td>
</tr>
<tr>
<td>Promotion</td>
<td>153</td>
<td>1.33</td>
<td>5.00</td>
<td>3.7256</td>
<td>1.14541</td>
</tr>
<tr>
<td>Job Security</td>
<td>153</td>
<td>1.50</td>
<td>4.50</td>
<td>3.6291</td>
<td>.80198</td>
</tr>
<tr>
<td>Recognition</td>
<td>153</td>
<td>1.67</td>
<td>4.67</td>
<td>3.6129</td>
<td>.96089</td>
</tr>
<tr>
<td>Working condition</td>
<td>153</td>
<td>1.50</td>
<td>4.75</td>
<td>3.4902</td>
<td>1.02111</td>
</tr>
<tr>
<td>Motivation</td>
<td>153</td>
<td>1.67</td>
<td>4.78</td>
<td>3.7426</td>
<td>.85564</td>
</tr>
<tr>
<td>Valid N (list wise)</td>
<td>153</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.4. Correlation Matrix

Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (−1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables Marczyk, Dematteo & Festinger, (2005).

As per Marczyk, Dematteo and Festinger, (2005) correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. Accordingly, the below Pearson correlation coefficients shows that the all independent variables were all positively related with the dependent variable within the range of 0.870 to 0.916, all were significant at p<0.01 level. All the independent variables i.e. salary and other pay, benefit packages, promotion, job security, recognition and working condition show a large level of positive relation with the dependent variable (motivation).
As can be seen in the table above, payment relatedness to work motivation of employees i.e. (r=0.916, p<0.01) there exist a positive and very high statistically significant relationship in between. It can be also observed that, there exist a positive and statistically significant relationship between benefit and employee motivation (r=0.890, p<0.01), similarly there exist a positive and statistically significant relationship between promotion and employee motivation (r=0.903, p<0.01).

As shown in the table above, (r=0.846, p<0.01) there exist a positive and statistically significant relationship between job security and employee motivation and there also exist a positive and statistically significant relationship between recognition and employee motivation (r=0.887, p<0.01).
Additionally, as shown in the table above, there exist a positive and statistically significant relationship between working condition and employee motivation \( (r=0.870, \ p<0.01) \).

### 4.5 Analysis of Inferential Statistics Results

One of the major objectives of the study is to see the effect of financial and non financial rewards on motivation. For this purpose, regression analysis have been used and the results are presented in the below sections.

#### 4.6. Regression Analysis on effects of financial and Non-financial Rewards on Employee Motivation.

The study used a multiple linear regression model and examined the effects and magnitudes of the independent variables on motivation level of employees.

#### 4.6.1 Result of Regression Analysis.

The model for the study that illustrated impact of total rewards on motivation at Heineken Brewery S.C is;

\[
Mtv = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + Ui
\]

Where; \( Mtv \) = Motivation

\( \alpha \) = the constant, or Y intercept  

\( x_1 \) = salary and other pay, \( x_2 \) = transportation and medical allowance, \( x_3 \) = promotion, \( x_4 \) = job security, \( x_5 \) = recognition and  \( x_6 \) = working condition.

The regression analysis was performed based on data collected from employees of Heineken Company. It demonstrated the relationship between **reward and motivation of**
employees at the company. Tables below showed the regression output of the dependent variables and explanatory variables.

Table 13, ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>97.188</td>
<td>2</td>
<td>48.594</td>
<td>517.144</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>14.095</td>
<td>150</td>
<td>.094</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>111.282</td>
<td>152</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

 a. Dependent Variable: Motivation  
b. Predictors: (Constant), non financial, financial

The result in the ANOVA table confirmed the significance of the overall model by p-value of 0.000 which is below the alpha level, i.e. 0.05, which means, the independent variables taken together have statistically significant relationship with the dependent variable under study.

Table 14, Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.942a</td>
<td>.888</td>
<td>.883</td>
<td>.29261</td>
<td>.888</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F Change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>192.289</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>df1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

 a. Predictors: (Constant), Working condition, Job Security, Recognition, Benefit packages (medical, transportation allowance), Promotion, salary and other pay

The other major result under the model summary table showed the R or coefficient of correlation of the model is 0.942 or 94.2% and Adjusted R-Square or coefficient of determination of the model is 0.883 or 88.3%.

Essentially, this is a measure of how good a prediction of the dependent variable we can make by knowing independent variables. This implies that 88.8% of the variance in the dependent
variable (employee motivation) is explained by the independent variables (payment, benefits, promotion, recognition, working condition and job security) in the model. The model also indicates that, the remaining 11.2% of the variance can be explained by other variables.

Table 15, Table of Coefficients

<table>
<thead>
<tr>
<th>Coefficientsa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1</td>
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<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Motivation

Above table shows that, with respect of other variables that are not included in this study but have an impact of dependent variable (employee motivation) are controlled and regarding from above table one of explanatory variables are statistically significant at 99% confidence level, consequently promotion was found to be best predictors of employee motivation with Beta value of .279 followed by salary and other pay which have Beta value of .230.
The regression analysis was done using motivation of employees as dependent variable and financial reward and non-financial reward as independent variables. The following table depicted the analysis’s result as follow;

Table 16, Coefficients’

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.716</td>
<td>.103</td>
<td>6.978</td>
<td>.000</td>
</tr>
<tr>
<td>Financial</td>
<td>.347</td>
<td>.087</td>
<td>.428</td>
<td>3.988</td>
</tr>
<tr>
<td>Non financial</td>
<td>.479</td>
<td>.100</td>
<td>.515</td>
<td>4.797</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Motivation

The above table shows that, all the independent variable have statistically significant relationship with the dependent variable since their p-value is below the alpha level which is 0.05. Considering the standardized beta coefficient, the strongest predictor of the dependent variable (Motivation) is non-financial reward with 0.479 values and financial reward with 0.347 values. Both the independent variables have positive relationship with the dependent variable.

Regression Result, \( M_{tv} = 0.716 + 0.428 Fr + 0.515 NFr \)

Table 17, Correlation Coefficient Regarding Financial Reward and Non Financial Reward and Employees motivation.

<table>
<thead>
<tr>
<th>Financial and non financial rewards</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial rewards</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Financial</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>(0.931^{**})</td>
</tr>
<tr>
<td></td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>153</td>
</tr>
<tr>
<td>Non financial rewards</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Non financial</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>(0.876^{**})</td>
</tr>
<tr>
<td></td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>153</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Table 17 depicts the relationship between the financial reward and non financial reward with the employee motivation. The hypothesis formulated and the results of the correlation are presented here below.

**Hypothesis 1**

H0: The existing financial reward practice of the case company has a positive relationship to the engagement level of employees.

H1: The existing financial reward practice of the case company does not have a positive relationship to the engagement level of employees.

The correlation result indicated that association existed between financial rewards and motivation as the correlation is significant at the 5 percent Pearson correlation coefficient (r) is 0.931**. There is relationship existed between financial reward and employees motivation positively, the level of relationship is high. Hence the hypothesis is accepted and the null hypothesis is rejected.

**Hypothesis 2**

H0: The existing non financial reward practice of the case company has a positive relationship to the motivation level of employees.

H2: The existing non financial reward practice of the case company does not a positive relationship effect to the engagement level of employees.

The correlation result indicated that association existed between non financial rewards and motivation as the correlation is significant at the 5 percent Pearson correlation coefficient (r) is 0.876**. There is relationship existed between non financial reward and employees motivation positively, the level of relationship is high. Hence the hypothesis is accepted and the null hypothesis is rejected.
4.6.2 Interpretation of Regression Analysis

The first thing that must be discussed here should be the overall fitness of the model; this fact has been confirmed by different types of statistical results.

The first way is the ANOVA test that produced a P-value of 0.000 which is below the alpha level, i.e. 0.05. This means both the independent variables have statistically significant relationship with that of the dependent variable, i.e. motivation.

The R (Coefficient of Correlation) is simply measures the degree of (linear) association between the dependent variable and the independent variables jointly. It only measures degree of association or co variation between the two variables (Gujarati, 2004). In this case the value of R which is 0.942 means, there is a very strong relationship between the independent variables as a whole and motivation or this can also means that independent variables taken together and motivation vary together 94.2% of the time.

The last one is by checking the adjusted R square (Coefficient of Determination), can be defined as the proportion of the total variation or dispersion in the motivation (dependent variable) that explained by the variation in independent variables in the regression (Gujarati, 2004). So with adjusted R Square value of 0.888, meaning, 88.8% of the variation in motivation is explained by the linear relationship with all the independent variables. The corollary of this is that only 11.2% of the variation in motivation is unexplained by the relationship or these percentages of change in motivation accounts for other variables not mentioned under this study. Thus when adjusted R square is high it means that the independent variables included in the study play an important part in affecting the dependent variable.

All in All, the regression model developed under the study can be considered as a good fit or predictor of motivation.
The individual effects of the independent variables can be explained by their respective beta coefficients. As per the regression result table 4.7 motivation and non-financial reward have the strongest positive relationship. 1 unit increment in non-financial reward can cause about 51.5% growth in motivation.

The second variable under study was financial reward and according to the regression result, it has a positive relationship with motivation and a 1 unit increment on this variable will cause about 42.8% increment on motivation.
CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to identify which reward schemes; financial or non-financial impacting motivation most at Heineken Brewery S.C. This chapter presents summary of finding, conclusion, and recommendation made based the findings.

5.1. Summary of Finding

From the study the following particular finding were observed:

1. Of the total 153 respondents, 77 (50.3%) were male while 76 (49.7%) were female; this indicates that relatively well distributed the number of proportions between male and female employees in the sample.

2. The overall perception of respondents towards the reward practice of the company in terms of the relatedness with payment dimension, like reasonable basic payment, fairness with compared with other, the company salary adjustment to market shows that the majority of the respondents were not satisfied.

3. The overall perception of respondents towards the reward practice of the company in terms of benefits package like transportation and medical allowance provided, most of respondents were not happy.

4. The total mean for all dimensions under promotion practices, majority of respondents are not motivated.

5. The rest of dimensions (job security, recognition and working condition) majority of respondents are not satisfied.

6. The overall perception of respondents towards level of motivation, majority of respondent was not motivated.
7. The data collected to identify which reward scheme financial or non-financial impacting employee motivation most, ANOVA, R (coefficient of correlation) and Adjusted R-square (coefficient of determination) were used to test the model’s overall fitness, and it turns out the independent variable (financial and non-financial rewards) have a statistically significant relationship with the dependent variable (motivation). The R and Adjusted R-square results showed that the independent variables have highly correlated with the dependent variable and more than 88.8% variation on dependent variable explained by the linear relationship with all the independent variables.

8. Concerning the individual variables, non-financial rewards have the strongest positive relationship. 1 unit increment in non-financial reward can cause about 47.9% growth in motivation. The second variable under study was financial reward and according to the regression result, it has a positive relationship with motivation and a 1 unit increment on this variable will cause about 34.7% increment on motivation.

5.2. Conclusion

Before conducting this research, I was very much sure that the case company employees are very much motivated because I thought their rewards package are good relatively. But for my surprise I was totally wrong. From the findings, one can definitely say the employees are neither motivated nor satisfied by the rewards packages the company provides.

According to the results obtained from the questionnaire, prepared to acquire employees opinion on how the reward in use impacting their motivation, It can be concluded that the rewards offered by the case company needs improvement.

On other side, there is positive relation with intrinsic reward and very much significant. This is actually similar to the research conducted by Dahlqvist&Matsson, they conclude that extrinsic
rewards are to some extent old-fashioned and employees are nowadays searching for rewards beyond solely monetary rewards, are to a larger extent motivated by intrinsic rewards.

Due to the fact that, according to (Spector, 1985) employee Motivation is different due to many factors like culture, countries economy status of society and others environment. However when we look at which reward schemes (financial or non-financial) impacting employees motivation most, According to regression analysis result it is possible to conclude, Although financial reward is impacting employee motivation on most of the cases and but the case company employees give more emphasize to non-financial rewards such as promotion and recognition.

According to respondent choices of ranking order, they chosen recognition as 1st and promotion 2nd, salary and pay 3rd this shows that recognition and promotion are the most influential motivator factors and working conditions is least motivator factors.

5.3. Recommendation

Based on the study, the following suggestions are made to the case company to make suitable alterations in their rewards system and achieve their reward objective.

Since the outcome of this research proved that non-financial reward is most motivating factors of these specific company employees, the case company suggested giving much emphasis to this reward scheme. Specifically, those non-financial reward variables identified as most significant by the company employees.

Among from the financial rewards, salary is considered as the most significant financial reward factor. Therefore, while determining salary the researcher advice the company to review the market price specifically the industry salary level for each job position and responsibility of the job instead of only relaying on their salary policy.
Undertaking a survey on employee attitude toward rewards offered by the company in specific time period is also important to measure whether the reward practices in use are efficient and resulting the outcomes which the reward programs try to aim.

Since, majority of employees agreed on rewarding good performance it is important to provide rewards based on employee performance. If an employee believes that his/her good performance is acknowledged by company they tend to put their best efforts into practice. This leads to the expectancy that great effort will lead to performance which is noticed and rewarded.

The company should train and encourage managers to give feedbacks to their employees. Also arrangement to offer official feedback frequently must be created. Promotion is considered to be most significant non-financial reward, so since the company is large, it is suggested that if they offer vertical career advancement in appropriate manner.

To finalized, In order to maximize motivation of employee; designing sound and fitting reward scheme which is aligned with employee need and incorporate employee input is critical. Monetary rewards one by one combined with non-monetary rewards would deliver better motivational results than single reward scheme alone. Companies especially the case company should identify which financial and non-financial variables to emphasize on and adopt reward strategy appropriate to all level of employees. Any mistake on reward package has major negative consequences like, it de-motivate employee in a serious way, resignation of good employee, less effort and unhealthy employee relation climate, high level of absenteeism. In time it reduces organization’s effectiveness and damage financial performance.
Reference


Brown 2011, Employee satisfaction and work motivation research, Bachelor’s thesis business management.


Cooper and Schindler 2000, the good research guide for small-scale research projects 3rd ed. Open University Press, McGraw Hill.

Cheng 2013, the influence of age on the distribution of self-rated health, burnout and their associations with psychosocial work conditions, Journal of Psychosomatic Research


Martha 2013, The Impact of Monetary and Non-Monetary Rewards on Motivation among Lower Level Employees in Selected Retail Shops, African Journal of Business Management,

Annex I: Questionnaire

Addis Ababa University
College of Business and Economics School of Commerce

Master of Art Program in Human Resources Management

Dear respondents;

I am conducting a research on “The Effect of Rewards on employees Motivation” a case in Heineken Brewery Company. The research is undertaken as a fulfillment of the requirement for Master of Art Degree in Human Resource Management.

Please note that this questionnaire is developed to be anonymous and there will be no way of disclosing the Information you provide with you and your employer individually. The feedback received will be used only for academic purpose and analyzed at a group level.

Therefore, I request your cooperation to properly complete all items covered in the questionnaire since your genuine feedback is of utmost importance in determining the study outcome. I thank you very much in advance for sharing your valuable time and experience in completing the questionnaire.

If you be in need of any further information and clarification about the study whatsoever; please do not hesitate to contact me through this address,

Kind regards,

Dagmawit W/Gebriel
Tel; +251912160653
Email; dagidagi616@gmail
Note:

- Please do not write your name
- Put “X” mark in the box to the point which highly reflect your idea
- Please answer every item

Thank you!
Part One: Demographic Data

1. Sex: Male ☐  Female ☐

2. Marital Status
   Single ☐
   Married ☐  Widowed ☐

3. Age
   18-25 ☐
   26-30 ☐  31-50 ☐

4. Highest level of education attended:
   High School Certificate ☐  First Degree ☐
   Diploma ☐  Master Degree ☐
   Other, please specify ___________________

5. Work Experience in the Company
   1-2 ☐
   3-5 ☐  6-10 ☐  Above 10 years ☐

6. Salary (in Birr)
   1000-2500 ☐  2501-3500 ☐
   3501-6000 ☐  6001-10,000 ☐  Above 10,000 ☐

7. Job Category; Managerial ☐  Non Managerial ☐
### Part Two: the influence of each reward practices
*(Reference: Mckensey and Company)*

<table>
<thead>
<tr>
<th>No</th>
<th>Salary/pay</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My salary is satisfactory in relation to what I do.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The amount of basic pay I receive is fair relative to the industry’s average.</td>
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</tr>
<tr>
<td>3</td>
<td>The basis of payment, for example overtime payment is reasonable.</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>Salary adjustment/increment is made within a reasonable / logical time period.</td>
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<td></td>
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</tr>
<tr>
<td>5</td>
<td>Salary increments are made based on the performance results of workers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Salary increment made for high performers will encourage others to perform more</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Benefit packages (medical, transportation allowance)</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7</td>
<td>The medical allowance schemes are attractive.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>8</td>
<td>The transportation allowance schemes are attractive.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Benefit packages are modified as necessary to ensure organization’s competitiveness.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Promotion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Everyone has an equal opportunity to be promoted.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>The existence of promotion has little effect on the level of performance of my work/team effort.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The organization’s promotion policy is clearly communicated to all employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Job Security</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>13</td>
<td>I don’t feel secure when discussion and resolving work issues.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>I have a good relationship with my colleagues/manager.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>15</td>
<td>I don’t fear threatened by my colleagues’ performance and contribution.</td>
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<td></td>
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</tr>
<tr>
<td>16</td>
<td>If disagreements occur during meetings, I don’t lose confidence in my peers/colleagues.</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td><strong>Recognition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Salary/pay</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>Neutral</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>----</td>
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<td>----------</td>
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</tr>
<tr>
<td>17</td>
<td>I get credit for what I do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>I receive constructive criticism (positive feedback) about my work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>The existence of recognition for good work, has given me an opportunity to work beyond the requirements of my job.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Working conditions**

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>My working hours are reasonable.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>I am never overworked.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Creation of conducive work environment will encourage high performers to improve their performance more</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>The existence of safe working conditions has encouraged me to give sustained high performance at work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Part three: Questions Related to Motivation.**

*(Ref: *The Genos Employee Motivation Assessment* & *The impact of a reward system on employee motivation in Motonet-Espoo)*

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>I am motivated by making contribution in my work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>I am motivated by management that makes decisions quickly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>My views and opinions are taken into account when decisions are made.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>I am motivated by a team where there is the opportunity to regularly work with different team members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>I am motivated by an organization that has clear level management and authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>My work tasks are interesting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>I get enough feedback from my employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>My job has visible and recognizable outcome which I am aware of.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>My job requires various skills.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>