



SCHOOL OF COMMERCE

*The effect of Non-Financial Rewards on employee's performance:
the case of selected branches in Awash Insurance Company S.C*

By;

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Declaration

I, the undersigned, declare that this study is my original work and has not been presented for a degree in any other university, and that all the sources of material used for the study have been dully acknowledged.

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List of Acronyms

AIC	Awash Insurance Company
HR	Human Resource
HRM	Human Resource Management
SPSS	Statistical Package for the Social Science
SWOT	Strength, Weakness, Opportunities & Traits
NBE	National Bank of Ethiopian
SC	Share Company
SME	Small and Medium

Abstract

The research study achieved its aims of defining and assessing the effect of non-financial rewards on employees' performance in Awash Insurance Company S.C. The purpose is to find out the effect of non-financial rewards on employee performance and to get information about the factors which affect their performance at the workplace in Awash Insurance Company S.C. Both qualitative and quantitative research methods were applied to achieve the objectives of this study by describing and identifying the relation and effect of non-financial reward up on employee performance. There were 4 independent variables taken for this study. They were from non- financial rewards (empowerment, job security, work environment, and recognition); from dependent variable employee performance. A standardized and well-structured questionnaire was used to measure the responses on a five point likert- scale. Questionnaire was sent to 154 respondents in printed form and 135 collected and this is about 87.66%. The responses were analyzed using the Statistical Package for Social Sciences (SPSS) version 20. The Pearson Product Moment correlation coefficient and descriptive statistics were used. For the descriptive statistics, graphical illustrations and table were used to provide information on key demographic variables in this study. The study confirmed existence of positive significant relationship between the non financial rewards and employee performance through correlation analysis. The findings of the study indicated that there was a significant relationship between non-financial rewards and employees' performance. The non financial reward component, work environment positively and significantly influenced the performance of employees' working in the case organization. The findings of the study revealed that empowerment and job security has moderate and strong effect on employees' performance respectively.

Finally, it is the recommendations of the research study that non financial rewards have an effect on employees' performance and we observed that there was a significant difference with recognition. The overall result of the study shows that the non financial rewards have a great effect on the performance of employees.

Key words: *Non financial rewards, work environment, empowerment, recognition, job security, and employees' performance.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Reward management is one of the strategies used by human resource managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very crucial for an organization (Maund, 2001). Effective reward systems should always focus on the positive reinforcement. Positive reinforcement encourages the desired behavior in organizations. This encourages employees to take positive actions leading to rewards. Reward programs should be properly designed in the organization so as to reinforce positive behavior which leads to performance (Torrington & Hall, 2008). The performance management motivates the employees by rewarding and compensating them for their efforts and contribution to the organization. It motivates the employees by providing career development and training opportunities. The motive behind the performance appraisal is to make the employees feel that the organizational success is because of their contribution. Hence, employees desire to contribute further increases because of recognizing their contribution through an efficient performance appraisal [Leila Najafi, et al., 2010]. Employee performance plays a vital role in the organizational growth. High performance of employee depends on what kind of reward policies an organization offers. Several methods are used to increase employee performance. Reward policies are one of the important practices of human resource. The Rewards are categorized into two group financial and non-financial rewards. The financial rewards are also called extrinsic rewards and non-financial rewards are called intrinsic rewards. The financial rewards include pay, bonuses, allowances, insurance, incentives, and promotions, whereas the Non-financial rewards include appreciation, meeting the new challenges, caring attitude from employer, appreciation and recognition motivates the employee. The healthy working condition which fosters a professional relationship between supervisor and employee fulfills training and development needs of employees and ensures job security motivates employee. Once the pay exceeds a certain level,

intrinsic factor become most important motivators. (Bau, F. Dowling, M. 2007). The important practices of human resource are among which financial rewards directly affects employee performance and also organization offers non-financial rewards to increase the motivational level of employees which in turn helps to increase the performance of employee and result in increased productivity of organization. Non-financial reward is viewed as “a non-cash award given in recognition of a high level of accomplishments or performance such as customer care or support to colleagues, which is not dependent on achievement of a pre-determined target” (Rose, 1998).

Effective non-financial rewards can change a person’s attitude in the workplace which itself brings a positive change in environment and also enhances employee performance. When employees have positive attitude towards their job, they feel committed with the organization and get engaged in the work and results was effective output. And employee feels committed when they receive intrinsic rewards, which also increases job satisfaction and motivate employees. Satisfied employees are less likely to quit their jobs. So an effective organization needs to revise their compensation and benefit plans to retain their employees. Rewarding is essential as an incentive and an unbreakable motivator to realize the organizational performance. In addition, today, it has been adopted by different organizations in both public and private sections. In downsizing, for instance, doing more with reward is very important to elevate self-esteem and to establish kindness between managers and their employees (Bowen, 2000). Non-financial rewards may include higher status, recognition, more responsibility, positive feedback, and more assertiveness. In hindsight, recognition is one of the main significant non-financial rewards that are specifically valued by some staffs. In this regard, being noticed and valued can be a majestic motivator which encourages workers to stay with a manager (Frey, 1997). Overall, intrinsic motivation, obtained from person or its movement, impacts the performance and the well-being feeling (Ryan & Deci, 2000).

Awash insurance company S.C the target company is one of the first few pioneer private insurance companies in Ethiopia launched following the liberalization of the financial sector in 1994 and commenced operations on January 2, 1995. With well founded experience and customer oriented services, awash insurance company S.C. is progressing renewing its commitment to excellence. Currently, the company provides a benefit package which is intended to motivate its employees towards a better performance encompassing provident fund or pension

scheme, group personal accident and life insurance, medical insurance, transportation allowance, cash indemnity, educational and training support, disturbance allowance, mobile expense, per-diem allowance, staff service and staff loan.

As stated in the above paragraphs, researcher confirms that both financial and non-financial rewards have a visible effect on employee performance. In line with this, this research intended to assess the effect of non-financial reward on employee performance taking one of the leading private commercial insurers in the country i.e. Awash insurance company S.C.

1.2.Statement of the Problem

Contemporary research and observations show that well motivated employees are more productive and creative towards achieving company or organizational goals, on the other hand, less motivated employees are less performing and tend to divert from attaining organizational goals (Wasiam et al., 2010).

Based on the data collected by human resources department of awash insurance company S.C, the employees' performance result has shown that employees have not been well motivated and do not show a strong organizational commitment even though a fair human resources management has been exercised, HR survey conducted by the company (2015). considering the impact of individual employee's performance on the overall organizational performance, the company in its Inter-office Memo (2016) in a SWOT (Strength, Weakness, Opportunities and Traits) analysis has mentioned that the absence of a long-term plan and policy for human resource development, absence of succession plan and lack of a competitive and attractive benefits and incentive packages as a problem. Jagema. W. (2014), in his study mentioned that awash insurance company S.C's financial rewards are considered to be the only motivational factors and gets priority over non-financial ones. Considering the under-utilization of non-financial rewards on performance enhancement, the researcher wanted to carry out a research in this thematic area to see the real impact of non-financial rewards on employees' performance taking the case of selected branches in awash insurance company S.C. However, non-financial reward plays a fair share and it is as important as financial reward to boost the motivation and organizational commitment of the employees (Frey, 1997).

Therefore, by considering this factor, the researcher wants to conduct a research in this area and wants to assess and see the impact of non financial rewards on employees' performance in case of selected branches in Awash Insurance Company S.C.

1.3. Research Questions

- i.** How does the non-financial reward practice in awash insurance company S.C. look like?
 - a.** How are job securities assured?
 - b.** How empowered are employees?
 - c.** How suitable is the work Environment?
 - d.** How are employees recognized?
- ii.** What is the level of employee performance in awash insurance company S.C.?
- iii.** What is the relationship between Non-financial rewards and employees' performance in awash insurance company S.C.?
- iv.** What is the non-financial reward that affects employee performance in awash insurance company S.C.?

1.4. Research Objectives

1.4.1. General Objective

The general objective of this study is to find out the effect of non-financial rewards on employee performance and to get information about the factors which affect their performance at the workplace in Awash Insurance Company S.C.

1.4.2 Specific Objectives of the Study are:-

- i.** To assess the non financial reward culture of Awash Insurance Company S.C to their employees.
- ii.** To determine the level of employee performance in Awash insurance company S.C
- iii.** To determine the relationship between non-financial rewards and employees' performance in Awash insurance company S.C.
- iv.** To identify the non-financial rewards that affect employee performance in Awash insurance company S.C.

1.5 Significance of the Study

Management practices affect employee enthusiasm through policies and procedures used to manage their workforce and in the relationship managers have with employees. Senior managers also need to understand what makes people effective. To be effective, people need both knowledge and skills and high level of motivation (Burke et al., 2008).

The study could have its significances in that it helps reveal the main motivational package of non-financial reward that could enhance staff performance, address the management in how to strategically maximize the human resource potentials of the company. In addition, the result of the study provides vital information to policy makers and human resource managers of the company to either consolidate or re-think ways of motivating staff. Taking the society at large, the findings of the study could be utilized by other similar industries for the benefit and improvement of their own services and management approaches. It can also serve as a basis for parties who are interested to do a detailed and further study in related areas.

1.6 Scope of the Study

The study focused on the effect of non-financial rewards such as empowerment, job security, work environment and recognition on a specific human resource concern which is employees' performance in awash insurance company S.C. This came about because employee performance is considered one of the most important factors that help organizations achieve their desired goal. The methodology of the study is delimited to the use of descriptive quantitative survey because the intention of the study is to show the cause-and-effect relationship between the proposed variables.

In this assessment, covering all the 41 branches throughout the country is not feasible and economical; therefore, the geographical scope is limited to branches namely Bole, Addis Ababa, Finfine Main, Life Branch and the Head Office units for sourcing data. With respect to theoretical coverage, most theories of motivation and employee performance concepts were considered.

1.7 Limitation of the Study

This study has many limitations. First, the limitations occurred in measuring the variables of 'employee performance in the workplace'. It was based on respondents' perception and attitudes through the questionnaire. Therefore, there was possible error in the data set. Second, the unfamiliarity with the SPSS software had an impact on the scope of the results. Third, the generalizability of results was limited to the degree to which other populations resemble the one studied. Similar studies with different population might yield different results than the ones found in the present study.

1.8 Definition of Key Terms

Employee Performance: - is defined as whether a person executes their job duties and responsibilities well. Many companies assess their employee's performance on an annual or quarterly basis in order to define certain areas that need improvement. Performance is a critical factor in organizational success. Armstrong, M. & Murlis, H. (2004).

Non-Financial Reward: - a non-cash (non-monetary) award given in recognition of a high level of accomplishments or performance such as customer care or support to colleague, which is not dependent on achievement of a pre-determined target (Rose, 1998).

Intrinsic Rewards: -As defined by Neckermann S, and Kosfeld M (2008) intrinsic rewards are ones that come from within and make employees become intrinsically motivated like, challenging work that one perceives to be meaningful to the company.

Extrinsic Reward: - is an award that is tangible or physically given to you for accomplishing something and is a tangible recognition of one's endeavor (Gupta and Shaw, 1998)

Financial Rewards: are monetary rewards which include pay, bonuses, fringe benefits, transportation facility, medical facility, health and life insurance and benefits like vacation with pay meal facilities [Dessler, G., 1980]

1.9 Organization of the Study

The study was presented in five chapters. The first chapter deals with the introduction to research area by way of background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, limitations of the study, ethical consideration and definition of key terms. The second chapter deals with a review of related literatures. Chapter three contains the research methodology focusing on data collection techniques and method of analysis. Chapter four discusses the findings of the study and analysis. The last chapter provides finding, conclusions together with recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Literature Review

2.1.1. Concept of Reward Management

Reward management is a concept that conveys the signal to the employees that are being appreciated in the organization. Danish, R.Q. & Usman, A. (2010) , Janssen, O. (2000) in his seminal work designated that “reward management deals with the strategies, policies and processes required to safeguard that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded”. Whilst discussing the characteristics of reward management Armstrong indicated that reward management includes developmental and application relating areas of reward system that is a mean to achieve organizational targets. Roberts R.L. (2005) mentioned that reward management is “central to the regulation of the employment relationship and is one of the central pillars of human resource management”. Armstrong and Stephens (2005) in a different study added to the meaning of reward management by signifying that the ultimate aim of reward management is to enable organization to achieve its strategic goals.

Generally reward practices enable organization to answer two questions, (i) where do we want our reward practices to be in a few years’ time? & (ii) how do we intend to get there? (Armstrong & Stephens, 2005) Similarly (Armstrong & Brown, 2001) suggested that reward management of an organization “deals with both ends and means”. Putting simply a comprehensive reward strategy defines the purposes of the reward programs, their components, and how they allied to accomplish organizational objectives. Edward E, Lawler III (1973), in the same vein came up with the ability of reward strategy to define the philosophy behind the programs, which as a result offers the basis for future plan design. Bishop, J. (1987) earlier arguments appear in line with the recent description of reward strategy, he mentioned that “a business-focused statement of the intention of the organization concerning the development of

future reward processes and practices which are aligned to the business and human resource strategies of the organization, its culture, and environment in which it operates”.

That is why Wilson (2003) regards reward strategies as a process by which an organization interprets its competitive business strategy into a sequence of programs and initiatives that will have an encouraging influence on human behavior. Despite of all of these benefits reward strategy is a mind boggling concept.

2.1.2. Financial and Non-Financial Rewards

The Rewards are categorized into two groups; financial and non financial rewards. The financial rewards are also called extrinsic rewards and non financial rewards are called intrinsic rewards. The financial rewards include pay, bonuses, allowances, insurance, incentives, promotions and job security, whereas the non financial rewards include appreciation, meeting the new challenges, caring attitude from employer, appreciation and recognition motivates the employee. The healthy working condition which fosters a professional relationship between supervisor and employee fulfills training and development needs of employees and ensures job security motivates employee. Once the pay exceeds a certain level, intrinsic factor become most important motivators. Extrinsic rewards are external to the job and include elements like fringe benefits, pay, promotions, private office space, the social climate, and job security. Other examples are competitive salaries, merit bonuses, pay raises, and indirect payment forms as compensatory time off (Mahaney & Lederer, 2006; Mottaz, 1985). Extrinsic rewards are often applied to demonstrate that the firm is serious about valuing group contributions to quality. In this regard and as a subgroup, the financial rewards include cash as bonus paid to team members. In fact, the bonus is paid separately from the wage and salary. On the other hand, team rewards should be used in a way so that managers can avoid destroying staffs_ intrinsic motivation in doing their jobs. Indeed, the application of extrinsic rewards which are tightly related to team's performance can teach the members to become hungry to money and to destroy their intrinsic interest in the job (Balkin & Dolan, 1997).

Extrinsic rewards also drive workers morale and the distribution of these rewards always has loomed large in companies, especially in accordance with performance evaluations in present globalization eras (Appelbaum et al., 2011; Datta, 2012). Furthermore, giving rewards has

become a part of firms' policies as it has been shown to improve workers' performance and the organizations productivity. Based on all current literatures and by focusing on the links between all of the findings, one can understand that an appropriate compensation package, including financial rewards, will cause a higher performance and efficiency for the firm. This compensation package consists of both extrinsic and intrinsic rewards. Extrinsic rewards include tangible and external rewards to the attempts and performed tasks in terms of salary/pay, promotions, bonuses, job security, incentives, etc. Overall, the highly involved workers who are oriented more to their occupations are dependent more on intrinsic than extrinsic rewards (Wood, 1974).²⁸ In addition, a significant and direct association exists between extrinsic rewards and the motivation of employees; however, it is verified that the companies do not spend sufficient budget on financial rewards (Hafiza et al., 2011).

Non-financial rewards may include higher status, recognition, more responsibility, positive feedback, and more assertiveness. In hindsight, recognition is one of the main significant non-financial rewards that are specifically valued by some staffs. In this regard, being noticed and valued can be a majestic motivator which encourages workers to stay with a manager (Frey, 1997). Overall, intrinsic motivation, obtained from person or its movement, impacts the performance and the well-being feeling. Roberts, R.L (2005). Although the extrinsic rewards enhance a subsistence level, the intrinsic ones are strong motivators just as much. In fact, staffs need to be motivated by intrinsic rewards such as being satisfied by doing an effective job and a feeling to do something valuable and worthwhile. However, both extrinsic and intrinsic rewards stimulate the employees to have higher levels of performance and productivity (Reio & Callahan, 2004). Overall, intrinsic motivation, obtained from person or its movement, impacts the performance and the well-being feeling (Ryan & Deci, 2000). On the other hand, other rewards should not be noted as a substitution for a valid pay plan. However, they can also motivate and inspire employees to stay with the firm. Some of these rewards are additional birthday and holidays presents, work-life balance benefits (e.g. flexible working hours, free tea and coffee, cinema tickets, and subsidized different sport facilities, subsidized services or goods related to business networks or suppliers). These benefit types are valued by staffs since they enhance the working life. Furthermore, rewarding the employees' attempts and causing them to feel appreciated will add value to the hiring contract. In fact, researchers should consider the outcomes that the rewards may cause for both employee and employer. To redefine intrinsic

rewards, remember that they exist in the job itself like satisfaction of being prosperous in performing a task, getting admiration from management, and autonomy; however, extrinsic ones are tangible rewards such as pay, fringe benefits, bonuses, and promotions (Ajila & Abiola, 2004). Relevantly, the self-determination theory is derived from the work of Edward Deci and Richard Ryan (1985). They assume that self-determination is obtained by an intrinsic motivation, which means that it gives satisfaction to the person without any paying. Motivation is the study of behavior principles; and behavior indicates the attempt to perform situation adaptation (Franken, 2002). In this regard, Franken mentioned that employees have an intrinsic motivation to overcome and survive. If the logical mind investigates a situation and finds it out to be unthreatening, the brain shuts down the emotional response; and if the environmental situations are recognized to be relaxed, then he/she feels no need to reply, react, and defeat. Arguably, a person requires sufficient incentive to develop the internal motivation to do something else. Additionally, the author states that rewarding for having better performance or behavior is an external reward or motivation. While, those rewards, similar to the viewpoint of reaching one's job height, develop an intrinsic motivation to accomplish more. Then, the individual designs a path or action plan to realize that objective. In addition, the emotions role is to enable individuals to develop one's situation and view, and to create steps for feelings of stimulation to perform better.

Emotions guide people to effective experiences like displeasure or pleasure. They also assist a person to form a cognitive clearance for cause and effect. Additionally, they influence people's heartbeats and otherwise they will affect negatively on health and situations. Moreover, emotions are good drivers for an individual as behavioral alternatives, such as adaptive, expressive, or goal-directive treatments. Goal-directive behavior is the association between emotion, internal motivation, and improved perform. The emotional motivation requires the development of an individual and the specialized relationship (Hiam, 1999).

2.1.3. Concept of Performance Management

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. "What gets measured and rewarded gets attention" (Bohlander et al, 2001). In discipline of human resource management, different writers suggest the following indicators for measuring employee performance and they include: quality

that can be measured by percentage of work output that must be redone or is rejected; customer satisfaction that can be measured by the number of royal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2006).

The management of individual performance within organizations has traditionally centred on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008).

Human resource policies and practices indeed do affect organizational as well as individual performance. Job satisfaction for example, has for a long time been seen as key to affecting business performance as well as commitment. In addition researchers have also identified motivation as the mediating mechanism and some identify trust and morale. In spite of more recent attention to commitment, motivation is still considered to be an important influence to performance (Torrington et al, 2008).

2.1.4. Employee Performance

Gerhart, B., & Milkovich, G. T. (1990) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance.

Employee performance is a major multidimensional construct aimed to achieve results and has a strong link with planned goals of an organization (Abbas and Yaqoob, 2009).

2.1.5. The Relationship between Financial Rewards and Employee Performance

Extrinsic rewards are external to the job and include elements like fringe benefits, pay, promotions, private office space, the social climate, and job security. Other examples are competitive salaries, merit bonuses, pay raises, and indirect payment forms as compensatory time off (Mahaney & Lederer, 2006; Mottaz, 1985).

Extrinsic rewards are often applied to demonstrate that the firm is serious about valuing group contributions to quality. In this regard and as a subgroup, the financial rewards include cash as bonus paid to team members. In fact, the bonus is paid separately from the wage and salary. On the other hand, team rewards should be used in a way so that managers can avoid destroying staffs' intrinsic motivation in doing their jobs. Indeed, the application of extrinsic rewards which are tightly related to teams performance can teach the members to become hungry to money and to destroy their intrinsic interest in the job (Balkin& Dolan, 1997).

Extrinsic rewards also drive workers morale and the distribution of these rewards always has loomed large in companies, especially in accordance with performance evaluations in present globalization eras (Appelbaum et al., 2011; Datta, 2012). Furthermore, giving rewards has become a part of firm's policies as it has been shown to improve workers' performance and the organizations productivity.

Based on all current literatures and by focusing on the links between all of the findings, one can understand that an appropriate compensation package, including financial rewards, was cause a higher performance and efficiency for the firm. This compensation package consists of both extrinsic and intrinsic rewards. Extrinsic rewards include tangible and external rewards to the attempts and performed tasks in terms of salary/pay, promotions, bonuses, job security, incentives, etc. Overall, the highly involved workers who are oriented more to their occupations are dependent more on intrinsic than extrinsic rewards (Deci, E.L. 1971).

In addition, a significant and direct association exists between extrinsic rewards and the motivation of employees; however, it is verified that the companies do not spend sufficient budget on financial rewards (Hafiza et al., 2011).

2.1.6. The Relationship between Non-Financial Reward & Employee Performance

Non-financial rewards may include higher status, recognition, more responsibility, positive feedback, and more assertiveness. In hindsight, recognition is one of the main significant non-financial rewards that are specifically valued by some staffs. In this regard, being noticed and valued can be a majestic motivator which encourages workers to stay with a manager Frey, (1997). Although the extrinsic rewards enhance a subsistence level, the intrinsic ones are strong motivators just as much. In fact, staffs need to be motivated by intrinsic rewards such as being satisfied by doing an effective job and a feeling to do something valuable and worthwhile. However, both extrinsic and intrinsic rewards stimulate the employees to have higher levels of performance and productivity Armstrong, M. (2007). Overall, intrinsic motivation, obtained from person or its movement, impacts the performance and the well-being feeling. Roberts, RL (2005).

On the other hand, other rewards should not be noted as a substitution for a valid pay plan. However, they can also motivate and inspire employees to stay with the firm. Some of these rewards are additional birthday and holidays presents, work-life balance benefits (e.g. flexible working hours, free tea and coffee, cinema tickets, and subsidized different sport facilities, subsidized services or goods related to business networks or suppliers). These benefit types are valued by staffs since they enhance the working life. Furthermore, rewarding the employees_ attempts and causing them to feel appreciated was add value to the hiring contract. In fact, researchers should consider the outcomes that the rewards may cause for both employee and employer. To redefine intrinsic rewards, remember that they exist in the job itself like satisfaction of being prosperous in performing a task, getting admiration from management, and autonomy; however, extrinsic ones are tangible rewards such as pay, fringe benefits, bonuses, and promotions (Ajila & Abiola, 2004).

Relevantly, the self-determination theory is derived from the work of Tausif, M. (2012). They assume that self-determination is obtained by an intrinsic motivation, which means that it gives satisfaction to the person without any paying. Motivation is the study of behavior principles; and behavior indicates the attempt to perform situation adaptation (Franken, 2002). In this regard, Franken mentioned that employees have an intrinsic motivation to overcome and survive. If the logical mind investigates a situation and finds it out to be unthreatening, the

brain shuts down the emotional response; and if the environmental situations are recognized to be relaxed, then he/she feels no need to reply, react, and defeat. Arguably, a person requires sufficient incentive to develop the internal motivation to do something else. Additionally, the author states that rewarding for having better performance or behavior is an external reward or motivation. While, those rewards, similar to the viewpoint of reaching one's job height, develop an intrinsic motivation to accomplish more. Then, the individual designs a path or action plan to realize that objective. In addition, the emotions role is to enable individuals to develop one's situation and view, and to create steps for feelings of stimulation to perform better. Emotions guide people to effective experiences like displeasure or pleasure. They also assist a person to form a cognitive clearance for cause and effect. Additionally, they influence people's heartbeats and otherwise they were affecting negatively on health and situations. Moreover, emotions are good drivers for an individual as behavioral alternatives, such as adaptive, expressive, or goal-directive treatments. Goal-directive behavior is the association between emotion, internal motivation, and improved perform. The emotional motivation requires the development of an individual and the specialized relationship (Hiam, 1999).

2.1.7. Work Environment and Employee Performance

Sinha, (2001) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance.

An attractive and supportive working environment provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service. Based on the study conducted by (CHRISTABELLA, P.2014), Job aid, Supervisor support, Physical work environment, work incentives and Performance feedback are factors of working environments that affect employee's performance.

Working environment plays a vital role in motivating employees to perform their assigned job. Since money is not a sufficient motivator in encouraging the workplace performance required in today's competitive business environment. The ability to attract, keep and motivate high-performance is becoming increasingly important in today's competitive organizational

environments. The study also revealed that employee's was improving their performance if the problems identified during the research are tackled by the management. At the end of the research, it was realized that the employee's working environment find themselves in affect their productivity greatly. Therefore it is the responsibilities of the organization to provide friendly working environment which was influence employees to work comfortable and perform their job. (CHRISTABELLA, P.2014)

2.1.8. Employee Recognition, Appreciation and Employee Performance

Psychological or intangible rewards (intrinsic) such as recognition and appreciation plays an important role in motivating employees and raising their performance. Relevantly, the employee's commitment is based on appreciation and rewards (Andrew, 2004).

The relationship should be established based on trust so that people find out their leader keeps their best interest at heart. Indeed, individuals_ roles was be done better with the availability of social support and an affiliation intelligence (McClelland, 1989); and people discover or seek issues when they have developed a security feeling (Frodi et al., 1985). In this regard, the staffs with a good performance predicted that their significant contributions was realized and valued by the top managers (Bowen, 2000).

2.1.9. Empowerment and Employee Performance

Most of the studies that relate empowerment and performance use an individual level of analysis, typically focusing on the association between job design and task performance. Little is known of the relationship between job enrichment and company performance (Patterson et al, 2004). This is an important omission, as several of the potential benefits of job enrichment may occur at the organizational level. For example, lower cost from a reduction in a supervisory, engineering, and other support staff are important at an organizational level of analysis but would not register in a measure of task performance. Research on the effectiveness of human resources management (HRM) practices to some extent mitigates the above problem. Measures of HRM typically encompass job enrichment and skill enhancement, and studies have found HRM to be positively associated with company performance (Guthrie, 2001). In research, HRM is typically measured as a multi-dimensional construct covering a wide range of different practices additional to those of current interest (for instance, performance and profit-related pay,

harmonization).more direct support for the importance of empowerment to firm performance is provided by huii, bierman, shimizu, and Kochhar's (2001) study, who found a positive relationship between human capital (based on intellectual capabilities, knowledge, and social capital) and firm performance in a sample of professional organizations. In another study, Mottaz, C.J (1985) did a study on the relationship between psychological empowerment, job satisfaction and performance among filipino service. The study found that psychological empowerment was positively correlated with performance. Although there are few empirical tests of the impact of empowerment practices on company performance, there are strong conceptual grounds for arguing that each initiative was contribute to company performance, and it is precisely because they should do so that they have proved so attractive to companies.

2.1.9.1 The Relationship between Employee Empowerment and Performance

Performance management is linked to employee empowerment in two ways; first, through goal setting; the more an employee understands his or her job, and how the job contributes to the overall organization, the better they was able to make decisions on their own, informed and expert decisions. Employee empowerment requires this clarity, or the decisions that get made was often be the wrong ones. Second, empowerment implies accountability, along with the freedom to make decisions. The performance management process helps to ensure that accountability for results and the outcomes of decisions the employee makes through ongoing communication, and of course, the performance review process. There is limited research on the relationship between employee empowerment and performance. Most of the available literature on employee empowerment has linked to it job satisfaction. There are vast studies done on the relationship between job satisfaction and employee empowerment. Thus, job satisfaction often has an intervening effect between employee empowerment and performance. One of the studies that provide direct support for the relationship between empowerment and firm performance is provided by Malik, M.Muhammed, S.and Malira,M.(2011).

This study found a positive relationship between human capital (based on intellectual capabilities, knowledge, and social capital) and firm performance in a sample of professional organizations. Another study that makes a possible link between empowerment and performance was bone by hechonova et al. (2006) on the relationship between psychological empowerment,

job satisfaction and performance among filipino service workers. The study found that psychological empowerment had a positive correlation with performance. Eisenberger, R., & Cameron, J. (1996). also did a study which found that employee empowerment was the key to improving performance and promoting innovation among manufacturing firms in Ireland. The study found that empowerment is the only practice that has significant effects on performance in all companies surveyed. The study found that performance in companies that empowered their employees was 7% higher than that of companies that did not empower their employees.

2.1.9.2 The Potential Benefits of Empowerment

The espoused benefits of empowerment can be broadly divided into two areas: benefits for the organization and benefits for the individual. Much of the research into empowerment has focused on organizational benefits assuming these are the driving force behind attempts to endanger empowered working (cunningham et al., 1996)

Global competition and a changing business environment have instigated organizational change in response to increased pressures to improve efficiency and performance (lawler et al., 1992). Specifically organizations have sought improvements in various economic performance areas (Applebaum et al., 1999). However, measurement of the economic benefits of empowerment specifically may be difficult as often it is introduced as part of a broader initiative such as Goodale J, Koerner M, Roney J (1997). While the primary motive of empowerment is usually to improve the economic performance of the organization, and benefits to the individual employee have also been identified. Darling, K., Arm, J., and Gatlin, R. (1997) found that employees who consider themselves empowered have reduced conflict and ambiguity in their role, as they are able to control (to a certain extent) their own environment. They suggested that this reduces the emotional strain on their employees.

On a similar theme, it was reported that empowered employees have a greater sense of job satisfaction, motivation and organizational loyalty (mullins and peacock, 1991), as they feel more involved in the achievement of the organizational goals. Despite these benefits frequently cited, the nature and meaning of this job satisfaction and motivation have not been fully explored within the academic field. Measurement of the employee benefits is very difficult to achieve. Unlike organizational benefits which can be measured using objective “facts”, individual

benefits are much more subjective and complex. Certain factual measures, such as absence and turnover rates have been applied in this aim, as too have the investors in people awards which can be used as an indirect indicator of the company's commitment to the development skills (psoinos and smithson, 2002). However, it is often considered that softer measures of employee 'attitudes may be more appropriate than those "objective" measures (psoinos and smithson, 2002). Managers are faced with many difficulties when attempting to empower employees and these may prevent a business from becoming and empowering organization. First, there is often resistance to the change both from managers/leaders and from employees themselves. it is often assumed that employees was buy into empowerment, as the benefits are "obvious".

However, this has been disputed by Caroline Chepkirui Chepkwony, (2014), who claims that previously disempowered employees may resist empowerment, as they fear the increased levels of responsibility and accountability. Further, employees may consider empowerment to be just empty rhetoric and yet another management attempts to exploit them. Syedain, H. (1995) demonstrated that empowerment is linked to downsizing as frequently those two activities occurred simultaneously. Therefore, it is hardly surprising that employees are suspicious of management schemes. Managers/leaders may also be resistant to empowerment for this may be perceived as relinquishing power. They may view the reduction of their power as a threat (Denham et al., 1997), particularly as they too fear job loss or loss of status as the organizational structures become flatter during the downsizing process. They may also vary in their inclination to introduce empowerment in spite of its being a component of organizational policy.

The gap between rhetoric and practice is a further area that is open to criticism. A number of studies have identified that, in some instances, the problems encountered are present in name only (Harold, 1997). While this is not a barrier to empowerment per se, it can lead to inaccurate criticisms of the empowerment concept and more importantly, those who are empowered may be disillusioned and reject empowerment as ineffective. Furthermore, it is important that those who incorporate and empowerment strategy do not believe that it was solve all organizational problems; if they do they was ultimately be disappointed.

2.1.9.3 Job Security and Employee Performance

According to Roshan, L.R. (2005) job security has a significant effect on the overall performance of the team as well as on the organization's performance. He noted that organizational workers with low job security cause people to lose faith in their future which consequently affect performance. He affirmed that the more an employee enjoys a high job security the more he is likely to effectively perform his task which is reflected in the overall performance of the organization. For example, in organizations, tasks are normally broken down into jobs which are assigned to each employee. Each of the jobs performed by the employees is assessed through individual performance. This individual performance is part of the overall organizational performance. The employee's individual performance through his job is directly linked with the overall performance of the organization. Therefore, it seems their performance is linked to organizational performance, their contributions to was be less and ineffective if they feel low job security in the organization For instance, a low job security is possible in a situation where a particular employees' ethnic group seems to dominate other ethnic groups in some organizations or industries (Bumi, 2011; Hassan, 2010). In this case, the minority employees in that company will feel low job security and therefore may not be able to perform effectively. For example, a Chinese owned company may be dominated by more Chinese employees other than other ethnic groups (Bumi, 2011; Hassan, 2010) thereby causing fear of losing their jobs to other minority employee ethnic groups in the company and vice versa. Therefore, Malay and Indian employees working in a Chinese company may feel very low job security and thus, contribute very little to the organization while on the other hand; Chinese and Malay working in an Indian company will also feel low job security which will also affect their performance. Based on the different scenarios above, an employee working in a company other than his race may definitely feel low job security and this will affect his/her performance which is reflected in the overall performance of the organization. Based on this, it can be argued that organizations should find a way of balancing between employee job security and the organizational performance as employee job security is a key determinant of organizational performance especially in a multiethnic environment.

Despite all these, the most recent study conducted by Garrison, K. R. and Muchinsky, P. M. (1977) on the linkage between human resource practices and organizational performance of

small and medium firms (SMEs) in Malaysia provided a different result. Although, job security was considered as a dimensional or sub variable, it was found that job security is not significantly related to organizational performance. However, the study noted that SMEs seems not to consider job security as a viable strategy due to the fact that employees tend to give less attention to job security in searching for a job. From the ongoing, there is no doubt that more literature is required in this domain.

2.1.10 Task Performance and employee performance

Almost all frameworks mentioned task performance as an important dimension of individual work performance. Task performance can be defined as the proficiency (i.e., competency) with which one performs central job tasks. Other labels sometimes used for task performance are It includes, for example, work quantity, work quality, and job knowledge. In Murphy's framework, the first dimension, labeled, could be considered task performance. Campbell himself stated that his first two dimensions, (core job tasks) and (tasks not specific to a given job, but expected of all employees), represent task performance. Viswesvaran's first three dimensions, productivity, quality, and job knowledge, could be considered task performance. Later developed individual work performance frameworks all included one dimension to describe task performance. The only exception was Renn and Fedor's framework, in which task performance was split into work quantity and quality. Of course, what constitutes core job tasks can differ from job to job. In contrast to generic frameworks, job-specific frameworks often used multiple, specific dimensions to describe task performance. For example, Arvey and Mussio described task performance of clerical workers, using the dimensions of task performance for public accountants as understanding, planning, and revising work. Engelbrecht and Fischer divided task performance for managers into action orientation (eg, getting things done, decisiveness), task structuring (eg, leadership, planning), and probing, synthesis, and judgment (problem resolution). Lippincott Wasiams & Wilkins,(2011).

2.1.11 Contextual Performance and Employee Performance

Contextual performance can be defined as individual behaviors that support the organizational, social, and psychological environment in which the technical core must function. Several labels exist for this dimension, such as non-job-specific task proficiency, extra-role performance, organizational citizenship behavior, or interpersonal relations. All concepts, however, refer to

behaviors that go beyond the formally prescribed work goals, such as taking on extra tasks, showing initiative, or coaching newcomers on the job. Seven of the generic frameworks used one broad dimension to describe contextual performance. Four generic frameworks used multiple dimensions to describe contextual performance. For example, in Campbell's framework, six of the eight dimensions (written and oral communications, demonstrating effort, maintaining personal discipline, facilitating peer and team performance, supervision and leadership, and management and administration) could be regarded contextual performance.

Also, six of Viswesvaran's dimensions (communication competence, effort, leadership, administrative competence, interpersonal competence, and compliance with/acceptance of authority) could be regarded as contextual performance. Job-specific frameworks often used multiple, more specific dimensions to describe contextual performance. For example, Arvey and Mussio described contextual performance of clerical workers, using the dimensions of cooperating and taking on extra load, showing responsibility and initiative, dealing with others in the organization, and dealing with public. Campbell et al distinguished general soldiering proficiency, effort, leadership, personal discipline, and physical fitness and military bearing as dimensions of work performance in the army. Borman and Brush distinguished leadership and supervision, interpersonal dealings and communication, and useful personal behavior and skills as dimensions of managerial work performance. Lippincott Wasiams & Wilkins, (2011).

2.1.12 Adaptive performance and work performance

Adaptive performance is added to the domain of individual work performance. Although some frameworks have included adaptive performance as part of contextual performance, we presented societal, conceptual, and empirical reasons for distinguishing adaptive performance as a separate dimension. Adaptive performance may not be important at all and could therefore be excluded from the heuristic framework. In some jobs, communication competence may be an aspect of contextual performance, while in other jobs it may be an aspect of task performance. Thus, the dimensions, and subsequently the indicators used for its measurement, may differ depending on the context. In addition, the heuristic framework, or any job performance framework for that matter, is influenced by the Zeitgeist. Contextual performance (and its variants) has gained currency in the 1960s, whereas adaptive performance has gained currency only in recent years.

In one or two decades, other dimensions may become important (eg, environmental sustainability) and some existing dimensions may become oblivious. LippincottWasiams, & Wilkins, (2011).

2.2. Empirical Literature Review

In a study conducted by Sinha, (2001) stated that employees' performance is depending on the willingness and also the openness of the employees itself on doing their job. He also stated that by having this willingness and openness of the employees in doing their job, it could increase the employees' productivity which also leads to the performance.

Based on the study conducted by (CHRISTABELLA, P.2014), Job aid, Supervisor support, Physical work environment, work incentives and Performance feedback are factors of working environments that affect employee's performance. An attractive and supportive working environment provide conditions that enable employees to perform effectively, making best use of their knowledge, skills and competences and the available resources in order to provide high-quality of organization service.

Most of the studies that relate empowerment and performance use an individual level of analysis, typically focusing on the association between job design and task performance. Little is known of the relationship between job enrichment and company performance (Patterson et al, 2004). This is an important omission, as several of the potential benefits of job enrichment may occur at the organizational level. For example, lower cost from a reduction in a supervisory, engineering, and other support staff are important at an organizational level of analysis but would not register in a measure of task performance.

According to Roshan, L,R. (2005) job security has a significant effect on the overall performance of the team as well as on the organization's performance. He noted that organizational with workers with low job security cause people to lose faith in their future which consequently affect performance. He affirmed that the more an employee enjoys a high job security the more he is likely to effectively perform his task which is reflected in the overall performance of the organization. For example, in organizations, tasks are normally broken down into jobs which are assigned to each employee. Each of the jobs performed by the employees is assessed through individual performance.

In the study conducted by Andrew, (2004). Psychological or intangible rewards (intrinsic) such as recognition and appreciation plays an important role in motivating employees and raising their performance. Relevantly, the employee's commitment is based on appreciation and rewards.

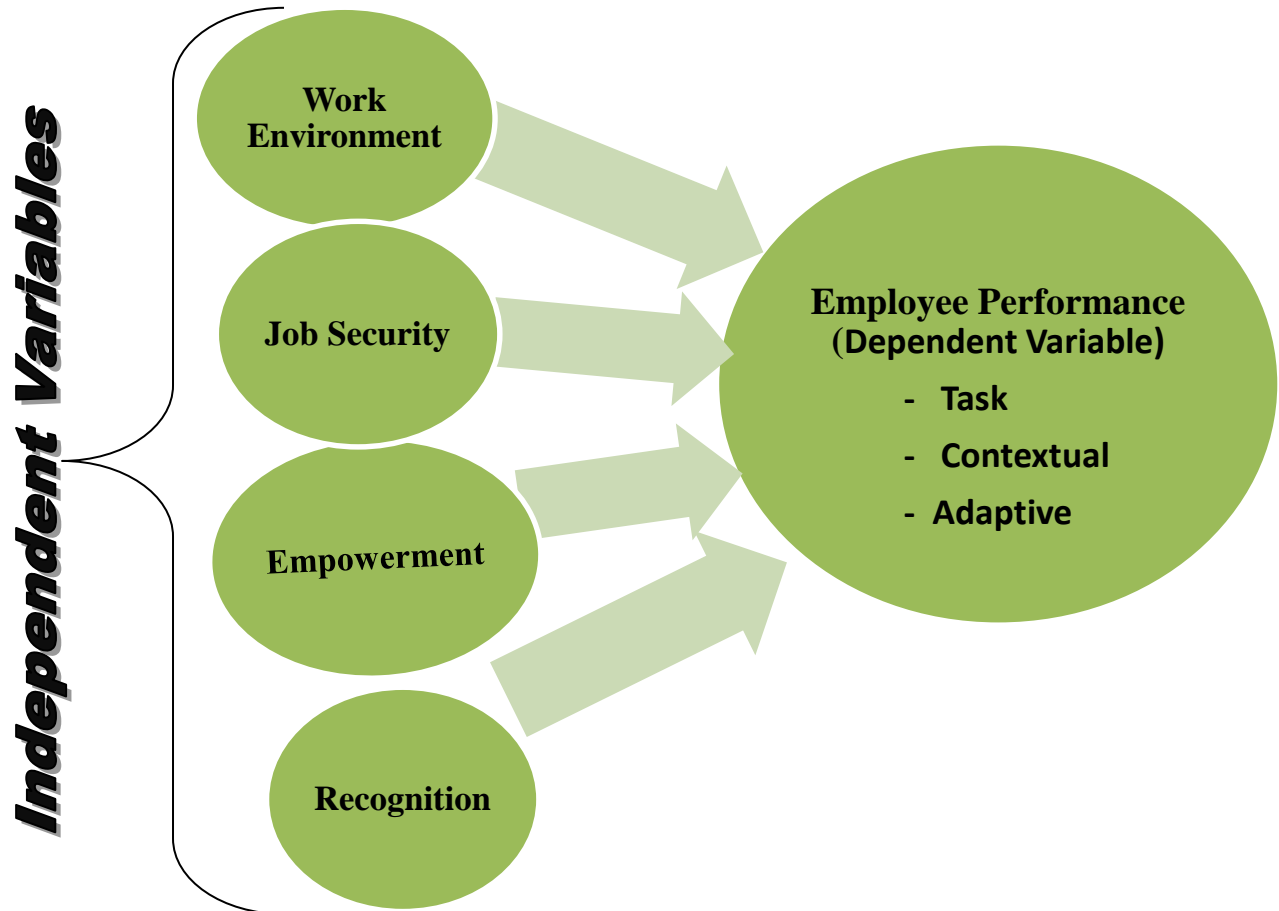
Robyn (2009) on a research he conducted titled 'Employee work motivation and Discretionary Work Effort' adopted a multi-disciplinary approach towards investigating the role of monetary and non-monetary work environment characteristics in determining discretionary work effort. This research took a unique approach by bringing together economics and organizational behavior literatures. The findings confirmed that non monetary reward plays a major role in motivating employees towards a positive discretionary work effort which in turn will evidently impact their work performance.

An additional research by (Gabriela et al., 2013) examines and integrated approach regarding the influence of non financial motivational factors on employees' performance in industrial firms, where the exploratory issues can offer conclusions regarding the interdependence between these elements and how they can influence overall company performance. The main objective of the research was to identify employees' performance degree in relation to non financial motivational factors. The research brought into the light that the degree of motivation of employees from industrial companies, determining the prevalent type of motivation (intrinsic and extrinsic) which coordinates their activities and influences their work performance.

2.3. Conceptual framework

The following diagram shows the variables considered by the researcher. The researcher want to see the relationship between these variables and employee performance and want to know the degree of impact these variables have on employee performance. Employee performance is highly influenced by both financial and non financial factors. However, different organization considers only financial rewards as an important factor to motivate employees and improve their commitment and performance for their job. Therefore, the researcher wants to assess the impact of these non financial variables on employee performance.

Figure 2. 1. Conceptual frame work of the research



Source: Spector (1997)

The implication of the above model has been explained well as follows:-

Job Security: -is the probability that an individual will keep his or her job; a job with a high level of job security is such that a person with the job would have a small chance of becoming unemployed (Subramaniam , 2011)

Recognition: - A warding employees for achieving planned objectives, encouraging repeat performance and higher achievement by other employees. Management and employees in the workplace plan rewards for reaching specific goals and producing high quality results. (Andrew, 2004).

Work Environment:- The term work environment is used to describe the surrounding conditions in which an employee operates. The work environment can be composed of physical conditions, such as office temperature, or equipment, such as personal computers. It can also be related to factors such as work processes or procedures. (CHRISTABELLA P., 2014)

Empowerment: - is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level. (hechonova ,2006)

Employee Performance: - is defined as whether a person executes their job duties and responsibilities well. Many companies assess their employee's performance on an annual or quarterly basis in order to define certain areas that need improvement. Performance is a critical factor in organizational success.(Abbas and Yaqoob, 2009).

CHAPTER THREE

RESEARCH DESIGN & METHODOLOGY

3.1. Description of The Study Area

The study was conducted in Awash Insurance Company S.C which is one of the first few pioneer private insurance companies in Ethiopia launched following the liberalization of the financial sector in 1994 and commenced operations on January 2, 1995. With well-founded experience and customer oriented services, AIC is progressing renewing its commitment to excellence. AIC operates through 41 branch offices (26 located in the capital, Addis Ababa, and 15 branches situated in major towns across the country), plus one Life and health main branch and 3 contact offices. And the units of studies are selected employees of Awash Insurance Company S.C.

3.2. Research Approach

This study follows a mix of quantitative and qualitative approach as this is considered to be the most suitable research method for the cross sectional studies allowing the extensive possibilities to collect and analyze data. The intention of using the quantitative method is to analyze the data collected through questionnaires and come up with results. Qualitative methods include individual interviews, focus groups, observations and action research and among this the study uses focuses on individual interviews. Qualitative data was collected through the use of interviews which was helpful for the findings of this research. The researcher is planning to conduct individual interview with employees working at Managerial and supervisor level. The researcher was conducting interviews with four managers and two supervisors. The respondents are expected to be selected based on the position they have on the company and the level of information they possess. This because of the reason that the researcher must obtain accurate and sufficient information needed to accomplish the research in such a way that could help to identify the real problem and forward suggestions.

3.3. Research Design

To carry out the study, cross-sectional quantitative survey was applied to show the cause and effect relation between non-financial reward and employee performance. As stated by Malik, M. Muhammed, S. & Malira, M. (2011), cross-sectional quantitative survey is used to gather information at a single point in time and this method tries to determine the relationship between

two factors. Cross-sectional studies have characteristics of detecting point prevalence and allowing stratification, in addition, this method is feasible, quick and economic (Ahmed, 2011).

The study was conducted in form of survey to show the effect of non-financial reward, taking the specific case of intrinsic motivational factors on employees' performance taking the case of selected branches in Awash Insurance Company S.C. The target population (unit of study) is the selected employees of AIC. In line with these both quantitative and qualitative methodologies was implemented so as to include both numerical and non-numerical data. The intention of using the quantitative method is to analyze the data collected through questionnaires and come up with results. Qualitative data was collected through the use of interviews which are helpful for the findings of this research.

3.4. Target Population and Sample Size Determination

3.4.1. Target Population

The target population for the study consists of the whole staff of Awash Insurance Company S.C. The latest information regarding the total number of employees was received from the on-sight examination of National Bank of Ethiopia (2016) which is 450. Due to the cost involved and time constraint the researcher has taken samples from head office and branches at Addis Ababa.

3.4.2. Sample Size Determination

The sampling method employed in this study is stratified random sampling. Stratified random sampling ensures that all parts of the population are represented in the sample in order to increase the efficiency of a study and it is helpful for administrative convenience and may produce gain in precision of the estimates of the characteristics of the whole population (Kothari, 2004). Due to time and finance constraint the researcher concentrated on head office and four selected main branches at Addis Ababa. Accordingly, the population was stratified by four branches and their head office units as Bole branch, Addis Ababa branch, Finfine Branch and Life branch with their respective head office units. Since these branches are main branches of the company they serve as the sampling frame of the study. A random sample from each stratum was taken in a number proportional to the stratum's size. The subsets of the strata are later pooled to form a random sample.

From the total number of employees considered that is 450, 250 employees were taken as a sample frame. Out of 250 employees taken as a sampling frame, 42 employees work in bole from which 26 samples have been taken, 18 employees work in Addis Ababa out of which 11 samples was taken; among the 15 employees that work in Finfine, 9 samples were taken and 7 samples have been taken from life branch which consisted of 11 employees. In the same manner 101 samples were taken from the total number of 164 employees found in the head office units. From the total samples considered in this research, 25 of them are working at managerial and supervisor levels and the remaining significant portions of employees are clerical. Furthermore, more than 90% of the samples considered in the research served the company more than two years which improves the reliability of the information to be obtained from the respondents.

In order to determine the sample size of the population the researcher will use Yemane's formula (1967). This formula is reliable to 95% and less than 5% deviation factor.

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

Where:

n = is the required sample size

N = is the target population size

e = deviation of sampling

$$n = 250 / [1 + 250(0.05)^2] = 154$$

This resulted in a sample size of 154.

Table 3.1 List of Branches and Head office units with their Respective Sample Sizes.

Name of Branches and Head office Units	Target Population		Proportion
	No of employees	Percentages	
Bole Branch	42	16.8%	26
Addis Ababa Branch	18	7.2%	11
Finifine Branch	15	6%	9
Life Branch	11	4.4%	7
Head Office	164	65.6%	101
Total	250	100%	154

Source: Self constructed based on NBE (2016) Data Collected.

3.5.Data Type and Sources

To get a picture of the present situations of employee performance and the level of effect of non-financial reward on employees' performance, primary data was collected from respondents in the form of structured questionnaire and interviews with employees at managerial positions. The researcher proposed to use secondary data which was collected from books, journals and previous researches as well as from audited annual reports, HR policy manual and other publication of the insurance.

3.6.Data Collection Instrument

So as to collect primary data interviews were carried out with selected employees and questionnaires were prepared and distributed. The researcher conducted an interview with the manager and selected employees by choosing the convenient time possible to keep the interest of the company. To do so, the researcher contacted them in advance to arrange the schedule and take an appointment. For questionnaires, it was distributed a week ahead to give them sufficient time to go through the questions. By doing so, the researcher was able to obtain the real and

honest feeling and opinion of the respondents. For secondary data, different literatures and journals were reviewed, books and HR policy manual and other publication of the insurance were referred.

3.7.Data Collection Procedures

The data collection instrument here in this study is a survey questionnaire which was designed using the variables identified as important for meeting the research objectives. This instrument is chosen for data collection because of its suitability in having an ample time for the respondents concerned adequately fill the form. The questionnaire was designed to include structured questions. Structured questionnaires are preferred for the ease of creating, coding and interpreting the addressed questions. As Kothari (2004) said, structured questionnaires are simple to administer and relatively inexpensive to analyze. The structured questionnaires are reliable in that everyone in the sample was asked the same question and answers exactly the same way. It had its limitations in that it is hard to address complex issues and is difficult to know whether or not the respondent has understood the questions. The questionnaire contains closed ended questions. The closed ended questions were designed so that the choices are going to be measured in Likert-Scales containing five choices which ranges from strongly disagree to strongly agree.

The questionnaires were developed in English and easy language was used so that every respondent can understand the questions. The questions were gathered from previous studies conducted in similar areas and the necessary amendment was made in relation to the topic under study. The questionnaires were personally distributed to the respondents. However, voluntary cooperation could also be received in the process of distribution from the internal employees of the company where no names are asked to maintain confidentiality. Out of the total number of employees of Awash Insurance Company S.C. which is 450, 154 questionnaires were distributed for the employees of AIC from the total population of 250 employees work at Addis Ababa and Head office units. The collected data was handled with utmost care in addition to ensuring the confidentiality and security of personal data. Following the data collection, it was entered into a well-structured database using the SPSS.

An interview question was developed in English. The interview is intended to get in depth information regarding the changes happening in the organization and if the specific changes are in fact related with the motivation on the employees in the organization.

3.8.Ethical Considerations

Ethics in research is very important because the research frame and circumstances need participations from all parties and that ethics can become guidelines for researchers to conduct their research to make sure that there are no parties who are in harm or hurt. Several ethical principles in research that have always shown up and there are well classified consent, avoiding harm to participants, invasion of privacy, and deception. Other principles or ethical considerations are data protection, reciprocity and trust, affiliation and conflicts of interest.

The very nature of this research study could be considered controversial for most people in the workplace who are subject to varying degrees of rewards and how those rewards affect them both personally and professionally. I intend to disclose in full the reasons for the study, the procedure in analyzing the results of the interview questions and to obtain their consent for using the findings as part of this study and to clarify that all individual feedback would be kept confidential. This was detailed in the email accompanying the request for the interview. A confidentiality agreement was also be presented in the questionnaire. The researcher has also maintains honesty, integrity, and objectivity throughout the process of this research study. The researcher has acknowledged all previous works that have been included in this research proposal.

3.9.Data Analysis and Presentation

The methods of data analysis that was employed are primarily determined based on the nature of the study and the level of data to be gathered. Accordingly, the data collected through the use of questionnaires on the practices of organizational change management as perceived by employees was analyzed using the SPSS (Statistical Package for Social Studies) version 20. The questionnaires consist of five responses on Likert scale which ranges from strongly disagree to strongly agree. Using of structured questionnaires was helpful in that it scaled responses for the study. Respondents specify their level of agreement or disagreement on a systematic agree-disagree scale for a series of statements.

In most social and business surveys our interest lies in understanding and controlling relationships between variables and as such correlation analysis is relatively more important in surveys (Kothari, 2004). Regarding this, in this study correlation analysis which determines the extent to which changes in value of an attribute was associated with changes in other attributes.

The analysis using the quantitative techniques results in findings which were presented in the form of frequency distribution tables and pie charts while the qualitative techniques facilitate description and explanation of the study findings. In general, the results were presented in the form of frequency tables, pie charts and bar graphs. All tables, graphs and charts were clearly labeled and presented so that the reader could rapidly make sense of the information contained in them.

3.10. Validity Test

Validity is the extent to which an instrument measures what it is supposed to measure and performs as it is designed to perform (Kothari, 2004). Content validity seeks to test precisely the eligibility or otherwise of the constructs in the questionnaire. In this study, the content validity was based on the literature review and on comments & opinions of human resource specialists and advisor who has examined the items. Based on their comments additional items were included in to the original questionnaire before the survey. Therefore, the items hold content validity.

3.11 .Reliability Test

To determine the reliability of questionnaire using SPSS version 20 software, the Cronbach's alpha coefficient has been calculated. Obtained values for the variables are shown below in the table 3.2.

Table 3.2 Cronbach's Alpha Reliability Test Result

Variables	N of Items	Cronbach's Alpha
Empowerment	7	.900
Job Security	7	.862
Work Environment	8	.873
Recognition	8	.876
Employee Performance	10	.818
Over all Reliability	40	.953

(Source: Researcher's Survey Result, 2017)

By using the most common measure of internal consistency (reliability), the researcher measured the reliability of data with Cronbach's alpha test. Reliability coefficients greater than 0.7 and closer to 1 are considered 'Acceptable' in most social science research institutes. As it can be shown in the above table 3.2 the cronbach's alpha test for Empowerment, Job Security, Work Environment, Recognition, and Employee Performance were .900, .862 .873, .876, and .818 respectively, that reflects satisfactory and acceptable internal consistency reliability for all five variables as greater than the acceptable percentage (.7).

CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter, the collected data through questionnaires is presented, analyzed and interpreted. 154 questionnaires were distributed to the employees of awash insurance company S.C, out of these questionnaires, 135 were filled properly. As a result, the overall response rate was 87.66 percent. The questionnaires were distributed and collected within one month.

First, the researcher presented the demographic distribution of the respondents; second, the researcher tested the reliability of the items through Cronbach's alpha reliability analysis based on SPSS version 20, descriptive statistics under consideration of the variables presented. Finally, correlation analyses have been done and the results have been clearly presented.

4.1 Demographic Data

The demographic information of respondent gathered for this study were gender, age, marital status, education level, years of service ,place of work, current position and monthly income.

Table 4.1 Respondents' demographic profile of sample respondents is presented and analyzed as shown below

Demographic Characteristics		Frequency	Percentage
Respondent's Gender	Male	65	48.1%
	Female	70	51.9%
Respondents' Profile Age	18-25	25	18.5%
	26-35	66	48.9%
	36-45	33	24.4%
	Above 46	11	8.1%

Respondents' Profile Marital Status	Married	70	51.9%
	Single	57	42.2%
	Divorced	8	5.9%
Respondents' Profile Educational Qualification	Diploma	30	22.2%
	BA/BSc Degree	70	51.9%
	Master's Degree	35	25.9%
Profile Total service year in AIC	2 – 5 Years	52	38.5%
	6- 10Years	58	43%
	11-15 Years	21	15.6%
	More than 15 years	4	3%
Respondents' Profile place of work	Head Office	90	66.7%
	Branches	45	33.3%
Respondents' Profile Current job position	Managerial level	11	8.1%
	Supervisory level	7	5.2%
	Officer	66	48.9%
	Clerical and Secretaries	51	38.8%
Respondents' Profile on monthly income	3000-5000 birr	28	20.7%
	5001-8000 birr	37	27.4%
	8001-11000 birr	49	36.3%
	Above 11000 birr	21	15.6%

(Source: Researcher's Survey Result, 2017)

Table 4.1 presents the gender distribution of the respondents. Out of 135 respondents 65(48.1%) were male while 70 (51.9%) were females. This indicates that majority of the insurance company S.C workers are females. This implies that the female population of the Awash Insurance Company S.C has the chance to be represented in every matter and hence, it seems that the information gained was sufficient enough to conduct the analysis.

When we look at the age group of respondents, the larger no of employees are between the ages of 26 - 35 which adds to 66 respondents representing to 48.9% of the total respondents. The second largest age groups which constitute 24.4% of the respondents are 36 - 45 years of age. The rest will cover 18.5% and 8.1 % of the population which accounts 18 - 25 and above 46 years of age respectively. From this result we can observe that the majority of employees of the company are at the productive age group. Hence the company does not face the problem of aged employees. Therefore, the information gained from these respondents is sufficient enough to conduct the analysis.

With regard to respondents' marital status, 70 (51.9%) are Married, 57(42.2%) are Single and the rest 8 (5.9%) were Divorced. Research conducted on this area consistently indicates that married employees are more satisfied with their jobs than are their unmarried coworkers (Austrom et. al. 1988; Federico et. al. 1976; Garrison and Muchinsky 1977; Watson 1981). The reason may be marriage imposes increased responsibilities that may make a steady job more valuable and important. And job satisfaction is required to have a steady job. Many, in such cases, strive to coup up or adjust them with the facets they are dissatisfied with. (Azim, Haque and Chowdhury 2013). Therefore, the information gained from these respondents is sufficient enough to conduct the analysis.

As far as educational qualification of respondents is concerned, the above table clearly shows that 22.2% of the respondents are diploma or level graduates, 51.9% were BA/BSc holders and the rest 25.9% accounts for Masters Holders. The majority of the employees are BA/BSc degree holders from this we can observe that they are satisfied because they may have good career progression. Therefore, the response gained is relevant enough to conduct the analysis.

Looking at the frequency distribution of respondents' work experience, the majority respondents which accounts for 61.5 percent have more than 5 years of work experience. The rest 38.5 percent of the respondents have less than 5 years of work experience. Since more experienced respondents who are capable of understanding the case and give better response are involved. Therefore, the data gained is relevant enough to conduct the analysis.

Coming to the place of the work, Out of 135 respondents 90 (66.7%) were at Head Office level while 45 (33.3%) were working at Branches. This indicates that majority of the awash insurance company S.C employees work at Head office. This implies that the Head office population of the

awash insurance company S.C has the chance to be represented in every matter and hence, it seems that the information gained was sufficient enough to conduct the analysis.

The result in the above table 4.1 reveals the demographic variable of respondents' current job position; from the total of 135 respondents, 7 (5.2%) of them work under managerial level and 2 (3.1%) supervisory level and 66 (48.9%) works at officer level while the remaining 51 (38.5%) respondents work under clerical and secretaries. This confirms that the data gained is relevant enough to conduct the analysis since more experienced respondents who are capable of understanding the case and give better response are involved.

Finally from the above table we can observe that the majority of the respondents are earning 8,000-11,000 birr per month which accounts for 36.3% of the sample. The second largest respondents of the study are between 5,000 – 8,000 salary groups which is 27.4% of the sample. The rest 20.7 % and 15.6% of the respondent salary are 3,000- 5000 and above 11,000 birr respectively. This implies that all salary group of the company has been included and the researcher did not face difficulties to generalize its study for all salary groups. Therefore, the data gained is relevant enough to conduct the analysis.

In this section, the collected data was entered and reported using SPSS. The mean value of each satisfaction factor with respect to respondents' category is analyzed and presented by dependent and independent variable as shown below.

Table: 4.2 Employee empowerment

S/N	Items	Strongly Agree		Agree		I don't know		Disagree		Strongly Disagree	
		F	%	F	%	F	%	F	%	F	%
1	There is a clear flow of information b/n employees and the management	16	11.9	90	66.7	9	6.7	20	14.8	0	0
2	There is a proper delegation of authority and power	19	14.1	73	54.1	17	12.6	20	14.8	6	4.4
3	Employees are given a certain degree of autonomy and responsibility to make decisions	16	11.9	90	66.7	9	6.7	20	14.8	0	0
4	My supervisors are receptive and listen my idea and suggestions.	16	11.9	90	66.7	9	6.7	20	14.8	0	0
5	Rotation system is implemented to produce all rounded employee	19	14.1	73	54.1	17	12.6	20	14.8	6	4.4
6	Employee are given challenging tasks improve their skills and decision making ability.	19	14.1	73	54.1	17	12.6	20	14.8	6	4.4
7	There is a visible support from supervisors	16	11.9	90	66.7	9	6.7	20	14.8	0	0

(Source: Researcher's Survey Result, 2017)

Having the view that empowerment is one of the factors that affect employee performance, the respondents were asked the following questions which they answered accordingly.

For the question asked if there is a clear flow of information b/n employees and the management, 16 (11.9%) of the respondents strongly agree that there is a clear flow of information b/n employees and the management, 90 (66.7%) of the respondents support this idea, 20 (14.8%) of the respondents disagree on the question raised and 9(6.7%) are not aware whether there is a clear flow of information b/n employees and the management or not. Generally most of the respondents believed that there is a clear flow of information b/n employees and the management.

For the following question which suggested that there is a proper delegation of authority and power, as can be seen from table 4.2 above, 19(14.1%) of the respondents strongly agree that there is a proper delegation of authority and power, 73 (54.1%) of the respondents support this idea, 17 (12.6%) of the respondents have no idea, 20(14.8%) of the respondents disagree and 6(4.4%)of the respondents strongly disagree. Generally most of the respondents support the idea of proper delegation of authority and power.

Table 4.2, regarding the third question, shows that 16(11.9%) of the respondents strongly believed that employees are given a certain degree of autonomy and responsibility to make decisions, while 90(66.7%) generally agree to the idea and 17(12.6%) percentage of the respondents have no idea about the question. 20(14.8%) do not support the idea. In sum, most of the respondents agree that employees are given a certain degree of autonomy and responsibility to make decisions.

On the question that asked whether supervisors are receptive and listen ideas and suggestions of employees or not, as shown in table 4.2 above, 16 (11.9%) of the respondents strongly agree, 90(66.7%) supports the idea while 9(6.7%) have no idea and 20(14.8%) of the respondents disagree with this idea. Generally most of the respondents support the idea that supervisors are receptive and listen ideas and suggestions.

In a question that follows, 19 (14.1%) of the respondents strongly agreed that rotation system is implemented to produce all rounded employee, 73(54.1%) of respondents support the idea while 17(12.6%) of the respondents have no idea where as 20(14.8%) of respondents disagree and 6(4.4%) of the respondents strongly disagree with this idea. To sum up, most of the respondents support the idea that rotation system is implemented to produce all rounded employee.

Out of the given total 135 respondents, 19(14.1%) of the respondents strongly agree with the fact that employee are given challenging tasks to improve their skills and decision making ability, 73(54.1%) of respondents support the idea while 17(12.6%) of the respondents have no idea and 6(4.4%) of the respondents strongly disagreed regarding the question. Generally most of the respondents support the idea that employee are given challenging tasks to improve their skills and decision making ability. On the question of whether there is a visible support from supervisors, as can be seen from table 4.2 above, 16(11.9%) of the respondents strongly agree that there is a visible support from supervisors, 90 (66.7%) of the respondents agree while 9(6.7%) of the respondents have no idea and 20(14.8%) of the respondents disagree with this idea. Generally most of the respondents support the idea that there is a visible support from supervisors.

Table: 4.3. Job Security

S/N	Items	Strongly Agree		Agree		I don't know		Disagree		Strongly Disagree	
		F	%	F	%	F	%	F	%	F	%
8	I feel my job is secured as long as I achieve the set target	50	37.0	53	39.3	10	7.4	18	13.3	4	3
9	I feel very secured in my present job.	45	33.3	38	28.1	22	16.3	14	10.4	16	11.9
10	There is an open and honest communication with employees	51	37.8	39	28.9	17	12.6	16	11.9	12	8.9
11	My boss knows me, my hobbies and outside interest	4	3	59	43.7	34	25.2	24	17.8	14	10.4
12	There is a future time line goals for the company & employees within the company	33	24.4	70	51.9	16	11.9	16	11.9	0	0

13	There is a challenge and opportunities enable to improve employee performance	21	15.6	56	41.5	26	19.3	28	20.7	4	3.0
14	There is a small chance of becoming unemployed	19	14.1	61	45.2	29	21.5	18	13.3	8	5.9

(Source: Researcher's Survey Result, 2017)

As shown in table 4.3 above, 50 (37%) of the respondents strongly agree that their job is secured as long as they achieve the target set, 53(39.3%) of the respondents agree with the statement while 10 (7.4%) of the respondents have no idea, 18 (13.3%) of respondents disagreed and the remaining 4(3%) of the respondents strongly disagreed. From this we can deduce that most of the employees support the idea that their job is secured as long as they achieve the target set.

From table 4.3 above we can observe that 45(33.3%) of the respondents agree that they feel much secured in their present job, 38(28.1%) support the idea while 22(16.3%) have no idea, 14 (10.4%) of the respondents disagree with this idea and the remaining 4(3%) strongly disagreed. Generally, most of the respondents support the idea they feel much secured in their present job.

On the question of whether the company has an open and honest communication with employees, as shown in table 4.5 below, 51(37.8%) of the respondents strongly agree that the company has an open and honest communication with employees while 39(28.9%) of respondents support the idea, 17(12.6%) of the respondents have no idea and 16(11.9%) & 12(8.9%) of respondents disagreed and strongly disagreed the idea respectively. Generally most of the respondents agree that the company has an open and honest communication with employees.

As can be seen from table 4.3 above, 4 (3%) of the respondents strongly agreed that their boss knows them, their hobbies and outside interest while 59 (43.7%) of respondents support the idea, 34(25.2%) have no idea and 24 (17.8%) & 14(10.4%) of respondents disagreed and strongly disagreed the idea respectively. Generally most of the respondents agree with the idea of their boss knows them, their hobbies and outside interest.

In a question that follows, 33 (24.4%) of the respondents strongly agreed that there is a future time line goals for the company & employees within the company, 70(51.9%) of respondents support the idea while 16(11.9%) of the respondents have no idea where as 16(11.9%) of

respondents disagree .To sum up, most of the respondents support the idea that there is a future time line goals for the company & employees within the company.

Out of the given total 135 respondents, 21(15.6%) of the respondents strongly agree with the fact that there is a challenge and opportunities enable to improve employee performance, 56(41.5%) of respondents support the idea while 26(19.3%) of the respondents have no idea, 28(20.7%) & 4(3%) of the respondents disagreed & strongly disagreed respectively regarding the question. Generally most of the respondents support the idea that there is a challenge and opportunities enable to improve employee performance.

On the question of there is a small chance of becoming unemployed, as can be seen from table 4.2 above, 19(14.1%) of the respondents strongly agree that there is a small chance of becoming unemployed, 61 (45.2%) of the respondents agree while 29(21.5%) of the respondents have no idea and 18(13.3%) of the respondents disagree with this idea and the remaining 8(5.9%) of the respondents strongly disagreed. Generally most of the respondents support the idea that there is a visible support from supervisors.

Table: 4.4. Work Environments

S/N	Items	Strongly Agree		Agree		I don't know		Disagree		Strongly Disagree	
		F	%	F	%	F	%	F	%	F	%
15	You are satisfied regarding your associate works	10	7.4	91	67.4	11	8.1	19	14.1	4	3
16	My job makes the best use of my abilities	22	16.3	64	47.4	4	3	41	30.4	4	3
17	Having physical working conditions that are safe, not injurious to health, not stressful	12	8.9	101	74.8	8	5.9	8	5.9	6	4.4
18	I feel that work place training opportunities encourage me to work better	34	25.2	72	53.3	10	7.4	15	11.1	4	3

19	I am valued as hardworking individual within my organization	47	34.8	48	35.6	14	10.4	22	16.3	4.	3
20	I am happy about the promotion criteria of employees	33	24.4	47	34.8	14	10.4	34	25.2	7	5.2
21	Creation of conducive work environment encouraged high performers to increase their performance	43	31.9	70	51.9	8	5.9	10	7.4	4	3.0
22	There is constructive organizational culture in the company that encourages to performs best	53	39.3	50	37	21	15.6	4	3	7	5.2

(Source: Researcher's Survey Result, 2017)

Given that work environment is one of the factors that affect employee performance, the respondents were asked the following questions which they answered accordingly.

For the question asked if they are satisfied regarding your associate works, 10 (7.4%) of the respondents strongly agree that they are satisfied regarding their associate works, 91 (67.4%) of the respondents support this idea, 11 (8.1%) have no idea while 19(14.1%) of the respondents disagree on the question raised and 4(3%) of respondents strongly disagreed. Generally most of the respondents believed that they are satisfied regarding their associate works.

For the following question which suggested that my job makes the best use of my abilities, as can be seen from table 4.4 above, 22(16.3%) of the respondents strongly agree that their job makes the best use of their abilities, 64 (47.4%) of the respondents support this idea, 4 (3%) of the respondents have no idea, 41(30.4%) of the respondents disagree and 4(3%) of the respondents strongly disagree. Generally most of the respondents support the idea that their job makes the best use of their abilities.

Table 4.4, regarding the third question, shows that 12(8.9%) of the respondents strongly believed that they are having physical working conditions that are safe, not injurious to health, not stressful, while 101(74.8%) generally agree to the idea and 8(5.9%) percentage of the respondents have no idea about the question. 8(5.9%) do not support the idea. Moreover,

6(4.4%) of the respondents strongly disagreed. In sum, most of the respondents agree that they are having physical working conditions that are safe, not injurious to health, not stressful.

On the question that asked whether work place training opportunities encourage them to work better or not, as shown in table 4.4 above, 34 (25.2%) of the respondents strongly agree, 72(53.3%) supports the idea while 10(7.4%) have no idea and 15(11.1%) & 4(3%) of the respondents disagreed and strongly disagreed respectively with this idea. Generally most of the respondents support the idea that work place training opportunities encourage them to work better.

In a question that follows, 47 (34.8%) of the respondents strongly agreed that they are valued as hardworking individual within their organization, 48 (35.6%) of respondents support the idea while 14 (10.4%) of the respondents have no idea where as 22 (16.3%) of respondents disagree and 4 (3%) of the respondents strongly disagree with this idea. To sum up, most of the respondents support the idea they are valued as hardworking individual within their organization. Out of the given total 135 respondents, 33 (24.4%) of the respondents strongly agreed that they are happy about the promotion criteria of employees, 47 (34.8%) of respondents support the idea while 14 (10.4%) of the respondents have no idea, 34 (25.2%) of the respondents disagreed and 7 (5.2%) of the respondents strongly disagreed regarding the question. Generally most of the respondents agreed that they are happy about the promotion criteria of employees. On the question of whether creation of conducive work environment encouraged high performers to increase their performance, as it can be seen from table 4.2 above, 43 (31.9%) of the respondents strongly agree that creation of conducive work environment encouraged high performers to increase their performance, 70 (51.9%) of the respondents agree while 8 (5.9%) of the respondents have no idea and 10 (7.4%) & 4 (3%) of the respondents disagreed and strongly disagreed with this idea. Generally most of the respondents support the idea that creation of favorable work environment encouraged high performers to increase their performance.

Respondents were asked if there is constructive organizational culture in the company that encourages to performs best and 53 (39.3%) strongly agreed while those which agreed with the statement followed being 50 (37%) of the total respondents while 21 (15.6%) said have no idea the remaining 4 (3%) & 7 (5.2%) disagreed and strongly disagreed with the question. This shows that most of the respondents support idea that there is constructive organizational culture in the company that encourages performing best.

Table: 4.5 Recognition

S/N	Items	Strongly Agree		Agree		I don't know		Disagree		Strongly Disagree	
		F	%	F	%	F	%	F	%	F	%
23	Employee Recognition made for high performers motivated others to perform more	35	25.9	59	43.7	14	10.4	20	14.8	7	5.2
24	Employees performance get Recognized in the company immediately after they perform best	4	3	62	45.9	28	20.7	26	19.3	15	11.1
25	Immediate rewarding of employee for registering best performance was help to repeat that performance in the future	17	12.6	70	51.9	25	18.5	12	8.9	11	8.1
26	There is a platform for employees to reward one another	6	4.4	64	47.4	40	29.6	14	10.4	11	8.1
27	Offer employees a platform to share their story and experience	9	6.7	91	67.4	8	5.9	20	14.8	7	5.2
28	There is a habit of giving employees who achieve better extra time off to do something else besides works	29	21.5	67	49.6	31	23	4	3	4	3
29	There is a trend of noting appreciation in a newsletter that goes out to clients and customers	33	24.4	45	33.3	38	28.1	19	14.1	0	0
30	The management provides constant feedback on positives	39	28.9	34	25.2	23	17	32	23.7	7	5.2

(Source: Researcher's Survey Result, 2017)

Provided that work recognition is one of the factors that affect employee performance, the respondents were asked the following questions which they answered accordingly.

For the question asked if employee recognition made for high performers motivated others to perform more, 35 (25.9%) of the respondents strongly agree that employee recognition made for high performers motivated others to perform more, 59 (43.7%) of the respondents support this idea, 14 (10.4 %) have no idea while 20 (14.8%) of the respondents disagree on the question raised and 7 (5.2%) of respondents strongly disagreed. Generally most of the respondents believed that employee recognition made for high performers motivated others to perform more.

For the following question which suggested that employees performance get recognized in the company immediately after they perform best, as it can be seen from table 4.5 above, 4 (3%) of the respondents strongly agree that employees performance get recognized in the company immediately after they perform best, 62 (45.9%) of the respondents support this idea, 28 (20.7%) of the respondents have no idea, 26 (19.3%) of the respondents disagree and 15 (11.1%) of the respondents strongly disagree. Generally most of the respondents support the idea that employees' performance gets recognized in the company immediately after they perform best.

Table 4.5, regarding the third question, shows that 17 (12.6%) of the respondents strongly agreed that immediate rewarding of employee for registering best performance helped to repeat that performance in the future, while 70 (51.9%) generally agree to the idea and 25 (18.5%) percentage of the respondents have no idea about the question. 12 (8.9%) do not support the idea. Moreover, 11 (8.1%) of the respondents strongly disagreed. In sum, most of the respondents agreed that immediate rewarding of employee for registering best performance helped to repeat that performance in the future.

On the question that asked whether there is a platform for employees to reward one another or not, as shown in table 4.5 above, 6 (4.4%) of the respondents strongly agree, 64 (47.4%) supports the idea while 40 (29.6%) have no idea and 14 (10.4%) & 11 (8.1%) of the respondents disagreed and strongly disagreed respectively with this idea. Generally most of the respondents there is a platform for employees to reward one another.

In a question that follows, 29 (21.5%) of the respondents strongly agreed that there is a habit of giving employees who achieve better extra time off to do something else besides works, 67 (49.6%) of respondents support the idea while 31 (23%) of the respondents have no idea where as 4 (3%) of respondents disagree and 4 (3%) of the respondents strongly disagree with this idea. To sum up, most of the respondents agreed that there is a habit of giving employees who achieve better extra time off to do something else besides works.

Out of the given total 135 respondents, 33 (24.4%) of the respondents strongly agreed that there is a trend of noting appreciation in a newsletter that goes out to clients and customers, 45 (33.3%) of respondents support the idea while 38 (25.1%) of the respondents have no idea and 19 (14.1%) of the respondents disagreed regarding the question. Generally most of the respondents agreed that there is a trend of noting appreciation in a newsletter that goes out to clients and customers.

On the question of whether the management provides constant feedback on positives, as it can be seen from table 4.5 above, 39 (28.9%) of the respondents strongly agree that the management provides constant feedback on positives, 34 (25.2%) of the respondents agree while 23 (17%) of the respondents have no idea and 32 (23.7%) & 7 (5.2%) of the respondents disagreed and strongly disagreed with this idea. Generally most of the respondents support the idea that the management provides constant feedback on positives.

Table: 4.5 Employee Performances

S/N	Items	Strongly Agree		Agree		I don't know		Disagree		Strongly Disagree	
		F	%	F	%	F	%	F	%	F	%
31	I make decisions without any influence which helps me to be more efficient and productive.	10	7.4	61	45.2	15	11.1	38	28.1	11	8.1
32	I make decisions rationally in relation to customers that satisfy them more.	23	17	69	51.1	17	12.6	15	11.1	11	8.1
33	My job enables me to make use of my skills and abilities	9	6.7	88	65.2	4	3	23	17	11	8.1
34	I am willing to shoulder challenging tasks and committed towards its achievement	27	20	67	49.6	33	24.4	8	5.9	0	0

35	Extra effort is exerted by both employees and management to accomplish the task assigned for.	31	23	61	45.2	43	31.9	0	0	0	0
36	I effectively use resources including time and materials	61	45.2	52	38.5	18	13.3	4	3	0	0
37	I believe in team work and support others in discharging their duties.	68	50.4	35	25.9	24	17.8	8	5.9	0	0
38	I actively peruse or initiate new ideas for the benefit of AIC	46	34.1	77	57	8	5.9	4	3	0	0
39	I develop logical and creative solution to job related problems	32	23.7	95	70.4	8	5.9	0	0	0	0
40	I know how the company measures my performance	19	14.1	84	62.2	15	11.1	6	4.4	11	8.1

(Source: Researcher's Survey Result, 2017)

For the question asked if they make decisions without any influence which help them to be more efficient and productive, 10 (7.4%) of the respondents strongly agree that they make decisions without any influence which help them to be more efficient and productive, 61 (45.2%) of the respondents support this idea, 15 (11.1%) have no idea while 38 (28.1%) of the respondents disagree on the question raised and 11 (8.1%) of respondents strongly disagreed. Generally most of the respondents they make decisions without any influence which help them to be more efficient and productive.

For the following question which suggested that they make decisions rationally in relation to customers that satisfy them more, as it can be seen from table 4.5 above, 23 (17%) of the respondents strongly agree that they make decisions rationally in relation to customers that satisfy them more, 69 (51%) of the respondents support this idea, 17 (12.6%) of the respondents have no idea while 15 (11.1%) of the respondents disagree and 11 (8.1%) of the respondents strongly disagree. Generally most of the respondents support the idea that they make decisions rationally in relation to customers that satisfy them more.

Table 4.5, regarding the third question, shows that 9 (6.7%) of the respondents strongly agreed that their job enables them to make use of their skills and abilities, while 88 (65.2%) generally agree to the idea and 4 (3%) percentage of the respondents have no idea about the question. 23 (17%) do not support the idea. Moreover, 11 (8.1%) of the respondents strongly disagreed. In sum, most of the respondents agreed that their job enables them to make use of their skills and abilities.

On the question that asked whether they are willing to shoulder challenging tasks and committed towards its achievement, as shown in table 4.5 above, 27 (20%) of the respondents strongly agree, 67 (49.6%) supports the idea while 33 (24.4%) have no idea and 8 (5.9%) of the respondents disagreed with this idea. Generally most of the respondents they are willing to shoulder challenging tasks and committed towards its achievement.

In a question that follows, 31 (23%) of the respondents strongly agreed that extra effort is exerted by employees and management to accomplish the task assigned for, 61 (45.2%) of respondents support the idea while 43 (31.9%) of the respondents have no idea. To sum up, most of the respondents agreed that extra effort is exerted by both employees and management to accomplish the task assigned for.

Out of the given total 135 respondents, 61 (45.2%) of the respondents strongly agreed that they effectively use resources including time and materials, 52 (38.5%) of respondents support the idea while 18 (13.3%) of the respondents have no idea and 4 (3%) of the respondents disagreed regarding the question. Generally most of the respondents agreed that they effectively use resources including time and materials.

On the question of whether they believe in team work and support others in discharging their duties., as it can be seen from table 4.5 above, 68 (50.4%) of the respondents strongly agree that believe in team work and support others in discharging their duties, 35 (25.9%) of the respondents agree while 24 (17.8%) of the respondents have no idea and 8 (5.9%) of the respondents disagreed with this idea. Generally most of the respondents believe in team work and supporting others in discharging their duties.

Respondents were asked if they actively peruse or initiate new ideas for the benefit of AIC and 46 (34.1%) strongly agreed while those which agreed with the statement followed being 77 (57%) of the total respondents while 8 (5.9%) said have no idea and the remaining 4 (3%)

disagreed with the question. This shows that most of the respondents they actively peruse or initiate new ideas for the benefit of AIC.

Table 4.5, shows that 32 (33.7%) of the respondents strongly agreed that they develop logical and creative solution to job related problems, while 95 (70.4%) generally agree to the idea and 8 (5.9%) percentage of the respondents have no idea about the question. In sum, most of the respondents agreed that they develop logical and creative solution to job related problems.

However, for the question that asked if they know how the company measures their performance, 19 (14.1%) of the respondents strongly agreed with the fact, while 84 (62.2%) generally agree to the idea and 15 (11.1%) percentage of the respondents have no idea about the question. 6 (4.4%) do not support the idea. Moreover, 11 (8.1%) of the respondents strongly disagreed. In sum, most of the respondents agreed that they know how the company measures their performance.

4.2. Descriptive Analysis

In this section, the collected data was entered and reported using SPSS. The mean value of each satisfaction factor with respect to respondents' category is analyzed and presented.

Table: 4.6 Mean Distribution of Variables

Variables	Statistics		Mean	Std. Deviation
	Valid	Missing		
Work Environment	135	0	3.7574	.77157
Recognition	135	0	3.5231	.78259
Employee Performance	135	0	3.8437	.57167
Empowerment	135	0	3.6825	.74285
Job Security	135	0	3.6053	.84339

(Source: Researcher's Survey Result, 2017)

Table 4.6 shows the means and standard deviations of reward variables such as empowerment, job security, work environment, recognition, and employee performance rated by respondents. Descriptively, the average or mean level of employee performance in awash insurance company S.C was 3.84 (SD = 0.57) on a five-point Likert Scale. This implies that, on the average, the employees of awash insurance company S.C were satisfied.

The result from this study shows that high mean result for employee performance (M=3.84,SD=.571) , moderate for other variables like Empowerment (M=3.68,SD=.74), Work

environment (M=3.76,SD=.77) to less mean scoring variables such as Recognition (M=3.52 , SD=.78) , and Job security (M=3.60 , SD= .84) .

From the above table it is observed that non financial rewards (Empowerment, Job Security, Work Environment and Recognition) have a mean value of 3.68 (SD = .74) and Employee performance have a mean value of 3.84 (SD = .57). This implies that the non financial rewards have an impact on employees’ performance, And also majority of the employees were relatively satisfied by non financial rewards.

4.3. Correlation

The Pearson’s Product Movement Correlation Coefficient was computed to determine the relationships between empowerment, job security, work environment & recognition, with employee performance. Correlation analysis is a useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If r = -1 there is perfectly negative correlation between the variables. If r = 0 there is no relationship between the variables and if r = +1 there is perfectly positive relationship between the variables.

For values of r between +1 and 0 or between 0 and -1, the different scholars have proposed different interpretations with slight difference. For this study diction rule given by Bartz, A. E.(1999) was used. Bartz, A. E. (1999) described the strength of association among variables as mentioned in Table 4.7 below.

Table 4.7 Interpretation of r value

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

Source: Bartz, A. E.(1999)

Table 4.8 The Correlation among Dependent and Independent variables

		Empowerment	Job Security	Work Environment	Recognition	Employee Performance
Empowerment	Pearson Correlation	1	.416**	.505**	.294**	.420**
	Sig. (2-tailed)		.000	.000	.001	.000
	N	135	135	135	135	135
Job Security	Pearson Correlation	.416**	1	.764**	.620**	.648**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	135	135	135	135	135
Work Environment	Pearson Correlation	.505**	.764**	1	.811**	.797**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	135	135	135	135	135
Recognition	Pearson Correlation	.294**	.620**	.811**	1	.738**
	Sig. (2-tailed)	.001	.000	.000		.000
	N	135	135	135	135	135
Employee Performance	Pearson Correlation	.420**	.648**	.797**	.738**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	135	135	135	135	135

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Researcher's Survey Result, 2017)

Significant correlation existed between Empowerment and employees performance ($r=0.42$, $p<0.01$). This implies that empowerment and employee performance has a moderate relationship. Empowering employees positively influences their performance. Moreover, the correlation analysis indicates that there is a positive correlation between job security and employee performance ($r=0.648$, $p <0.01$). Work Environment has significant and positive relation with employee .performance ($r=0.797$, $p<0.01$). From this correlation we can observe that favorable

work environment for employees have positive impact on employees' performance. The correlation of Recognition with employee performance is ($r=0.738$, $p<0.01$), which means it has a positive and significant relation with the dependent variable. If there is a good recognition practice at the company, the employee's performance will be enhanced. Generally, it can be understood that non financial rewards and employee performance have a strong positive relationship.

Chapter Five

Summary of findings, Conclusion and Recommendation

This chapter comprises of the summary of findings, conclusions, and recommendations of the research study.

5.1. Summary of Findings

This study aimed to investigate the effect of non financial rewards on employees' performance in awash insurance company S.C head office and branch employees based on the questionnaire of randomly selected 154 employees. From the distributed 154 questionnaire, 135 were returned and the response rate is 87.66 %, which is acceptable for data analysis and discussion of the study.

In the demographic analysis most of the respondents are Female (51.9%), 48.9 % aged in category of (26- 35), 51.9% of the respondent are married, and 51.9 % of the respondents are BA/BSc holders. As also reveals from the demographic distribution majority of respondents 61.5% served more than 5 years. Furthermore, majority of the respondents 66.7% work at head office level and 48.9 % of the respondents were customer service officers and also majority of the respondents are with a salary range of between 8,001 and 11,000. The result of the central tendency also shows that, the most important indicator of employees' performance is empowerment, job security, work environment and recognition. The mean value and standard deviations of the work environment (Mean=3.76, SD = .77) is higher than other values in the study. This implies that if there is a conducive work environment an employee performance will remain high. Empowerment is a subsequent variable which has a mean and standard deviation value of (M=3.68, SD=.74). Employee performance has a mean value of (M=3.84, SD= .574)

which implies that the employees of Awash Insurance Company S.C are moderately satisfied. The least mean value of independent variable is Recognition ($M=3.52$, $SD=.78$).

Results from Pearson's Product Moment Correlation Coefficient and as per Bartz, A. E.(1999) interpretation of r value were used to discuss the relationship between dependent variable (Employee Performance) and an independent variables (Empowerment, Job security, Work Environment and Recognition).

The relation between dependent and independent variable in table 4.8 shows that there is statistically significant relationship between variables of non financial rewards and Employee performance. Table 4.8 independent variables have high degree of relationship with employee performance in this study. The highest value of relation found on Work Environment (0.797^{**}) the lowest point of correlation were Empowerment variable ($.420^{**}$). However, from independent variables job security, work environment and recognition have a strong positive relationship and also empowerment have a moderate relationship with employee performance.

5.2. Conclusions

Based on the findings of the study related demographic data and research variable analysis, the following conclusion is drawn:

In most profit making organizations like awash insurance company S.C, the vision, mission and objectives set could be attained with full participation of employees. According to the findings of the study, there is positive and significant relation between independent variables and employee performance. 51.9 percent of awash insurance company S.C positions are occupied by female employees more than half of the employees are married, most of the employees have first degree and significant numbers of employees have adequate service years of experience. From this, one can conclude that the distribution of resources in this organization inclined to females and most of the employees have the necessary experience and educational qualification to assume higher responsibilities.

After summarizing the findings related to research variable analysis the researcher conclude the following:

- ✓ Intrinsic motivational factors that include empowerment, job security, work environment and recognition have an impact on employee performance.
- ✓ Work environment is a major factor for employee's performance at AIC. Based on the findings of this study employee performance with work environment is satisfactory. Therefore, work environment is major areas of concern for the company.
- ✓ The findings regarding the culture and practice of recognition at AIC discussed that there is less attention given to value of the work done. Hence the practice to recognize for the work done is less or poor at AIC. Moreover, recognition has lowest mean and high standard deviations in this study. In AIC employee recognition is not systematical and not mostly based on merit.
- ✓ In this study it is found that there is also a significant relation between empowerment and employee performance. The more employees are empowered, the better performance they exhibited.
- ✓ As it can be seen from the findings job security impacts on employee performance.
- ✓ In general, the research study achieved its aims of defining and assessing the effects of non financial reward system on employee performance in awash insurance company S.C.

5.3. Recommendations

Based on the findings of the study, the researcher forwards the following recommendations.

Taking into account the findings of this study, will need to recommend the following points in relation to the effect of non financial reward on employees' performance at awash insurance company S.C;

- ❖ The company should reconsider the working environment and must improve conditions to cope up with the dynamic work environment and try to maintain appositve working environment since its relation with employee performance is significant. To do so, the Company should study the existing working conditions and create conducive, exciting and attractive working atmosphere to motivate its staff and enhance their productivity.
- ❖ Recognition is the least considered reward system by the company. As it can be easily understood from the finding of the study, the company did not pay a due attention for this aspect of non financial reward system. Therefore, the company must be able to establish a system that would probably help to recognize employee and enables to provide achievement based recognition to the better performers. There must be an appropriate recognition scheme and career path policy and procedure which have to be fairly and equitably apply for all the employees.
- ❖ As long as empowerment is concerned, since it is the most important element that keeps employees satisfied and motivate them for a better performance, the company need to pay a special attention for this and need to keep providing different opportunities to the employees so that they could as well be all rounded employees and help them feel empowered.
- ❖ Finally, so long as job security and employee performance have a strong relationship the company need to make employees feel more secured by improving fringe benefits, by facilitating open and honest communication with employees and by setting future timeline goals for the company and employees within the company.

Future research studies can be conducted on investigating other variables like task autonomy, work relation, organizational culture and leadership style and their effect on employees' performance.

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APPENDIX I

Questionnaire to be filled by Employees of AIC

Dear Staff member/Respondents

I, Belay Abebe a prospective graduate student at Addis Ababa University school of commerce , have designed this questionnaire to collect data from employee's of awash insurance company S.C for conducting MA –in Human Resource Management thesis on the title The effect of non-financial rewards on employees' performance at Awash Insurance Company S.C. I kindly request you to spend your Precious time to fill the questionnaire as frank as and responsible as possible. I inform you that, the information you provide will be consumed for academic purpose only. It will be handled in a confidential manner and will not be used to identify you in any way. Therefore, you all are not expected to write your name. Please answer all questions.

If you have any query, please do not hesitate to contact me and I am available at your convenience time.

Tel. +251-913511122 and +251-931246134 or

Email your questions to belayaa21@gmail.com

**DIRECTIONS: PLEASE SELECT THE OPTION THAT BEST DESCRIBES YOU BY
PUTTING [✓] MARK ONLY IN THE BOX.**

PART I: PERSONAL INFORMATION

1. Gender:

Male Female

2. Age:

18 - 25 26 - 35 36 - 45 More than 46

3. Marital Status:

Married Single Divorced Widowed

4. What is your level of educational achievement so far?

Certificate Diploma BA/BSc Degree

Master's Degree Other: Please Specify-----

5. How long have you been working in AIC?

2-5 year 6-10 years

11 - 15 years More than 15years

6. Where do you work at?

Head Office Branches

7. What is your current position?

Managerial Level Supervisory level Officer

Clerical and secretaries others; please specify_____

8. In which of the following ranges your salary falls?

Below 3,000 Birr 3,001-5,000 Birr 5,001-8,000Birr

8,001-11,000 Birr above 11, 000 Birr

Part II

The following questions are presented on a five point Likert-Scales. If the item strongly matches with your response choose 5(Strongly Agree), if you moderately agree on the idea choose 4(Agree), if you don't have any idea or information on the point choose 3(I don't know), if you moderately disagree with the point choose 2(Disagree) and if you completely disagree with the point choose 1(Strongly Disagree). In each statement please indicate your personal choice by a tick [✓] mark in the appropriate box.

5= Strongly Agree

4= Agree

3= I don't know

2= Disagree

1= Strongly Disagree

i. Please rate the following in a scale of 1 to 5

S. No	Empowerment	5	4	3	2	1
1	There is a clear flow of information b/n employees and the management					
2	There is a proper delegation of authority and power					
3	Employees are given a certain degree of autonomy and responsibility to make decisions					
4	My supervisors are receptive and listen my idea and suggestions.					
5	Rotation system is implemented to produce all rounded employee					
6	Employee are given challenging tasks improve their skills and decision making ability.					
7	There is a visible support from supervisors					

ii. Please rate the following in a scale of 1 to 5

S. No	Job Security	5	4	3	2	1
8	I feel my job is secured as long as I achieve the set target					
9	I feel very secured in my present job.					
10	There is an open and honest communication with employees					
11	My boss knows me, my hobbies and outside interest					
12	There is a future time line goals for the company & employees within the company					
13	There is a challenge and opportunities enable to improve employee performance					
14	There is a small chance of becoming unemployed					

iii. Please rate the following in a scale of 1 to 5

S. No	Work Environment	5	4	3	2	1
15	You are satisfied regarding your associate works					
16	My job makes the best use of my abilities					
17	Having physical working conditions that are safe, not injurious to health, not stressful					
18	I feel that work place training opportunities encourage me to work better					
19	I am valued as hardworking individual within my organization					
20	I am happy about the promotion criteria of employees					
21	Creation of conducive work environment encouraged high performers to increase their performance					
22	There is constructive organizational culture in the company that encourages to performs best					

iv. Please rate the following in a scale of 1 to 5

S. No	Recognition	5	4	3	2	1
23	Employee Recognition made for high performers motivated others to perform more					
24	Employees performance get Recognized in the company immediately after they perform best					
25	Immediate rewarding of employee for registering best performance was help to repeat that performance in the future					
26	There is a platform for employees to reward one another					
27	Offer employees a platform to share their story and experience					
28	There is a habit of giving employees who achieve better extra time off to do something else besides works					
29	There is a trend of noting appreciation in a newsletter that goes out to clients and customers					
30	The management provides constant feedback on positives					

v. Please rate the following in a scale of 1 to 5

S. No	Employee Performance	5	4	3	2	1
	Task					
31	I make decisions without any influence which was help me to be more efficient and productive.					
32	I make decisions rationally in relation to customers that was satisfy them more.					
33	My job enables me to make use of my skills and abilities					
	Contextual					
34	I am willing to shoulder challenging tasks and committed towards its achievement					
35	Extra effort is exerted by both employees and management to accomplish the task assigned for.					
36	I effectively use resources including time and materials					

37	I believe in team work and support others in discharging their duties.					
	Adaptive					
38	I actively peruse or initiate new ideas for the benefit of AIC					
39	I develop logical and creative solution to job related problems					
40	I know how the company measures my performance					

If you have additional opinions, please state them? -----

APPENDIX II

INTERVIEW TO BE RESPONDED BY MANAGERS & SUPERVISORS

Dear Respondents: -

I, Belay Abebe a prospective graduate student at Addis Ababa University school of commerce , have designed this questionnaire to collect data from employee's of awash insurance company S.C for conducting MA –in Human Resource Management thesis on the title The effect of non financial rewards on employees' performance at Awash Insurance Company S.C. I kindly request you to spent your Precious time to fill the questionnaire as frank as and responsible as possible. I inform you that, the information you provide will be consumed for academic purpose only. It will be handled in a confidential manner and will not be used to identify you in any way. Therefore, you all are not expected to write your name. Please answer all questions.

If you have any query, please do not hesitate to contact me and I am available at your convenience time.

Tel. +251-913511122 and +251-931246134 or

Email your questions to belayaa21@gmail.com

1. How does non-financial reward practice in awash insurance company S.C. look like? How are job security assured? How empowered are employees? How suitable is the work Environment? How are employees recognized?
2. What is the effect of the non-financial reward on employee performance in the company? Does it motivate workers for a better performance? If yes, in what way this rewarding system enables your entity to motivate employees for a better performance?
3. Do you think that the current non-financial reward system of the company is competitive in the market? If yes, would you please tell me what makes it competitive?
4. Does the company conduct continuous assessment of its Non-financial reward management to cope-up with the dynamic environment?
5. Would you please explain the current level of employee performance of the company?
6. Is there a relationship between Non-financial rewards and employees' performance in the company? If yes, what is their relationship?