

**THE EFFECT OF REWARD ON EMPLOYEE MOTIVATION IN  
INTERNATIONAL RESCUE COMMITTEE (IRC),  
ETHIOPIA PROGRAM**



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Program Unit

Presented in Partial Fulfillment of the Requirements for  
Master of Arts Degree in Human Resource Management

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## **Abstract**

*The main objective of the study is to examine the effect of reward on employee motivation in International Rescue Committee (IRC), Ethiopia Program. A mixed research approach was employed to answer the research questions. The quantitative data was gathered using survey questionnaire and a total of 163 respondents completed the survey questionnaires. To triangulate findings and to better generalize the findings of the quantitative data, interview was conducted with the Human Resource and Administration Department of the organization and one open ended question was included in the survey questionnaire. In addition to descriptive statistics, inferential statistics including Pearson's Product Moment Correlation Coefficient, Multiple Linear Regression, and ANNOVA were used to analyze the responses; and SPSS version 20 was used. The findings revealed that all the reward components have a positive and significant relationship with motivation. The motivation level of staffs in IRC is good and, among the reward components, fulfilling work, learning and development, and the overall organizational environment are good in IRC Ethiopia and of course only these three components are significantly affecting work motivation. Staff are not happy with the payment, benefits, working condition; and recognition components; but result showed these components have no significant effect on motivation in IRC Ethiopia. The reward components account 45% for the variance in work motivation. The ANNOVA test indicated that there are no significant differences in reward distribution and motivation level based on most of the demographical variables. Master's Degree holders are more dissatisfied with the payment than diploma and first degree holders.*

**Keywords:** *Reward, Financial Reward, Non-Financial Reward, Motivation, Intrinsic Motivation, Extrinsic Motivation, International Rescue Committee, Demographic Variables*

## **Declaration**

The researcher hereby declares that the thesis, “The Effect of Rewards on Employee motivation, International Rescue Committee – Ethiopia Program”, is his own work and that all sources that have been referred to and quoted have been indicated and acknowledged with complete references.

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**Haimanot Yohannes Shetie**

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## **List of Abbreviations and Acronyms**

**ANNOVA:** Analysis of Variance

**CWI:** Community Wellbeing Initiative (CWI)

**CYPD:** Child, Youth, Protection, and Development

**ERR:** Emergency Rapid Response

**HR/Admin:** Human Resource and Administration

**INGO:** International Non-Governmental Organizations

**IRC:** International Rescue Committee

**Nach:** Need for Achievement

**Naff:** Need for Affiliation

**Npow:** Need for Power

**SPSS:** Statistical Package for Social Science

**UN:** United Nations

**QWL:** Quality Work Life

## List of Tables

<i>Table</i>	<i>Page</i>
Table 1.1 Number of employees in the International Rescue Committee (IRC).....	6
Table 3.1 Target population in field offices.....	34
Table 3.2 Proportional Distribution of Sample to field offices (stratums) .....	35
Table 3.3 Summary of Measures .....	37
Table 4.1 frequency distribution of respondents (Demographically) .....	40
Table 4.2 descriptive statistics for reward components and work motivation .....	42
Table 4.3 Correlation between Reward Components and Motivation.....	42
Table 4.4 Result of Multiple Linear Regression Analysis .....	44
Table 4.5 ANNOVA based on Gender .....	47
Table 4.6 ANNOVA based on Age.....	48
Table 4.7 ANNOVA based on Education.....	49
Table 4.8 Post Hoc Test for Overall Organizational Environment.....	50
Table 4.9 ANNOVA based on Job Grade .....	51
Table 4.10 ANNOVA based on experience in IRC .....	52
Table 4.11 ANNOVA based on Duty Station (Field Office).....	53
Table 4.12 Post Hoc Test for dependent variable - Payment and Motivation .....	75

## List of Figures

<b>Figure</b>	<b>page</b>
<b>Figure 2.1.</b> The five levels of needs according on Maslow.....	14
<b>Figure 2.2.</b> Alderfer ERG Theory.....	15
<b>Figure-2.3.</b> Two-Factor Theory of Fredrick Hertzberg .....	16
<b>Figure 2.4.</b> The elements of total rewards .....	21
<b>Figure 2.5.</b> Conceptual Framework .....	30

## **List of Graphs**

<b>Graphs</b>	<b>page</b>
<b>Graph 4.1.</b> Mean Plot for Overall Organizational Environment based on Education.....	49
<b>Graph 4.2</b> Mean Plot for Payment based on Duty Station (Field Office) .....	54
<b>Graph 4.3</b> Mean Plot for Work Motivation based on Duty Station.....	55

## Table of Contents

<i>Abstract</i> .....	<i>i</i>
<i>Declaration</i> .....	<i>ii</i>
<i>Acknowledgement</i> .....	<i>iii</i>
<i>List of Abbreviations</i> .....	<i>iv</i>
<i>List of Tables</i> .....	<i>v</i>
<i>List of Figures</i> .....	<i>vi</i>
<i>List of Graphs</i> .....	<i>vii</i>
CHAPTER ONE .....	4
1. INTRODUCTION .....	4
1.1. Background of the Study.....	4
1.2 Statement of the Problem .....	6
1.3 Research Question .....	8
1.4 Objectives of the Study.....	8
1.4.1 General Objective .....	8
1.4.2 Specific Objectives .....	9
1.5 Significance of the Study.....	9
1.6 Scope of the Study .....	9
1.7. Definition of Terms .....	10
1.8 Organization of the Study .....	11
CHAPTER TWO .....	12
2. LITERATURE REVIEW .....	12
2.1. The concept of Motivation.....	12
2.2. Motivation Theories.....	13
2.2.1. Hierarchy Needs of Abraham Maslow’s Theory of Needs .....	14
2.2.2. ERG Theory.....	15
2.2.3. Two-Factor Theory of Fredrick Hertzberg.....	15
2.2.4. Acquired-Needs Theory of David McClelland’s.....	16
2.2.5. Skinner’s Behavioral Science Theory of Motivation .....	17
2.2.6. Expectancy Theory of Motivation .....	17

2.2.7.	Equity Theory of Motivation .....	17
2.3.	Extrinsic and Intrinsic Motivation .....	18
2.4.	Why to Motivate Employees.....	19
2.5.	Reward and Reward Management .....	20
2.6.	Total Reward.....	21
2.6.1.	Financial Rewards .....	22
2.6.2.	Non-financial Rewards .....	24
2.7.	Empirical Studies on the Relationship between Reward and Employee Motivation .....	27
2.8.	Conceptual Framework.....	30
2.9.	Summary of Hypothesis .....	31
CHAPTER THREE	.....	32
3.	RESEARCH METHODOLOGY .....	32
3.1.	Description of the Study Area.....	32
3.2.	Research Approach .....	32
3.3.	Research Design .....	33
3.4.	Sources of Data .....	33
3.5.	Population of the Study .....	33
3.6.	Sampling Design .....	34
3.6.1.	Sample size Determination .....	34
3.6.2.	Sampling Techniques .....	35
3.7.	Data Collection Instruments and Procedures .....	35
3.8.	Reliability and Validity.....	36
3.9.	Ethical Consideration .....	37
3.10.	Method of Data Analysis.....	38
CHAPTER FOUR	.....	39
4.	DATA PRESENTATION, ANALYSIS AND INTERPRETITION .....	39
4.1.	Results of the Quantitative Data (survey questionnaire) .....	39
4.1.1.	Demographic characteristics of respondents .....	39
4.1.2.	Descriptive Statistics for Reward Components and Work Motivation .....	41
4.1.3.	Correlation (Pearson product Moment Correlation Coefficient).....	42
4.1.4.	Multiple Linear Regression Analysis.....	43
4.1.5.	Analysis of Variance (ANNOVA) .....	46

4.2. Result of Qualitative Data .....	56
CHAPTER FIVE .....	59
5. SUMMARY, CONCLUSION AND RECOMMENDATION .....	59
5.1. Summary of Findings.....	59
5.2. Conclusion.....	61
5.3. Recommendation.....	63
5.4. Implications for Further Study .....	64
References .....	65
Appendix 1: Survey Questionnaire .....	68
Appendix 2: Interview .....	74
Appendix 3: Post Hoc Test .....	75

# **CHAPTER ONE**

## **1. INTRODUCTION**

### **1.1. Background of the Study**

Rewards management has gained increased importance especially in the current dynamic and competitive environment. This is because it enables organizations to recruit and maintain employees as well as to increase organizational productivity. As Datta (2012) argues many organizations consider employees as their main factor in creating organizational value and competitive advantage. As a result, it is important to maintain employees, create motivation and increase job productivity through diverse strategies like rewards. Therefore, it is necessary for companies to design reward systems based on employees' skills and capabilities as well as in accordance with the organizational goals so as to improve performance and motivation.

According to Armstrong and Murlis (2004), reward management refers to the strategies, policies and processes that are required to ensure that the contribution of people in an organization is recognized by both non-financial and financial means. Reward management in an organization is one of the most indispensable elements in motivating employees to contribute their best effort in order to generate innovative ideas that lead to better business operations. This implies that the aim of rewards management is to develop and operate rewards systems which lead to improved employee motivation and organizational commitment.

Motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. Motivation represents those psychological processes that cause the arousal, direction and persistence of voluntary actions that are goal directed. It is important for employers to understand what motivates employees and how to improve their work performance in an effort to maximize the overall company performance. According to Mollahosseini, Kahnouji, Shamsiyeh & Kahnouji (2014), behavior of employees in all organizational levels is affected by the behavior of managers which is derived from their power to use resources. Therefore, managers can use rewards so as to motivate the behavior of employees and thereby attain the required organizational results.

A well-designed reward system creates a sense of belonging among employees in an organization. It also enhances employee growth and development, and increases employee self-esteem and this leads to healthier organizations; which implies that employees' performance and commitment is highly influenced by the ability of an organization to recognize and reward its employees in respect to their input. (Armstrong 2010)

Hertzberg (1974) argues that the desire of completing a task as well as personal growth are intrinsic factors that truly improve satisfaction and performance amongst employees. Pink (2011) also supports that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards, which according to Pink would lead to greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. People who expect to receive an extrinsic reward for completing a task simply do not perform as well as those that did not receive a reward. If managers to a greater extent learnt about those high intrinsic drivers of motivation and performance, it could actually benefit business to perform better (Pink, 2011). Although the correlation between work performance and motivation has been studied in depth, many organizations and reward systems still seem not well designed to increase motivation and performance. Motivation is crucial to obtain high performing employees.

Creating a fun, challenging, and empowered work environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance motivation and performance – even though creating such an environment may be more difficult and take more time than simply turning the reward lever (Armstrong & Helen Murlis (2004) cited from Pfeffer (1998)). Therefore, organizations should take actions so as to obtain employee motivation and commitment through total reward management. In this regard, a study on the effects of rewards management on employee motivation can be valuable. This paper is an attempt that focuses on how rewards effect employee motivation.

Founded in 1933, the International Rescue Committee (hereafter called IRC) is one of the world's leading humanitarian and post-conflict development agencies, supporting communities in over 40 countries. IRC Ethiopia was established in 2000 in response to severe drought conditions in the Somali Region, and has expanded its operation to address a variety of emergencies including drought, disease outbreak, flooding, and conflict, as well as to provide refugee assistance.

IRC is working with communities in the following contexts: refugees in camps, local communities in under-served areas, and communities affected by natural disasters. Though the type and degree of involvement is different in different regions, IRC is currently working in Tigray, Somali, SNNP, Oromia, Benshangul Gumuz, and Gambella regions. The major sectors of its operation are Environmental Health, Health, Child, Youth, Protection, and Development (CYPD), Community Wellbeing Initiative (CWI), Emergency Rapid Response (ERR)

The organization has a total number of 851 national staffs hired in an open (full time) contractual agreement, as per January 2017 report.

*Table 1.1 Number of employees in the International Rescue Committee (IRC) Ethiopia Program*

<b>Name of Field Offices and number of staffs hired for indefinite period</b>									
Addis ababa	Jijiga	Melkadida	Shire	Hawassa	Assosa	Gambella	Amhara	Arsi	Total
113	123	134	135	92	126	93	2	33	851

*Source: IRC staff number update report January 2017*

This study will focus on understanding the impact of IRC’s reward system on the motivation of its national staffs hired on open basis, using a mixed research approach.

## **1.2 Statement of the Problem**

All employees have personal objectives, which they strive to obtain. There is a risk that the employees’ individual aspirations and objectives are not in line with the objectives of the business management. Since unmotivated employees value their own objectives more than those of the company and exert little effort, this discrepancy may lead to a conflict of aims. As discussed in the background, the management should design reward systems that strengthen the connection between employees’ goals and motivation factors with the objectives of the organization. Several studies regarding the impact of intrinsic and extrinsic rewards in a reward system have been conducted, but with a wide range of different conclusions. Designing an optimal reward scheme is very difficult due to the fact that all individuals have different personal drivers, and hence behave differently. Consequently, managers should carefully consider which factors and elements that

should be included in the reward system to enhance desirable employee motivation. (Armstrong & Murlis 2004)

As IRC is one of the humanitarian relief sector in Ethiopia, so as to achieve its organizational objectives, it seeks to attract, motivate and retain talented human resource in a wider job market where by there is high demand and competition to acquire professionals with different experience, specialization, education and training background. To do so, IRC - Ethiopia program needs to have a competent reward system as an HR strategic tool. However, the organization is often challenged by different factors to compete with other organizations such as donor, other international NGOs, UN agencies, and, now a days, multinational business organizations operating in Ethiopia.

Though IRC's current exit interview analysis haven't investigated much about the impact of reward package on employees motivation, it has given a good insight on how the existing reward system is affecting the motivation of staff, their productivity, and retention. The annual HR workshop reports of the past years, which participated almost all HR staffs, have also emphasized how the reward composition and package of the organization is affecting the motivation level of staffs and achievement of organizational goals. The reports also focused the varying feeling of staffs (both the existing and exiting staffs) on reward system of the organization; but not well investigated. Study conducted by one of the Human Resource (HR) department staff of IRC, Yamrot (2015), on staff retention have also given an insight that the reward composition of the IRC is one of the major factor affecting the motivation of staffs which in turn influenced the retention of employees, especially professional staffs (assistants, officers, managers, and coordinators). According to the HR reports of the organization turnover rate is increasing from time to time. Although the concept of total reward is integrating different intrinsic and extrinsic components, as reflected on the annual HR workshop report (2015) of the IRC, the organizations reward system is poor especially in the areas of recognition mechanisms, limited training and development opportunities, and unsatisfactory work-life balance.

The organization has identified different factors which are affecting its rewards composition. The major ones are little interest of donors to invest much on administrative costs (they focus on programmatic/direct costs), increased competition from other financially strong private as well as

International Non-Governmental Organizations (INGOs), Charities and Societies Proclamation (621/2009) of Ethiopia which regulates 70/30 allocation of expenses for direct implementation of its purpose and for administrative activities, and others.

Even though it identified the factors that are affecting the improvement of reward components (specifically the extrinsic ones), it never conducted any scientific study on how its reward management is affecting the motivation level of employees. But, increasing rate of turnover, formal and informal complaints of staff on the competitiveness of the reward, and difficulties to attract new and competent employees are some of the major indicators that there are problems on the reward management of the organization. Different studies have concluded that those factors obviously affects the motivation level of staffs and performance level of the organization. If the effect is not studied well and solutions are set, it would highly affect the performance of the organization. Therefore, the purpose of this research is to assess the effect of reward on motivation of employees, specifically to IRC-Ethiopia Program.

### **1.3 Research Question**

Accordingly, in order to address the above stated problems, the study will try to find answer to the following basic questions:

1. What is the level of motivation of employees of the IRC Ethiopia on the current reward management practice?
2. What is the relationship between reward and motivation in IRC Ethiopia?
3. Which reward components are highly affecting motivation in IRC Ethiopia?

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

This research is intended to achieve the following general and specific objectives:

#### **1.4.1 General Objective**

The general objective of this study is to assess effect of reward on motivation of the IRC Ethiopia employees.

### **1.4.2 Specific Objectives**

The study is designed in a way that it specifically addresses the following objectives:

- To examine the level of employees' motivation in IRC Ethiopia on the current reward practice
- To examine the relationship between reward and motivation in IRC Ethiopia
- To determine which reward component impact motivation most in IRC Ethiopia
- To determine the relationship between demographical factors and reward and employee motivation in IRC Ethiopia

### **1.5 Significance of the Study**

The study is believed to have the following major significance.

- As there is no any scientific study conducted on the effect of reward on employee motivation in the IRC Ethiopia, the findings of the study will contribute to the understanding of the existing practice/reality of the organization in this regard.
- This study is believed to provide an insight and will be used as a stepping stone to other individual researchers who would like to carry out research works, not only on the subject matter, but also in the areas of employee engagement and retention. The findings would also be applicable to other similar organizations in Ethiopian.
- Moreover, this study hopes to contribute to the human resource management literature. Hence, it has an academically significance.

### **1.6 Scope of the Study**

This study focused only on national employees of IRC Ethiopia Program hired on open employment contract agreements. As the level of the problem in relation to acquisition, motivation, and retention of staff is sever/significant in professional staffs, the study focused only on professionals on grade 3 and above (assistants, officers, managers, and coordinators). To make sure that employees are well familiar with the reward management practice, only employees who worked for at least six months are considered for this study. It focused on both financial and non-financial reward components which are applicable to the nature of the organization and their impact on the motivation of employees. In doing so it tried to address all professional staffs in

every department and geographical area (field office). In addition, to use advantages of both qualitative and quantitative research approaches (to better generalize, triangulate and explain findings) a mixed approach is used.

### **1.7. Definition of Terms**

**Reward:** all the cash, non-cash and psychological payments provided by an organization in return of their contribution. (Bratton & Gold 2003)

**Reward management** refers to the strategies, policies and processes that are required to ensure that the contribution of people in an organization is recognized by both non-financial and financial means. (Armstrong 2007)

**Motivation:** “A set of processes concerned with the force that energizes behavior and directs it towards attaining some goal” (Nadia, Syed, Humera (2011) cited from Baron (1983)).

**Intrinsic motivation:** “is the internal satisfaction the individual has from doing the work. This is about basic job satisfaction; someone taking pride in their work. It builds self-esteem and feelings of competence and self-determination.” (Rose, 2014: 29)

**Extrinsic motivation:** “is the behavior that results from factors external to the individual such as reward and punishment. Any form of financial incentive (eg bonuses, performance-related pay) is, by definition, an extrinsic motivator.” (Michael Rose, 2014: 30)

**Financial rewards:** comprise all rewards that have a monetary value and add up to total remuneration. (Michael Armstrong 2010: 137)

**Non-financial rewards:** are those that focus on the needs people have to varying degrees for recognition, achievement, responsibility, autonomy, influence and personal growth. (Michael Armstrong 2010: 161)

**Field office:** is an office found out of Addis Ababa which coordinates the different programs in one geographical area.

**National staff:** an employee with Ethiopia nationality

**International staff:** employees hired from countries other than Ethiopia and managed with international policies.

**Temporary staff:** staff hired for a specified and short period of time to cover some immediate gaps that cannot be covered by national employees hired under open employment contracts

**Administrative costs:** “those costs incurred for emoluments, allowances, benefits, purchasing goods and services, travelling and entertainments necessary for the administrative activities of a charity or society.” Charities and Societies Proclamation of Ethiopia (621/2009): pg. 36, Article 88.

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

This study is organized into five chapters. The first chapter is the introductory part of the study which consists of background of the research, statement of the problem, research question, objectives, significance, scope and limitation of the study. The second chapter deals with related review of literature relevant to this study. The third chapter discusses the research method. The collected data from the subject of the study are carefully analyzed and interpreted under the fourth chapter. The fifth chapter presents summary, conclusions and recommendations on the findings of the study. Reference and appendix which include questionnaire, interview questions, and other related materials are also be part of this study paper.

## CHAPTER TWO

### 2. LITERATURE REVIEW

This chapter presents prior literature relevant to the study. Different theories and practical studies on reward, motivation, and on their relationship are reviewed in this chapter so as to help answer to the basic research question raised in chapter one.

#### 2.1. The concept of Motivation

The term motivation refers to factors that activate, direct, sustain goal directed behavior ... motives are the “whys” of behavior – the needs or wants that drive behavior and explain what we do. We don’t actually observe a motive, rather, we infer that one exists based on the behavior we observe. (Nevid, 2013)

As Ukaejiofo (2013) quoted from Huczynski and Buchanan (2007), Motivation is “A combination of goals towards which human behavior is directed; the process through which those goals are pursued and achieved and the social factors involved.”

Motivation is a combination of needs, drives and incentives. Motivation is defined as the process that starts with physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or incentive. The underlying concept of motivation is some driving force within individuals by which they attempt to achieve some goal in order to fulfil some need or expectation. It can be distinguished between extrinsic motivation related to tangible rewards such as money; and intrinsic motivation related to psychological rewards such as the sense of challenge and achievement. (Ukaejiofo 2013)

Motivation refers to the degree of readiness of an organism to pursue some designated goals and implies the determination of the nature and locus of force inducing a degree of readiness. (Encyclopedia of Management)

Motivation as an internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal. (<http://www.businessdictionary.com>)

Different authors defined motivation in different ways but from those definitions we can understand that motivation is an inner psychological force, which activates and compels the person to behave in a particular manner. The drives could vary from individual to individual and could result from the interaction of both conscious and unconscious factors like intensity of desire or need, incentives and rewards, and expectations of others. Motivation is also a process of stimulating and channelizing the energy of an individual for achieving set goals. It could be intrinsic or extrinsic and it is also goal oriented. The level of motivation plays a vital role in the level of performance and, hence, highly motivated people are believed to perform better than those who are not.

## **2.2. Motivation Theories**

Psychologists and behavioral scientists have developed some motivation theories. The motivation theories are mainly divided into two contrasting groups: (Armstrong 2010)

1. *Content theories*: place emphasis on what motivates and are concerned with identifying people's needs and their relative strengths, and the goals they pursue in order to satisfy these needs. It provides guidance on what needs should be satisfied by the reward system if motivation is to occur. The basis of content theory is the belief that an unsatisfied need creates tension and a state of disequilibrium. To restore the balance a goal is identified that will satisfy the need, and a behavior pathway is selected that will lead to the achievement of the goal and the satisfaction of the need. Main content theories include: Maslow's hierarchy needs model, Alderfer's modified need hierarchy model, Herzberg's two factor theory and McClelland's achievement motivation theory
2. *Process theories*: place emphasis on the actual process of motivation. The focus is on the psychological processes or forces that affect motivation, as well as on basic needs. These theories are concerned with the relationships among the dynamic variables which make up motivation, and with how behavior is initiated, directed and sustained. Major approaches under this include; expectancy-based models, equity theory, goal theory and attribution theory

### 2.2.1. Hierarchy Needs of Abraham Maslow's Theory of Needs

Abraham Maslow (1908 – 1970) along with Frederick Herzberg (1923) introduced the Neo-Human Relations School in the 1950's, which focused on the psychological needs of employees. Maslow put forward a theory that there are five levels of human needs which employees need to fulfill at work. (Samira 2012)

Before the employee can move to the higher level of the hierarchy, he/ she has to be satisfied and got the needs from the previous level.

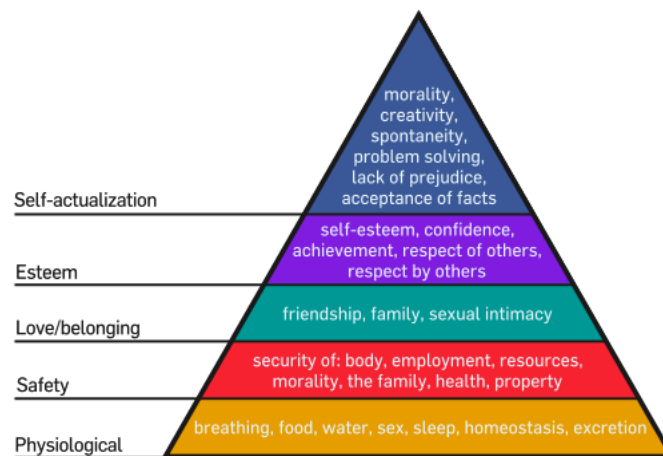


Figure 2.1: The five levels of needs according on Maslow

There are different ways the organization can satisfy their employees and motivate them. Money is the number one motivation factor that may satisfy the employee's physiological needs as well as the safety needs. Social needs can be met by providing the employee a workplace in a way that it is easy to communicate and collaborate with others. Also, organizations get to gather and entertainment activities will build good relationships between employees from different levels which will satisfy the social / Love & belonging needs. (Samira 2012)

Recognitions and rewards either verbally or formally will enhance the self-esteem of the employee. Finally, providing a challenging job with somehow interesting aspects will enrich the self-actualization needs of the employee.

### 2.2.2. ERG Theory

Developed by Alderfer, the ERG theory is closely related to Maslow's hierarchy of needs. Instead of five categories of needs, Alderfer (1972) hypothesizes that individual motivation in organizations can be understood in terms of existence (E), relatedness (R) and growth (G) needs.



Figure-2.2: Alderfer ERG Theory

Every employee's needs and satisfaction factors differ from the other and every one of them has more than one satisfaction factor and needs, and this is what the manager should be aware of. According to the ERG theory, the manager shouldn't concentrate only on one need at a time which will not effectively motivate the employee.

While Maslow stated that people would persevere to satisfy a need, Alderfer states that frustration of a higher need may result in a reversion to a lower need. For example, an employee who does not get the relatedness needs of recognition and acknowledgement satisfied may revert to existence needs, such as demanding an increase in salary or benefits. Maslow believed that once a need has been met it does not continue to motivate the employee. Alderfer's theory suggests that satisfaction of a need may increase its intensity. This creates a challenge for the offering of rewards and recognition in the workplace, in terms of being continually innovative and creative with such programs (Schultz, 1982).

### 2.2.3. Two-Factor Theory of Fredrick Hertzberg

In 1959 Fredrick Hertzberg introduced a theory with two motivation factors. The two factors are hygiene factors and motivators. The theory explains the factors that motivate employees by

identifying their individual needs and desires. The dissatisfaction factor is called “hygiene” and the satisfaction factor is “motivators”.

1. Hygiene factors: Hygiene factors are organization related like policies and procedures, salary and job security. Dissatisfaction comes if these factors are not existed in the workplace. It simplifies the physiological needs which the employees expected and need to be satisfied.
2. Motivator factors: Motivator factors determine satisfaction. They are intrinsic factors such as sense of achievement, recognition, responsibility, and personal growth which motivate employees for a greater performance.



Figure-2.3: Two-Factor Theory of Fredrick Hertzberg

According to Herzberg’s two-factor theory of motivation, organizations cannot begin to motivate employees until that which dissatisfies them has been removed. Hygiene factors such as salary, working conditions and supervision are not motivators even when they are being met. Other types of hygiene factors include, company policy, poor interpersonal relations, and job security. The meeting of lower-level needs of employees is not motivating, but can have a demotivating impact if not met. True motivation only kicks in when an employee’s higher-level needs are met. (Roshan 2015)

#### 2.2.4. Acquired-Needs Theory of David McClelland’s

In 1961 David McClelland identified three needs that employees require to be satisfied and motivated in the workplace. These are:

**Need for Achievement (nach):** The employee with high need of achievement tries and does the best to attain challenging goals and objectives. Taking responsibilities is a character of the need for achievement person.

**Need for Affiliation (naff):** The person who has a high need for affiliation is people oriented more than task oriented. The desire and needs of making relationships with people is there.

**Need for Power (npow):** The person who has a need for power is in a managerial level where he wants to give orders and direct employees.

#### **2.2.5. Skinner's Behavioral Science Theory of Motivation**

According to Schultz (1982), behavior is shaped almost exclusively by the effects of an outside stimulus being applied, as well as by both positive and negative reinforcement. Actions that are reinforced or rewarded tend to be repeated more frequently under the same or similar conditions. Reinforcement is most effective when it is timed correctly, that is, when it occurs during or immediately upon the conclusion of the behavior that one wants to affect. (Roshan 2015)

An interesting finding of behavioral science that is very relevant to recognition is that intermittent rather than continuous reinforcement increases individual responsiveness to recognition.

#### **2.2.6. Expectancy Theory of Motivation**

Expectancy theory of motivation was developed by- Victor Vroom. Basically, Vroom's expectancy theory views motivation as a process of governing choices. The expectancy theory tries to explain how and why people choose a particular behavior over an alternative. The theory suggests that motivation depends on two things: how much an individual desires a particular goal and how likely he thinks he can get it.

#### **2.2.7. Equity Theory of Motivation**

J. Stacy Adams developed equity theory of motivation. The equity theory argues that motivations arise out of simple desire to be treated fairly. Equity is as an individual's belief that he is being treated fairly relative to the treatment of others.

According to this theory, a person's perception of equity develops through a four-step process. First an individual evaluates the way he is being treated by an organization. The next step is for an individual to choose a co-worker who seems to be in a roughly similar situation and to observe how an organization treats him. In the crucial step of equity theory an individual 'compares' the two treatments. And finally he/she evaluates a sense of equity to see if the two treatments seem similar or if they are different.

### **2.3. Extrinsic and Intrinsic Motivation**

The various needs and expectations at work can be categorized in a number of ways; for example the simple divisions into physiological and social motives or into intrinsic and extrinsic motivation.

***Extrinsic motivation:*** is related to tangible rewards such as salary and fringe benefits, security, promotion, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organizational level and may be largely outside the control of individual managers. (Ukaejiofo 2013)

***Intrinsic motivation:*** is related to psychological rewards such as opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. Intrinsic motivation takes place when individuals feel that their work is important, interesting and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities. Intrinsic motivation is based on the needs to be competent and self-determining (that is, to have a choice).

Intrinsic rewards stem from Maslow's higher level needs. It proposes that people can give themselves rewards in the form of self-esteem as well as in feelings of achievement and growth. Individuals can literally reward themselves for certain kinds of behavior because they feel they have accomplished something of worth, achieved a personal goal, learnt a new skill, or experienced excitement or intellectual stimulation.

According to Mullins (2003), a person's motivation, job satisfaction and work performance will be determined by the comparative strength of these sets of needs and expectation and the extent to which they are fulfilled. For example, some people may make a deliberate choice to forgo intrinsic satisfaction and social relationships (particularly in the short term or in the earlier years of their working life) in return for high economic rewards. Other people are happy to accept comparatively lower economic rewards in favor of a job which has high intrinsic satisfaction and/or social relationships. (Ukaejiofo 2013: 4)

It would appear that the greatest amount of motivation is present when people perform tasks that are both intrinsically and extrinsically rewarding.

#### **2.4. Why to Motivate Employees**

The performance of any organization and its continuity depends on their key assets, employees, as well as the capabilities of the managers to be able to create a motivating environment for their people. On the other hand, it is always a challenge for organizations to keep their people and employees motivated and satisfied. Thus, every manager has to be aware about the needs and requirements of their employee and what they are looking for.

The main objective and concern of most of the organizations is to make the benefit from people who are feeling positive towards the work and motivate unsatisfied employees in order to end up with a win-win situation for both the company and workers.

“Urichuck (2002) stated that motivated employee will increase the capability of the organization to achieve its mission, goals and objectives. It will also engage all to build a strong organizational culture. Also, motivated employees will feel as having a strategic partnership with the organization and their commitments and loyalty will increase from day to day (Anne, 1994). Buttner and Moore (1997), based on their research about “Happy Employees Make Productive Employees” found that when employee attitudes improved by 5%, customer satisfaction jumped by 1.3%, and the revenue increased by 5%. So, motivated employees usually produce more than others and hence the customer satisfaction increases.” (Samira. 2012: 15)

Motivated employees can impact a company's bottom line and make the workplace somewhere employees look forward to interact with instead of just a place to "pick up a paycheck". Furthermore, a well-motivated organization for sure will have more motivated employees and hence they will be more productive and this will lead to extreme cost savings. In addition, satisfied employees positively impact corporate culture, resulting in many intangible but equally important returns (Samira 2012).

Firm's needs to motivate their people and keep them motivated in order to obtain the productivity gains and to insure their competitiveness. Sometimes people who are given responsibilities feel motivated and do their best and work hard accordingly.

Greater motivation will have a direct effect in improving productivity through greater effort and possibly innovation. It is well known that motivation leads to high performance, saves time and effort, and also volunteers to do more than what is required. If employees are motivated and happy they will do the work to the best of their ability instead of just doing it because they have to. But, otherwise, it will be difficult to be effective and to retain staffs.

## **2.5. Reward and Reward Management**

Rewards can be considered a variety of different compensations of both intrinsic and extrinsic. It refers to all financial, non-financial and psychological cost that the organization provides to its employees in return for the job they do. Reward systems have different purpose and the major one is to motivate employee and to affect productivity and achievement of goals. Most researchers claim that how well a plan will work depends on how well it motivate employees.

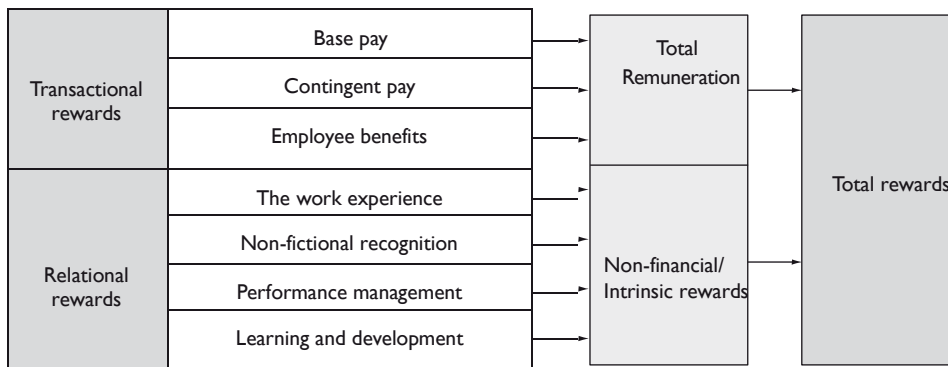
Armstrong and Murlis (2004) (cited from Stoner, Freeman and Gilbert (1995)), stated that, reward strategy in practice is beyond the mandatory compensation or remuneration package which is a package of motivational incentives driving the actions in manipulating and controlling the behavior of employees to achieve the organization objective.

To summarize, reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems

(reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization’s strategic goals. Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. Armstrong (2007)

## 2.6. Total Reward

As Michael Armstrong (2007) quoted the definition by Manus and Graham (2002), “total reward ‘includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic’. All aspects of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the impact of the two major categories of reward” (as illustrated in Figure 2.4)



**Figure 2.4** The elements of total rewards (Michael Armstrong, 2010)

1. *Transactional rewards* – tangible rewards arising from transactions between the employer and employees concerning pay and benefits; and
2. *Relational rewards* – Intangible (non-financial) rewards concerned with the work environment (quality of working life, the work itself, work–life balance), recognition, performance management and learning and development. The work environment provides intrinsic rewards, recognition is extrinsic, performance management is mainly extrinsic and

learning and development is primarily intrinsic in so far as it provides opportunities for growth.

A total reward approach is holistic, reliance is not placed on one or two reward mechanisms operating in isolation, and account is taken of every way in which people can be rewarded and obtain satisfaction through their work. The aim is to maximize the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement. Total reward embraces everything that employees value in the employment relationship. It typically encompass not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. (Michael Armstrong, 2007)

The conceptual basis of total rewards is that of configuration or ‘bundling’, so that different reward processes are interrelated, complementary and mutually reinforcing. Total reward strategies are vertically integrated with business strategies, but they are also horizontally integrated with other HR strategies to achieve internal consistency.

*H1. The dependent variables (payment, benefits, working conditions, the work itself, learning and development, recognition, and organizational/work environment) will significantly explain the variance in employee motivation;*

### **2.6.1. Financial Rewards**

Financial rewards comprise all rewards that have a monetary value and add up to total remuneration – base pay, pay contingent on performance, contribution, competency or skill, pay related to service, financial recognition schemes, and benefits such as pensions, sick pay and health insurance. (Michael Armstrong 2010)

**Base or basic pay:** The base rate is the amount of pay (the fixed salary or wage) that constitutes the rate for the job. Base pay will be influenced by internal and external relativities. The internal

relativities may be measured by some form of job evaluation. External relativities (going rates) are assessed by tracking market rates.

**Contingent pay:** Additional financial rewards may be provided that are related to performance, competence, contribution, skill or experience. Contingent payments may be added to base pay, ie ‘consolidated’. If such payments are not consolidated (i.e. paid as cash bonuses) they are described as ‘variable pay’.

**Employee benefits:** Employee benefits include pensions, sick pay, insurance cover, company cars and a number of other ‘perks’. They consist of elements of remuneration additional to the various forms of cash pay and also include provisions for employees that are not strictly remuneration, such as annual holidays.

**Allowances:** Allowances are paid in addition to basic pay for special circumstances or features of employment. They may be determined unilaterally by the organization but they are often the subject of negotiation. The main types of allowances include location allowances, overtime payments, working conditions allowances and others.

Armstrong (2010) also proposed the following six steps for using financial rewards.

1. Provide for the accurate, consistent and fair assessment of performance or Contribution.
2. Fit the scheme to the context and culture of the organization.
3. Keep it simple.
4. Involve stakeholders, including line managers, employees and employee representatives, in the design of the scheme.
5. Communicate the purpose, methodology and effect of the scheme.
6. Ensure that there is a clear line of sight between effort and reward and that the rewards provided by the scheme are attainable and worth attaining.

*H2. Payment has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

*H3. Benefits has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

### 2.6.2. Non-financial Rewards

Non-financial rewards are those that focus on the needs people have to varying degrees for recognition, achievement, responsibility, autonomy, influence and personal growth. They incorporate the notion of relational rewards, which are the intangible rewards concerned with the work environment (quality of working life, the work itself, work–life balance), recognition, performance management, and learning and development. Non-financial rewards can be extrinsic, such as praise or recognition, or intrinsic, arising from the work itself associated with job challenge and interest and feelings that the work is worthwhile. Michael Armstrong (2010)

He also classified Non-financial rewards as follows:

1. Individual extrinsic rewards: non-financial recognition, praise, feedback;
2. Individual intrinsic rewards: fulfilling work, opportunity to grow;
3. Collective extrinsic rewards: work–life balance policies, employee well-being services, concierge services, voluntary benefits, learning and development and talent management programs;
4. Collective intrinsic rewards: work environment enhancement, work system design.

**Recognition:** Recognition is one of the most powerful methods of rewarding people. They need to know not only how well they have achieved their objectives or carried out their work but also that their achievements are appreciated. It could be financial or non-financial but financial ones are extrinsic. “Recognition, according to Jeffries (1997), motivates employees, as it involves the acknowledgement of the efforts, creativity and willingness of employees to put in extra effort. Private and public recognition are two of the most commonly used forms of recognition. Private recognition refers to a quiet thank you or a pat on the back, whilst public recognition is the more formal of the two. Public recognition inspires loyalty and commitment, as well as encouraging better standards of performance (Syedain, 1995).” (Roshan 2015: 39)

**Fulfilling work:** Work can be fulfilling and therefore motivating when individuals feel that what they do is worthwhile and adds value. This implies that they should ideally work on a complete process or product, or a significant part of it that can be seen as a whole. Work is also fulfilling

when it requires people to use abilities they value to perform it effectively and scope is provided for achievement, responsibility, autonomy and influence.

**Use of abilities:** Fulfilling work enables people to use and develop their abilities. This is particularly the case when people are stretched, but not too hard, to achieve more than they expected they could achieve.

**Achievement:** The need to achieve applies in varying degrees to all people in all jobs, although the level at which it operates will depend on the orientation of the individual and the scope provided by the work to fulfil a need for achievement. People feel rewarded and motivated if they have the scope to achieve as well as being recognized for the achievement.

**Responsibility:** Individuals can be motivated by being given more responsibility for their work. People are in positions of responsibility when they are held to account for what they do. They are in charge of their work and the resources required to do it. Being given more responsibility can satisfy needs for achievement and increase self-esteem. It is also a form of recognition.

**Autonomy:** Autonomy exists when an individual has freedom to make decisions and act independently without reference to higher authority. It enhances self-belief, gives people more opportunity to achieve and provides an opportunity to develop skills.

**Influence:** Jobs are more fulfilling if people can influence what they do or exert wider influence on policy and operational decisions.

**Opportunity to grow:** The importance of providing people with opportunities for personal growth as a means of rewarding and therefore motivating them. It is believed that satisfaction of growth needs takes place when individuals have the opportunity to be what they are most fully and to become what they can. Most learning and development opportunities take place in the course of everyday work, and the organization can encourage this through coaching, mentoring and support in the implementation of personal development plans created as part of the performance management process.

**Work-life balance:** Work-life balance is concerned with all the different aspects of an employee's life, and therefore workplaces have to be fun and interesting if it is to motivate employees. It should

consider all the factors that would make employees happy, from career development opportunities to individual arrangements for childcare, flexible working hours and forms of informal recognition that includes work-life issues.

**Employee well-being services:** can be provided for individuals to help them deal with their problems. This may involve counselling or personal casework where the aim is as far as possible to get individuals to help themselves.

**Learning and development programs:** give employees the chance to develop their skills and careers. A career development and learning framework based on competencies, training and secondment opportunities, performance management, induction programs, succession planning and study sponsorship – including time off and fees paid. Performance management processes define individual performance and contribution expectations, assess performance against those expectations, provide regular constructive feedback, and result in agreed plans for performance improvement, learning and personal development. They are a means of providing non-financial motivation and may also inform contingent pay decisions.

**Quality of working life (QWL):** The quality of working life refers to the feelings of satisfaction and well-being arising from the work itself and the way people are treated. Specifically, the quality of working life depends on having a system of work that enables jobs to be designed that provide for intrinsic motivation, on good working conditions and on the leadership qualities of line managers and team leaders.

**Core values of the organization:** The most successful companies had what the researchers called ‘the big idea’. They had a clear vision and a set of integrated values that were embedded, enduring, collective, measured and managed. They were concerned with sustaining performance and flexibility. Clear connections existed between positive attitudes towards HR policies and practices, levels of satisfaction, motivation and commitment, and operational performance.

*H4. Working condition has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

*H5. The work itself has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

*H6. Learning and development has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

*H7. Recognition has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;*

## **2.7. Empirical Studies on the Relationship between Reward and Employee Motivation**

There are different studies on the relationship of reward and motivation. Almost all of the studies have showed that there is a significant relationship between the two. But, though almost all concluded the positive impact of reward on motivation of employees, there are varying conclusions on which reward components highly affect motivation.

The study by Nadia, Syed, & Humera (2011) on the relationship between reward and motivation in none for profit organizations in Pakistan has concluded that there is a direct relationship between extrinsic rewards and the employees' motivation. This study empirically examined the relationship between rewards and employees' motivation in the non-profit organizations of Pakistan. Employees of three organizations (PERRA, World Vision and SUNGI Development Foundation) working in Khyber Pakhtunkhwa province of Pakistan were taken as sample of the study. Self-designed questionnaire was used for data collection. 125 questionnaires were distributed and 107 were returned, hence the response rate was 85.6%. The data was analyzed using the techniques of rank correlation coefficient and multiple regression analysis. All the findings were tested at 0.01 and 0.05 level of significance. However, intrinsic rewards found an insignificant impact on employee motivation.

Even though there are different studies conducted on the relationship between reward and motivation and have concluded on the positive relationship between the two, but still, there are varying conclusions on the motivational value of money. Money can motivate because it is linked directly or indirectly with the satisfaction of many needs. It satisfies the basic need for survival and security, if income is regular. It can also satisfy the need for self-esteem (it is a visible mark of appreciation) and status – money can set you in a grade apart from your fellows and can buy

you things they cannot afford. Money satisfies the less desirable but nevertheless prevalent drives of acquisitiveness and cupidity. So money may in itself have no intrinsic meaning, but it acquires motivating power because it comes to symbolize so many intangible goals. It acts as a symbol in different ways for different people, and for the same person at different times. Pay is often a dominant factor in the choice of employer and is an important consideration when people are deciding whether or not to stay with an organization. Money can indeed motivate but it is not the only motivator. What cannot be assumed is that money motivates everyone in the same way and to the same extent. (Armstrong 2010: 144)

According to Alexander & Andreas (2013), on their study on the impact of extrinsic and intrinsic rewards on employees' motivation, extrinsic rewards are to some extent old-fashioned and employees are nowadays searching for rewards beyond solely monetary rewards. Employees at Länsförsäkringar Skåne, regardless of department, are to a larger extent motivated by intrinsic rewards. This study indicates that organizations should attempt to set the extrinsic rewards on an accepted level and then shift their attention to intrinsic rewards. Whereas, research by Puwanenthiren (2011) on Reward System And Its Impact On Employee Motivation In Commercial Bank Of Sri Lanka Plc, In Jaffna District has also proven that employees who get recognized tend to have higher self-esteem, more confidence, more willingness to take on new challenges and more eagerness to be innovative.

Research from over the years and across different disciplines tell us that the combination of rewards offered by an employer represents a system of inducements, where different reward elements drive different behaviors and outcomes. Some rewards strong attract employees and some others play a more important role in motivating and engaging employees. One of the most distinctive feature of total reward is that it is based on the multiplicative and synergic effect produced by the bundle approach. Organizations must match the reward systems with the motivational needs of employees and hence, the package that they offer to potential and existing employees must be a mix of financial and non-financial rewards.

Extrinsic rewards include pay, praise and promotion. Intrinsic motivation is provided by the self-generated factors that influence people to behave in a particular way or to move in a particular direction. Intrinsic rewards include responsibility (feeling that the work is important and having

control over one's resources), freedom to act, scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement and growth. Intrinsic rewards arise from the work itself.

It is generally accepted that while extrinsic rewards can have an immediate and, in the right circumstances, a powerful effect on motivation and performance, intrinsic rewards can have a deeper and longer-lasting effect. But, it should be a mix of both and it has to consider both internal contexts (like organization's culture, the work environment, the type of occupation, business strategy, political and social climate of the organization) and external context (like globalization, rate of pay in the market, and socio economic conditions).

### 2.8. Conceptual Framework

The following conceptual framework is developed from the above literature review. Total reward which is composed of both financial rewards (which are extrinsic like payment, and benefits) and non-financial rewards (contains both extrinsic and intrinsic rewards and includes working conditions, the work itself/fulfilling work, learning and development, recognition, and the overall organizational and work environment) will result in employee motivation. Hence, reward is an independent variable and motivation is the dependent one.

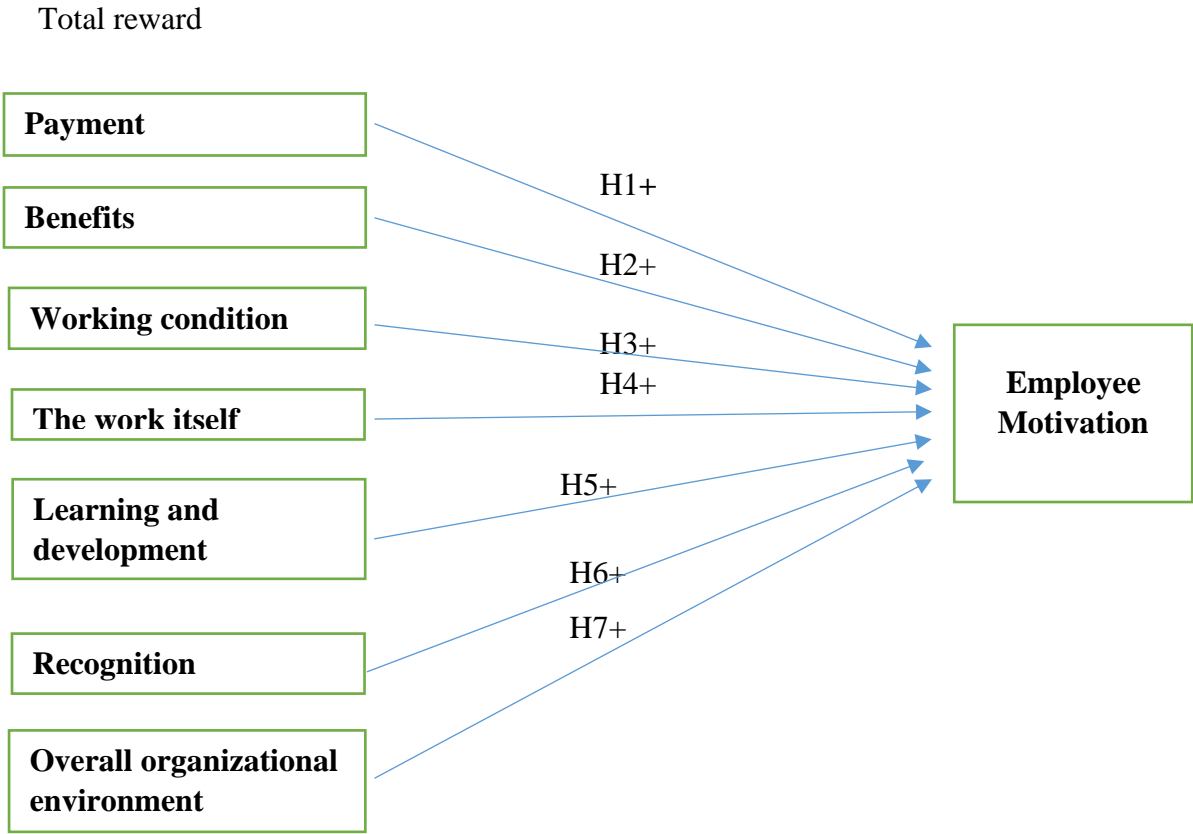


Figure 2.5. Conceptual Framework

## 2.9. Summary of Hypothesis

Based on the above literature review, the following hypothesis are made to achieve the objectives of the study.

H1. The dependent variables (payment, benefits, working conditions, the work itself, learning and development, recognition, and organizational/work environment) will significantly explain the variance in employee motivation;

H2. Payment has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H3. Benefits has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H4. Working condition has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H5. The work itself has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H6. Learning and development has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H7. Recognition has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H8. Organizational/work Environment has statistically significant impact on employee motivation of IRC Ethiopia country program professional staffs;

H9. There is no statistically significant difference on the reward distribution and work motivation based on demographical variables (sex, age, job grade, education, experience in IRC, and duty station (field office))

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

The purpose of this chapter is to describe the research methodology and techniques that will be used to conduct the study. In this chapter the practical methods to be used in order to answer the research questions and fulfill the purpose of the research are presented. That means it provides an overview of the research study area, the research approach, design and method, population and sample, data source and type, data collection instrument, data collection procedure, ethical considerations, and finally the methods of data analysis.

#### **3.1. Description of the Study Area**

The study is intended to attain a detailed awareness and understanding on the relationship that exists between reward (independent variable) and motivation (dependent variable), in the IRC Ethiopia Program. IRC Ethiopia is currently working in Tigray, Somali, SNNP, Oromia, Benshangul Gumuz, and Gambella regions. The head office is found in Addis Ababa. The study will cover all the operation areas in Ethiopia.

#### **3.2. Research Approach**

To realize this target and provide a conclusive answer for the research questions outlined in chapter one and to test the hypothesis, the study employed a mixed approach by which both qualitative and quantitative methods will be used. The reason behind is to better understand the reality both objectively and subjectively and to use the different advantages of the two methods like better explain ability and generalizability. Though it a mixed approach, most of the data are gathered using quantitative approach and the qualitative approach is used to cover subjective issues, to better explain realities, and to triangulate findings of the quantitative data. Hence it is sequential explanatory design to help examine, explain, and contextualize quantitative findings.

### **3.3. Research Design**

The study mainly employed explanatory research design as the purpose is mainly to understand and explain what relationship and effect does exist between the dependent variable (Reward) and the independent one (Motivation).

### **3.4. Sources of Data**

The study used both primary and secondary sources of data.

- I. Primary sources: In order to realize its objective and to describe the relationship between the independent and dependent variables and to see employee's perception, the study mainly collected most of the data using survey questionnaire. The data was collected from employees of the IRC Ethiopia program. Informant interview with Human Resource Coordinator/head was also conducted.
- II. Secondary data was generated from HR manual, reports, books, and published or unpublished documents to make the study comprehensive. Further to support the findings from the questionnaire, review of related literature was conducted to compare the alignment of the research findings with previous studies and enrich the findings.

### **3.5. Population of the Study**

The *population* is all individuals of interest to the researcher (Geoffrey, David & David, 2005). As per the actual data obtained from the International Rescue Committee, Ethiopia Country, currently, the organization has seven field offices in different regions of the country focusing on refugee and local community development projects and its head office in Addis Ababa. Accordingly, the study included all regional field offices: Melkadida and Jijiga field offices in Somali Region; Shire field office in Tigray Region; Assosa field office in Benishangul-Gumuz Region; Hawassa field office in SNNPR Region; Gambella field office in Gambella Region; and the head office in the capital, Addis Ababa. But Arsi field office is not included in this study because of difficulty to get the response of staffs due to the emergency nature of the job there and because the HR person there unfortunately resigned at the time of data collection.

The organization has a total of around 851 national staffs hired on an open (full time) contractual agreement. The population targeted for this study consisted of 437 national staffs on grade 3 and above working in Addis Ababa and field offices.

*Table 3.1 Targeted population in field offices*

<b>Title</b>	Addis Ababa	Jijiga	Shire	Hawassa	Assosa	Gambella	Melkedida	Arsi	Total
Assistant officer	10	18	11	20	12	17	17	15	120
Officer	30	49	28	26	27	17	20	9	206
Manager	18	18	9	8	12	6	5	1	77
Coordinator and assistant coordinators	24	4	1	1	2	1	1	0	34
<b>Sub total</b>	<b>82</b>	<b>89</b>	<b>49</b>	<b>55</b>	<b>53</b>	<b>41</b>	<b>43</b>	<b>25</b>	<b>437</b>

Source: staffing report of the IRC Ethiopia, Jan 2017

### **3.6. Sampling Design**

Because researchers may not be able to study the entire population of interest, it is important that the sample be *representative* of the population from which it was selected (Geoffrey, David & David 2005).

As it is difficult to study all the targeted population due to time and budget constraints, the study just considered a representative sample using scientific sample size determination and sampling techniques. The samples were selected from the targeted population.

#### **3.6.1. Sample size Determination**

For determining the Survey sample, the following formula published by the research division of the National Education Association (NEA) of America was used to determine the sample size.

$$S = \frac{[X^2NP(1 - P)]}{[d^2(N - 1) + X^2P(1 - P)]}$$

..... Where;

$S$  = required sample size.

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

$N$  = the population size.

$P$  = the population proportion (assumed to be .50 since this would provide the maximum sample size).

$D$  = the degree of accuracy expressed as a proportion (.05).

Accordingly, the population parameter of 437 yields a sample size of 204.

### 3.6.2. Sampling Techniques

As the study wanted to cover every professional staff working in each field office, a stratified random sampling technique was used. In this technique the number of sampling unit drawn from each stratum (field office) is in proportion to the population size of each stratum (field office). Participants from each stratum was then selected randomly.

*Table 3.2 Proportional Distribution of Sample to field offices (stratums)*

<b>Title</b>	Addis Ababa	Jijiga	Shire	Hawassa	Assosa	Gambella	Melkadida	Arsi	Total
Population	82	89	49	55	53	41	43	25	437
Proportional percentage	19%	20%	11 %	13%	12%	9%	10%	6%	100%
Sample Distribution	38	42	23	26	25	19	20	11	204

*Source: Staff number update report (Jan 2016), IRC Ethiopia*

### 3.7. Data Collection Instruments and Procedures

Most of the information used in this study were collected through questionnaire and interview. The questionnaire is self-prepared to better categorize the reward components and to better answer the research questions, based on different literatures on reward and motivation. It has three major parts

(in addition to the one which introduces the purpose, ethical considerations, and over all guide). The first part is about the respondents' background information like gender, age, education, experience in IRC, job grade, and duty station. The second part contains a 5-point Likert scale with 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree questions related to reward and motivation intended to understand perception/satisfaction of employees on the reward practice in IRC Ethiopia and their level of motivation. The third part contains one open ended question to get suggestions of respondents to improve their motivation through total reward. The questions related to reward are classified in to seven broad categories based on their similarity. They are categorized as payment, benefit, working conditions, the work itself, learning and development, recognition, and overall organizational/work environment.

As the organization uses Microsoft outlook as a means for formal electronic communication and as all grade 3 and above staffs have an account and access for internet, the questionnaires were distributed to all participants out of Addis Ababa through Microsoft outlook (online) and through hardcopy to employees working in Addis Ababa. The data collection in the head office was made by the researcher; and for the field offices, focal persons from human resource department were assigned. When further clarifications were required on the questionnaire, face-to-face and telephone briefings were made.

In addition to the questionnaire, a face to face interview was arranged with the Human Resource and Administration (HR/Admin) department head. The interview contained a mix of open and close ended question that were helpful to triangulate findings of the questionnaire. Tape recorders were used to save the information.

### **3.8. Reliability and Validity**

To ensure quality of data, feedbacks on the questionnaire were gained from Advisor and Human Resource professionals; and then pilot test was conducted. In addition, to check the reliability of data, Cronbach-Alpha reliability test was made and then based on the inputs gained modifications were made.

The reliability of this instrument is determined with the aid of the SPSS-program in conjunction with Cronbach coefficient-alpha. The calculated coefficient-alpha suggests a strong positive item-

homogeneity in this measuring instrument as shown in the table below. (Adapted from De beer 1987)

Table 3.3 Summary of Measures

Variables	Measure	No. of Items in the Scale	Cronbach's Alpha Result ( <i>a</i> )
Payment	Perception/satisfaction (Questionnaire)	7	0.81
Benefits	Perception/satisfaction (Questionnaire)	6	0.81
Working Conditions	Perception/satisfaction (Questionnaire)	5	0.72
Fulfilling work	Perception/satisfaction (Questionnaire)	15	0.91
Learning and development	Perception/satisfaction (Questionnaire)	9	0.85
Recognition	Perception/satisfaction (Questionnaire)	8	0.89
Overall organizational environment	Perception/satisfaction (Questionnaire)	8	0.83
Motivation	Desire, energy, effort, performance, commitment (Questionnaire)	6	0.75

### 3.9. Ethical Consideration

Ethical issues were considered in the study by ensuring informed consent (informing the respondents regarding the background of the study, including the importance of the data to be gathered from them) and issues of confidentiality (ensuring the respondents that all of the information in this study will solely be used for the intended purpose only)

The researcher made sure that all of the responses from the sample were given merit, whether the student researcher agree or not to their individual responses. The researcher have not disclosed any personal information of the respondents and that was also explained during the distribution of the questionnaire and, for the interviewee, before conducting the interview. In addition, credit was give the authors and documents referred (no plagiarism).

### 3.10. Method of Data Analysis

Data obtained through questionnaire was cleaned, categorized and organized, analyzed and then presented using both descriptive and inferential statistical methods. ‘*Descriptive statistics* allow the researcher to describe the data and examine relationships between variables, while *inferential statistics* allow the researcher to examine causal relationships.’ Geoffrey, David, & David, 2005: 209)

The data gathered from questionnaires was examined and validated by checking the answers and by numbering them. Descriptive statistics including percentage analysis, mean, standard deviation, tables and graphs, were used to describe and summarize responses.

Inferential statistics was used to draw conclusions about the reliability and generalizability of the findings. Accordingly, Pearson Product-Moment Correlation Coefficient was used to understand the relationship between the dependent and independent variables; Multiple Linear Regression Analysis to understand the significance and effect of each reward components on work motivation as well as to know the overall contribution of those reward components on motivation of employees; and Analysis of Variance (ANOVA) was used to clearly spot the difference on reward and motivation based on demographic variables. To process data, Statistical Package for Social Science (SPSS) version 20 was used.

Data obtained from key informant interview was recorded and then transcribed, summarized, interpreted, and triangulated to get an over rounded understanding on the subject matter and to better generalize findings of qualitative data.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION, ANALYSIS AND INTERPRETITION**

The objective of this study is to examine the level of employees' motivation in IRC Ethiopia, to examine the relationship between reward and motivation, to determine which reward components has strongest effect on work motivation, and to examine if there is difference on reward and motivation based on demographic variables. This chapter presents, analyzed and interpreted findings and discusses results based on the objectives and research questions of the study. Out of the total of 203 questionnaires that were distributed to the selected sample of employees, 165 (80%) properly filled questionnaires were collected and used for the analysis. The data collected from the target population was analyzed using SPSS version 20.

For simplicity and coherence purpose, the presentation starts with the descriptive statistics on variables under discussion and then continues with the inferential statistics. The statistical program used for analysis and presentation and presentation of data in this research is Statistical Package for Social Science (SPSS) version 20. Once the quantitative findings are presented, the qualitative one follows to triangulate the findings from the quantitative method.

#### **4.1.Results of the Quantitative Data (survey questionnaire)**

Results of the survey questionnaire are presented here in terms of Descriptive statistics (includes percentage analysis, arithmetic mean, and standard deviation) and inferential statistics (Pearson Product Moment Correlation Coefficient, Multiple Regression, and Analysis of Variance (ANNOVA)).

##### **4.1.1. Demographic characteristics of respondents**

In this section, the personal and job related profile of the participants is presented. Frequency distribution and mean for gender, age, education level, job grade, years of experience in IRC Ethiopia, and duty station (field office) of participants is presented in the below table.

Table 4.1 frequency distribution of respondents (Demographically)

Demographic variables		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	134	82.2	82.2	82.2
	Female	29	17.8	17.8	100.0
	Total	163	100.0	100.0	
Age	20-30	52	31.9	31.9	31.9
	31-40	90	55.2	55.2	87.1
	41-50	21	12.9	12.9	100.0
	Total	163	100.0	100.0	
Education	Diploma	17	10.4	10.4	10.4
	Degree	104	63.8	63.8	74.2
	Masters degree	42	25.8	25.8	100.0
	Total	163	100.0	100.0	
Job Grade	G3	25	15.3	15.3	15.3
	G4	79	48.5	48.5	63.8
	G5	51	31.3	31.3	95.1
	G7	8	4.9	4.9	100.0
	Total	163	100.0	100.0	
years of experience In IRC	<1YR	15	9.2	9.2	9.2
	1-3 YRS	38	23.3	23.3	32.5
	3-5 YRS	41	25.2	25.2	57.7
	5-7 YRS	38	23.3	23.3	81.0
	7-10 YRS	17	10.4	10.4	91.4
	>10 YRS	14	8.6	8.6	100.0
	Total	163	100.0	100.0	
Duty station/ Field office	Shire	23	14.1	14.1	14.1
	Jijiga	30	18.4	18.4	32.5
	Melkadida	19	11.7	11.7	44.2
	Assosa	16	9.8	9.8	54.0
	Hawassa	22	13.5	13.5	67.5
	Gambella	18	11.0	11.0	78.5
	Addis Ababa	35	21.5	21.5	100.0
	Total	163	100.0	100.0	

As shown in Table 4.1 (above), of the total sample of respondents, 82.2% are male and the rest 17.8% females. This shows that the proportion of female employees is low and the IRC not good in ensuring gender balance.

In terms of age, 31.9 % are between ages 20 to 30, those above 30 but under 40 are the most with 55.2%, and the rest 12.9% are above 40 but under 50. This shows that most of the employees are adults between 30 and 40.

Regarding education level, 10.4% have Diploma, 63.8% first Degree and the rest 25.8% have Masters Degree. This tells us that most of the participants are first degree holders. As the number of Masters Degree holders is also high, we can say that either employees of IRC have a learning culture or the requirements and/or the recruitment gives good attention to education.

In terms of Job Grade, 15.3% are employees on grade 3, 48.5% on grade 4, 31.3% on grade 5, and the rest 4.9% on grade 7. Employees on grade 6 are not included in the survey as the method used was probability sampling technique and as the number of staffs in this grade is very few. Hence, most of the staffs are on G4 (Officers) followed by G5 (Managers).

When we see years of experience in IRC, 9.2% of the respondents have worked for less than 1 year in IRC, 23.3% worked 1-3 years in IRC, 25.2% worked 3-5 years in IRC, 23.3% worked 5-7 years in IRC, 10.4% worked 7-10 years in IRC, and the other 8.6% have worked for more than 10 years in IRC Ethiopia. It indicates us that the organization is not good enough in retaining staff. The study of Yamrot (2014), also concludes that the average working experience in IRC is from two to four years and this is alarming for the organization as research state that the average time for a new hire to reach productivity is one year or more. She also added that lack of competitive compensation is one of the major problem as it is the number one reason for employee's resignation in IRC Ethiopia

In addition, when we evaluate the distribution of sample through field offices, 14.1% work I Shire field office, 18.4% in Jijiga Field Office, 11.7% in Melkadida Field Office, 9.8% in Assosa Field Office, 13.5 in Hawassa field office, 11% in Gambella field office, and the other 21.5% work in the head office (Addis Ababa). The distribution indicates the depth and number of projects/programs under operation vary in different areas; but relatively more professionals are required in Addis Ababa to coordinate all the programs across the country. This in other ways could mean that the organization is trying to manage its operation with lower personnel cost by providing a centralized support from the head office.

#### **4.1.2. Descriptive Statistics for Reward Components and Work Motivation**

As shown in table 4.2, majority of the respondents believe that among the reward components fulfilling work, learning and development, and the overall organizational environment are good in IRC Ethiopia as the mean score is above 3.5. To the contrary, most of the employees do not think

that the payment, benefit, working condition, and recognition components of the reward system are good enough. But at the same time they don't think these components are too poor in IRC as the mean value of those components is between 3 and 3.5 (almost neutral).

Most of the staff are also in a good motivation level as the mean score is 4.02 out of 5. Hence, the reward components with higher scores most likely have contributed a lot on the overall motivation level of staff of the organization under study.

Table 4.2 descriptive statistics for reward components and work motivation

Variable	N	Mean	Std. Deviation
Payment	163	3.23	0.84
Benefits	163	3.04	0.81
Working Condition	163	3.48	0.65
Fulfilling work	163	4.10	0.48
Learning & Development	163	3.59	0.64
Recognition	163	3.18	0.80
Overall organizational environment	163	4.07	0.59
Motivation	163	4.02	0.61

#### 4.1.3. Correlation (Pearson product Moment Correlation Coefficient)

Table 4.3 Correlation between Reward Components and Motivation

Variables (Reward Components)	Motivation	
	Pearson Correlation	Significance (2-tailed)
Payment	.328**	.000
Benefit	.300**	.000
Working Condition	.456**	.000
Fulfilling Work	.583**	.000
Learning and Development	.578**	.000
Recognition	.360**	.000
Overall Organizational Environment	.544**	.000

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

The Pearson's Product Moment Correlation Coefficient was computed to determine the size and magnitude of relationship between different Reward Components and Work Motivation. To do so, the seven reward components (Payment, Benefits, Working Condition, Fulfilling Work, Learning & Development, Recognition, and Overall Organizational Environment) were correlated with Work Motivation as shown in Table 4.3.

The result proves that all the seven Reward Components have direct, positive, and significant (at 0.01 level) relationship with Work Motivation, in IRC Ethiopia. The study by Roberts (2005) on the relationship between rewards, recognition and motivation also showed that there is positive and significant relationship between those reward components and work motivation. Similar study by Puwanenthiren (2011) also concluded that there is considerable positive relationship between financial and non-financial rewards and employee motivation. This indicates that changes in the reward management affect work motivation (the better those reward components are the higher the motivation or vice versa). The concept of total reward is also about influencing motivation and performance through both financial and non-financial reward components as both have positive relationship with them.

But among all, Fulfilling Work ( $r=0.583$ ), Learning and Development ( $r=0.578$ ), and Overall organizational Environment ( $r=0.544$ ) exhibited even stronger relationship with Motivation in IRC Ethiopia. Which means these components have relatively stronger attachment with motivation. Hence, even more attention has to be given to those components in IRC.

#### **4.1.4. Multiple Linear Regression Analysis**

To understand how much the seven reward components (Payment, Benefit, Working Condition, Fulfilling Work, Learning & Development, Recognition, and Overall Organizational Environment) simultaneously predict the variance in work motivation and to determine the effect of each component on the work motivation, multiple regression analysis was computed. The results of the multiple regression are presented on the next tables.

Table 4.4 Result of Multiple Linear Regression Analysis

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.693 <sup>a</sup>	.48	.46	.45

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.813	7	4.12	20.51	.000 <sup>b</sup>
	Residual	31.106	155	.20		
	Total	59.919	162			

**Coefficients<sup>a</sup>**

Predicting Variables	Beta	Sig.
Payment	-.010	.89
Benefit	.024	.73
Working Condition	.044	.56
Fulfilling Work	.321	.00
Learning & Development	.246	.00
Recognition	.097	.16
Overall Organizational Environment	.169	.04

The result (adjusted r square) shown in the above table indicates that 46% of the variance in Work Motivation can be explained by the seven variables (Payment, Benefit, Working Condition, Fulfilling Work, Learning & Development, Recognition, Overall Organizational Environment) entered in the equation. The overall model is statistically significant ( $p=0.000$ ). The  $F$ -ratio in the ANOVA table shows that the independent variables significantly predict the dependent variable,  $F = 20.51$ ,  $p < .05$  (i.e., the regression model is a good fit of the data). Hence, the hypothesis that

the seven reward components (dependent variables) together will significantly explain the variance in Work Motivation is accepted.

Payment has negative and insignificant impact on Employee Motivation. Thus, the hypothesis Payment has statistically significant effect on motivation is rejected. ( $p > 0.05$ )

The result also proved that Benefit has no statistically significant impact on motivation. So, the hypothesis benefit has statistically significant effect on work motivation is also rejected ( $p > 0.05$ )

In the same way the p value of working condition is also greater than 0.05. Therefore the hypothesis working condition has statistically significant effect on Employee Motivation is rejected like payment and benefit.

Fulfilling work has the major effect on employee motivation with beta value of 0.32 and  $p < 0.05$ . Hence, the hypothesis Fulfilling work has statistically significant effect on employee motivation is accepted.

In the same way learning and development played a significant role in positively affecting employee motivation with beta value of 0.25 and  $p = 0.00$ . Therefore, the hypothesis learning & development has statistically significant effect on work motivation is accepted.

The hypothesis that recognition has statistically significant effect on employee motivation is rejected as  $p = 0.16$

But the hypothesis that overall organizational environment has statically significant effect on work motivation is accepted as the beta value is 0.17 and  $p < 0.05$

Generally, the regression analysis has showed us that the seven reward components contribute 45% in defining work motivation and it was statistically significant. But among the reward components only Fulfilling work, learning and development, and overall organizational environment have statistically significant effect on work motivation in IRC Ethiopia. The results of correlation analysis and the descriptive statistics also support this as those three reward components showed the highest mean value and the strongest correlation with motivation. Which means that none-financial rewards are truly powerful in affecting motivation than financial ones.

The findings of Ukaejiofo (2013) on his study “impact of motivation on employees’ performance” also support most of the findings of this study. His study concluded that the use of non-cash rewards can be an effective and cost-efficient way to motivate employees, and the majority of the survey respondents agree with this statement. When it comes to bringing out the best performance of employees, growth opportunities and challenges and other non-cash rewards are more effective motivators than money. Herzberg’s hygiene-motivator theory also states that extrinsic rewards such as pay, benefits, and working conditions do not motivate, they merely ensure that performance is at an acceptable level. The theory suggests that what really motivates people are the intrinsic rewards; but the extrinsic components should also be managed properly as they are causes of demotivation.

So many authors propose that intrinsic rewards have dependable effect on motivation than financial ones and also tells us that effect of financial rewards is not long lasting as the people finally need meaning in life than money. But so many others also say that financial rewards have also have significant effect on motivation as many is one means to satisfy needs. The empirical studies also end with varying results some concluding the importance of many and some others the reverse. Hence, even though this study shows the significance of most of the non-financial components, it would be a joke to underestimate the importance of financial rewards as they are at least source of dissatisfaction and dissatisfaction would lead to demotivation through time.

#### **4.1.5. Analysis of Variance (ANNOVA)**

Analysis of Variance (ANNOVA) test was made to understand if there were statistically significant differences in perception about (satisfaction on) the seven reward components and level of work motivation based on demographic variables of the sample. Post Hoc Tests are also made for those variables with significant ANNOVA result.

4.1.5.1. ANNOVA based on Gender

		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	1.937	1	1.937	2.756	.099
	Within Groups	113.147	161	.703		
	Total	115.083	162			
Benefit	Between Groups	.247	1	.247	.373	.542
	Within Groups	106.406	161	.661		
	Total	106.653	162			
Working condition	Between Groups	.257	1	.257	.614	.434
	Within Groups	67.407	161	.419		
	Total	67.664	162			
Fulfilling Work	Between Groups	.174	1	.174	.755	.386
	Within Groups	37.189	161	.231		
	Total	37.363	162			
Learning & Development	Between Groups	.002	1	.002	.006	.940
	Within Groups	65.784	161	.409		
	Total	65.786	162			
Recognition	Between Groups	.004	1	.004	.006	.940
	Within Groups	104.112	161	.647		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	.015	1	.015	.042	.838
	Within Groups	56.039	161	.348		
	Total	56.054	162			
Motivation	Between Groups	.047	1	.047	.127	.722
	Within Groups	59.871	161	.372		
	Total	59.919	162			

Table 4.5 ANNOVA based on Gender

The result of the ANNOVA test, as seen in the above table, proofed that there is no statistically significant mean difference on the seven reward components and work motivation based on Gender (between Male and Female employees of the IRC Ethiopia).  $p > 0.05$

4.1.5.2. ANNOVA based on Age

		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	2.610	2	1.305	1.856	.160
	Within Groups	112.473	160	.703		
	Total	115.083	162			
Benefit	Between Groups	.548	2	.274	.413	.662
	Within Groups	106.105	160	.663		
	Total	106.653	162			
Working condition	Between Groups	1.630	2	.815	1.974	.142
	Within Groups	66.035	160	.413		
	Total	67.664	162			
Fulfilling Work	Between Groups	.260	2	.130	.560	.572
	Within Groups	37.103	160	.232		
	Total	37.363	162			
Learning & Development	Between Groups	.398	2	.199	.486	.616
	Within Groups	65.388	160	.409		
	Total	65.786	162			
Recognition	Between Groups	.123	2	.061	.094	.910
	Within Groups	103.993	160	.650		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	.961	2	.480	1.395	.251
	Within Groups	55.093	160	.344		
	Total	56.054	162			
Motivation	Between Groups	1.374	2	.687	1.878	.156
	Within Groups	58.544	160	.366		
	Total	59.919	162			

Table 4.6 ANNOVA based on Age

The result of the ANNOVA test for the reward components and work motivation based on Age groups (ages 20-30, ages 31-40, ages 41-50, and those older than age 50), as shown on Table 4.6, also proved that there is no statistically significant mean difference on the reward components and work motivation based on age group. ( $p > 0.05$ ). This shows us that there is equity in distribution of reward components in IRC and, hence, there is no significant variation in motivation.

4.1.5.3. ANNOVA based on Education

The result of the ANNOVA test for the reward components and work motivation based on Education (Diploma, Degree, and Masters Degree) showed that there are no statistically significant mean difference on the reward components and work motivation based on Education except for the “Overall Organizational Environment”. See table 4.7 below.

Table 4.7 ANNOVA based on Education

		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	1.061	2	.530	.744	.477
	Within Groups	114.022	160	.713		
	Total	115.083	162			
Benefit	Between Groups	.621	2	.311	.469	.627
	Within Groups	106.032	160	.663		
	Total	106.653	162			
Working condition	Between Groups	.971	2	.485	1.164	.315
	Within Groups	66.694	160	.417		
	Total	67.664	162			
Fulfilling Work	Between Groups	.160	2	.080	.343	.710
	Within Groups	37.204	160	.233		
	Total	37.363	162			
Learning & Development	Between Groups	.142	2	.071	.173	.841
	Within Groups	65.644	160	.410		
	Total	65.786	162			
Recognition	Between Groups	2.027	2	1.014	1.589	.207
	Within Groups	102.088	160	.638		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	2.981	2	1.491	4.494	.013
	Within Groups	53.073	160	.332		
	Total	56.054	162			
Motivation	Between Groups	.199	2	.099	.266	.766
	Within Groups	59.720	160	.373		
	Total	59.919	162			

Even though the ANNOVA test has shown us that there is statistically significant difference in the Overall Organizational Environment based on Education, as it doesn't display us which education level differs, Tukey's Honestly Significant Difference (HSD) Post Hoc Test was conducted for the significant reward component (Overall Environment). See Table 4.8

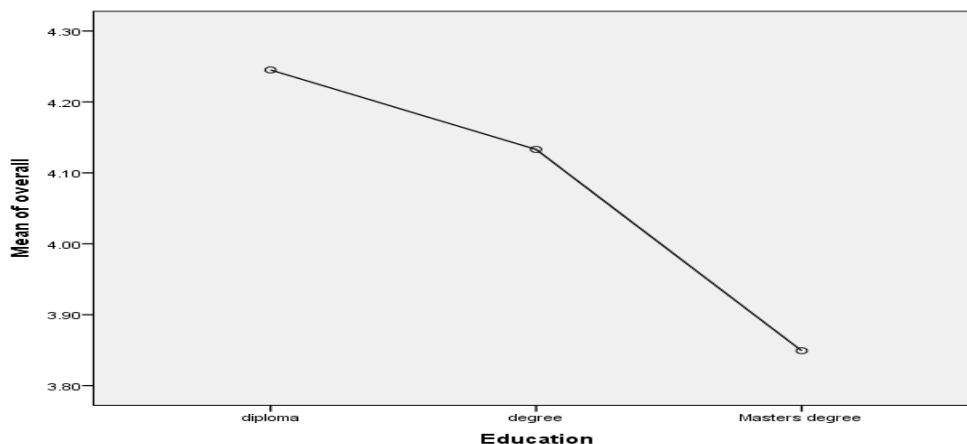
Table 4.8 Post Hoc Test for dependent variable –Overall Organizational Environment

Multiple Comparisons						
Dependent Variable: overall						
Tukey HSD						
(I) Education	Education (J)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence	
					Lower Bound	Upper Bound
Diploma	BA Degree	.11209	.15067	.738	-.2444	.4685
	Masters degree	.39589*	.16556	.047	.0042	.7876
BA Degree	Diploma	-.11209	.15067	.738	-.4685	.2444
	Masters degree	.28381*	.10530	.021	.0347	.5329
Masters degree	Diploma	-.39589*	.16556	.047	-.7876	-.0042
	BA Degree	-.28381*	.10530	.021	-.5329	-.0347

\*. The mean difference is significant at the 0.05 level.

The Post Hoc Test confirmed that there is statistically significant mean difference between Diploma and Masters Degree holders ( $r=0.047$ ) and between BA Degree holders and Masters Degree holders as well ( $r=0.021$ ), regarding perceptions about IRC’s Overall Organizational Environment. But not between Diploma and BA Degree holders in the organization ( $r=0.738$ ). Hence, even though the mean value on Overall Organizational Environment is still good for Masters Degree holders (3.84), the score is significantly lower when compared with Diploma holders (4.24) and BA Degree holders (4.13). This shows us that people tend to desire better environment when they get more educated.

Graph 4.1 Mean Plot for Overall Organizational Environment based on Education



4.1.5.4. ANNOVA based on Job Grade

		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	2.631	3	.877	1.240	.297
	Within Groups	112.453	159	.707		
	Total	115.083	162			
Benefit	Between Groups	2.190	3	.730	1.111	.346
	Within Groups	104.463	159	.657		
	Total	106.653	162			
Working condition	Between Groups	.845	3	.282	.671	.571
	Within Groups	66.819	159	.420		
	Total	67.664	162			
Fulfilling Work	Between Groups	.373	3	.124	.534	.659
	Within Groups	36.990	159	.233		
	Total	37.363	162			
Learning & Development	Between Groups	.663	3	.221	.540	.656
	Within Groups	65.123	159	.410		
	Total	65.786	162			
Recognition	Between Groups	.958	3	.319	.492	.688
	Within Groups	103.158	159	.649		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	.306	3	.102	.291	.832
	Within Groups	55.747	159	.351		
	Total	56.054	162			
Motivation	Between Groups	.227	3	.076	.201	.895
	Within Groups	59.692	159	.375		
	Total	59.919	162			

As can be seen on the above table, the result of the ANNOVA test for the reward components and work motivation based on Job Grade (Grade 3, Grade 4, Grade 5, and Grade 7), confirmed that there is no statistically significant mean difference based on Job Grade. ( $p > 0.05$ ). Meaning, the reward components are distributed fairly among the different job grades.

4.1.5.5. ANNOVA based on Work Experience in IRC Ethiopia

		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	2.816	5	.563	.788	.560
	Within Groups	112.267	157	.715		
	Total	115.083	162			
Benefit	Between Groups	2.518	5	.504	.759	.580
	Within Groups	104.134	157	.663		
	Total	106.653	162			
Working condition	Between Groups	2.915	5	.583	1.413	.222
	Within Groups	64.750	157	.412		
	Total	67.664	162			
Fulfilling Work	Between Groups	.776	5	.155	.666	.650
	Within Groups	36.587	157	.233		
	Total	37.363	162			
Learning & Development	Between Groups	2.875	5	.575	1.435	.215
	Within Groups	62.911	157	.401		
	Total	65.786	162			
Recognition	Between Groups	.691	5	.138	.210	.958
	Within Groups	103.425	157	.659		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	.287	5	.057	.161	.976
	Within Groups	55.767	157	.355		
	Total	56.054	162			
Motivation	Between Groups	3.069	5	.614	1.695	.139
	Within Groups	56.850	157	.362		
	Total	59.919	162			

Table 4.10 ANNOVA based on experience in IRC

The result of the ANNOVA test, as seen in the above table, proved that there are no statistically significant mean difference on the seven reward components and work motivation based on Tenure in IRC.  $p > 0.05$  for all the variables. This also confirms us that there is justice in reward distribution based on experience in IRC. And hence no significant difference in Motivation level based on this factor.

4.1.5.6. ANNOVA based on Duty Station (Field Office)

Like other demographic variables, ANNOVA test was conducted to understand if there is significant mean difference on the Reward Component scores and Motivation level based on Duty

Station (Field Office). As clearly presented in the next table (4.12), there is statistically significant difference in the mean scores of Pay ( $p=0.014$ ) and Work Motivation level ( $p=0.028$ ) based on the field office (duty station) of employees.

Table 4.11 ANNOVA based on Duty Station (Field Office)

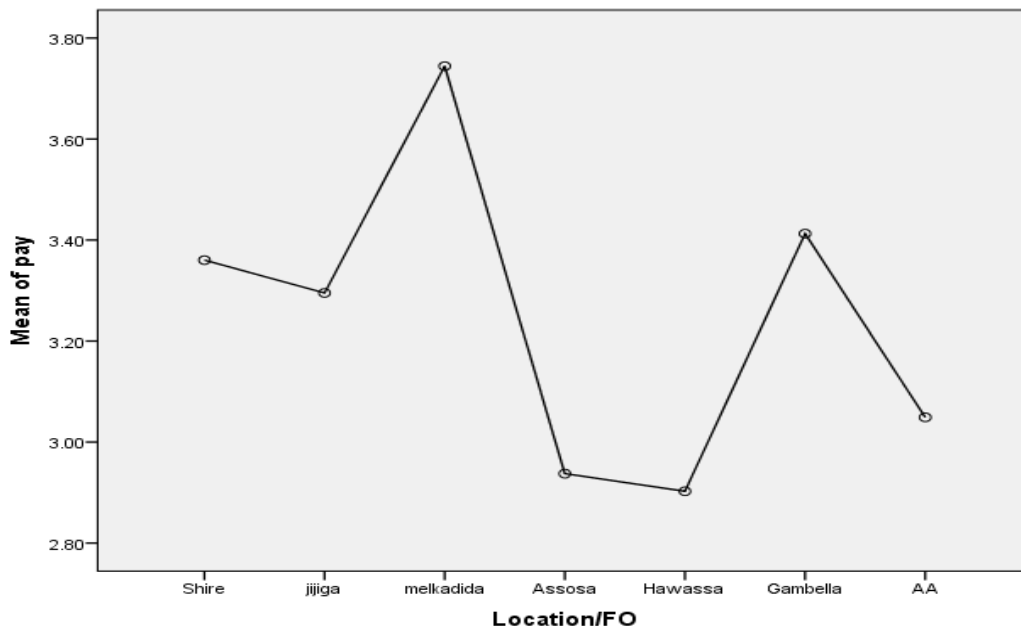
		Sum of Squares	df	Mean Square	F	Sig. (p)
Payment	Between Groups	11.019	6	1.837	2.753	.014
	Within Groups	104.064	156	.667		
	Total	115.083	162			
Benefit	Between Groups	4.003	6	.667	1.014	.418
	Within Groups	102.650	156	.658		
	Total	106.653	162			
Working condition	Between Groups	4.800	6	.800	1.985	.071
	Within Groups	62.864	156	.403		
	Total	67.664	162			
Fulfilling Work	Between Groups	1.791	6	.299	1.309	.256
	Within Groups	35.572	156	.228		
	Total	37.363	162			
Learning & Development	Between Groups	4.374	6	.729	1.852	.093
	Within Groups	61.412	156	.394		
	Total	65.786	162			
Recognition	Between Groups	1.127	6	.188	.285	.944
	Within Groups	102.989	156	.660		
	Total	104.116	162			
Overall Organizational Environment	Between Groups	3.727	6	.621	1.852	.093
	Within Groups	52.327	156	.335		
	Total	56.054	162			
Motivation	Between Groups	5.136	6	.856	2.437	.028
	Within Groups	54.783	156	.351		
	Total	59.919	162			

To understand which field offices show statistically significant mean difference in relation to Payment and Motivation, Tukey's HSD Post Hoc Test was conducted. Regarding perception about Payment in IRC Ethiopia, the Post Hoc Test proofed that there is statistically significant mean difference ( $r=0.021$ ) between Melkedida Field Office (mean=3.74) and Hawassa Field office

(mean=2.91); and ( $r=0.05$ ) between Melkedida Field Office (mean=3.74) and Addis Ababa Office (mean=3.05).

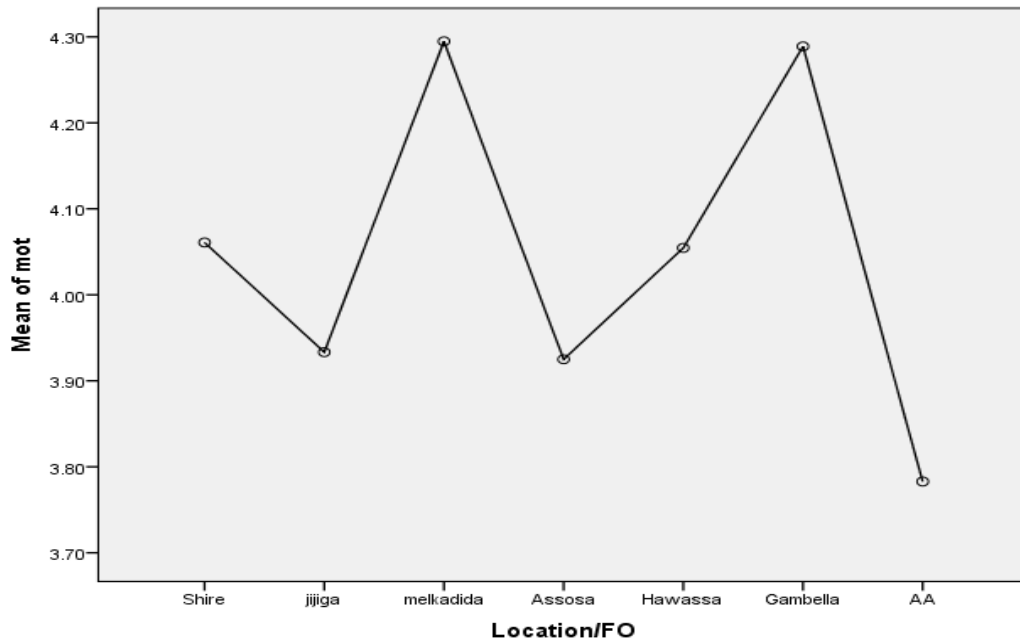
In the same way, when we evaluate the result of the Post Hoc Test for level of Motivation based on duty station, it tells us that only the mean difference between Melkedida (mean=4.29) and Addis Ababa (mean=3.05) is statistically significant with  $r=0.04$

Graph 4.2 Mean Plot for Payment based on Duty Station (Field Office)



The mean score on Payment for almost all the field offices is low (most staff are not at least happy with IRC's Payment). Relatively Melkedida field office has the highest Mean value for payment (3.74); whereas, Assosa, Hawassa, and Addis Ababa (AA) have the lowest. But, except between Melkedida field office and Hawassa Field Office and between Melkedida field office and Addis Ababa office, other comparisons of mean differences on payment based on Duty Station are not statistically significant.

Graph 4.3 Mean Plot for Work Motivation based on Duty Station (Field Office)



Generally, the Work Motivation score is good in every field office - which tells us that IRC Ethiopia has motivated staffs to better achieve objectives/goals. When we compare all the field offices each other, there is only one statistically significant mean difference on Motivation and that is between Melkedida field office and Addis Ababa office ( $r=0.04$ ). The mean difference on motivation between other combinations of field offices is not statistically significant.

The ANNOVA result has made clear that there are no significant mean differences based on most of the demographical variables (Gender, Age, Job Grade and Experience in IRC), in regard to the selected reward components and work motivation. But there is a statistically significant mean difference based on level of Education in connection to only one of the reward components, Payment. Masters Degree holders are more dissatisfied with payment of the IRC Ethiopia relative to Diploma and Bachelor Degree holders. In addition, when we evaluate based on Duty Station (Field office), Melkedida Field Office staffs are happier with Payment than others; but significantly when we compare them with Addis Ababa and Hawassa Field office staffs. They are also significantly more motivated in comparison with Addis Ababa staffs. Hence, we can say that the effect of demographic variables on the reward and motivation is very limited.

## 4.2.Result of Qualitative Data

Findings from an interview with the IRC Ethiopia's Human Resource & Administration Department Head and inputs gained from an open ended question in the survey questionnaire are presented in this part. The informative interview was intended to get an overview on the reward management system of the organization and the one open ended question in the survey questionnaire was to understand what employees recommend one very thing to better affect their motivation through reward in IRC.

The HR/Admin department head, Mrs. Etsegennet Hailu, has worked for more than 10 years in IRC Ethiopia in different field offices at different level in Human Resource & Administration Department. She worked as an Assistant Officer, as an Officer, Manager, Assistant Coordinator, and for the last one year she is leading the department as a head. After introducing herself she gave an overview about the current reward management system and practice in the IRC Ethiopia as follows.

- *“IRC is trying to reward employees both financially and non-financially. The organization's Human Resource Policy and Personnel Manual also shows what kind of compensation and benefit packages are included and the eligibilities &the procedures as well. The major financial components included are Salary, Hardship/Transportation Allowances, Provident and/or Pension contributions. There are also health and life insurance benefits as indirect financial rewards. In terms of Non-Financial rewards, the organization tries to develop staff through training and development programs, performance management program, and by offering career development opportunities. We are also striving to improve the work-life balance through different leave arrangements. But, also there are such and similar components, we don't have a separate reward policy and strategy yet; which is a weakness of our reward management system. Generally, although there efforts and actions to improve the reward system, there are still lots of gaps in this area due to lack of commitment, budget, and other resources like manpower.”*

For the question raised to understand what formal recognition programs in the organization and the ways forward, the head said the following:

- *“Except the informal recognition mechanisms, IRC Ethiopia has no formal Recognition Program designed as part of a reward management system. This is still due to the absence of reward management policy and strategy.”*

For question raised by the researcher if the organization has recently conducted a salary and benefit survey in similar organizations to ensure equity and what were the results, Mrs. Etsegenet replied as follows.

- *“Yes we made salary surveys this year and the result showed us two varying results. One, when we compare our starting salary of each position with other similar International NGOs, the result showed us that we are not good enough (we are among the 50%). But, to the contrary, when we compare the actual figures our staffs are earning right now, we get ourselves among the tops (75%). Our analysis also proofed that the main reason for this varying result was in connection to tenure of our staffs. Most of our employees have worked with us for many years and as we were making cost of leaving adjustments almost every year and as we also make salary increments based on performance every year, salary of those senior staffs has shown significant rise from the starting one. In addition, availability of some national staffs with an international experience (high profile) hired with special and much greater salary scale also affected the cumulative for each grade. But, we are not competent in terms of starting salary for the new/junior staffs.”*

In addition when asked if there were formal and informal complaints received by the organization regarding the equity of payments and benefits, the head answered as follows.

- *“Yes we received different complaints (mostly informal) at different times, especially on the equity of the payments. The main issues raised regarding payment were related to what I said in the above question. They were related to significant salary difference in the same positions due to tenure and special negotiations (due to international experience, earning history and profile). For example coordinator positions are divided as Grade 7A and 7B; the latter is for those with overseas experience and the other is for those who have not. When it comes to the responsibilities and requirements there is no difference. But there is a huge salary difference between the two and this is causing dissatisfaction. Some other staff also complained the external equity but usually by comparing the payment in IRC with*

*other financially stronger organizations like UN, Donor Organizations, and Business Organizations.”*

Finally the Human Resource and Administration Department Head said that she believes that, even though there are lots of gaps in the reward system, most of the staffs are motivated to achieve the organizational goals (at least above average). She also believes most of the staff likes IRC's mission and objectives; and most enjoy the challenges and achievements so far. But they haven't made any scientific study in relationship between reward and motivation.

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

When we analyze the answers to the one open ended question asked to get a hint on what employees value and recommend to the organization regarding the reward management system to better improve their motivation level, most are mainly related to payment, benefits, training & development, and recognition. Most of the staff suggested that IRC has to make its financial reward more competent than the existing reality; it has to give more attention to training and development; and there should be formal and informal recognition programs to improve its staff work motivation. Some others also gave due attention to leadership style of their supervisors. Which indicates that there are gaps in such areas.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSION AND RECOMMENDATION**

In this chapter, major findings are summarized and the subsequent conclusions are made. Based on the conclusion, recommendations are forwarded in relation to literatures reviewed to better enhance employees work motivation through reward management.

#### **5.1. Summary of Findings**

Most of the professional staff of the IRC Ethiopia believe that, among the reward components covered by this study, the organization is good in terms of providing fulfilling work, availability of learning and development opportunities, and attractiveness of the overall organizational environment. But most of the staff are not satisfied with the payment, benefit, working condition, and recognition components of the reward system. The analysis also indicated that most staff are at a good motivation level.

All the seven Reward Components covered in this study have direct, positive, and significant relationship with Work Motivation in IRC Ethiopia. Then again Fulfilling Work, Learning and Development, and Overall organizational Environment presented the strongest relationship with Motivation. The reward components covered in this study together significantly explain the variance in work motivation. But among all the components, only fulfilling work, learning and development, and overall organizational environment have statistically significant effect on work motivation in IRC Ethiopia. The rest (Payment, Benefit, Working Condition, and Recognition) are not significantly affecting motivation in the organization.

There are no statistically significant mean differences in most of the selected reward components and work motivation, based on demographical variables. Payment is the only reward component that showed significant mean differences based on level of Education and Duty Station (Field Office). In terms of payment, Masters Degree holders are more dissatisfied with payment of the IRC Ethiopia relative to Diploma and Bachelor Degree holders. Based on Duty Station (Field office), Melkedida Field Office staffs are happier with Payment than others; but the difference was significant only in comparison with Addis Ababa and Hawassa Field office staffs. The Motivation

mean score of this field office was also significantly higher than Addis Ababa. But not significantly different from other field offices. Hence, we can say that the effect of demographic variables on the reward and motivation is very limited.

There are lots of gaps in the reward management system. The organization has no separate reward strategies, policies, and procedures designed to maximize benefits to the organization and its employees. It also confirmed that there are gaps in equity of financial rewards and also different informal complaints have been received from employees in this regard. In addition, there are no formal recognition programs in IRC Ethiopia. But most of the staffs love the mission, objectives and great accomplishments of the organization in the humanitarian sector. Most staff like the challenging but meaningful work they are doing in the IRC.

So many staffs involved in the study suggested IRC to make its financial reward more competent than the one in hand; to give more attention to capacity building programs and formal and informal recognition mechanisms to better affect their work motivation. Some others also indicated that there are lots of gaps in their supervisors and advised IRC to give due attention the leadership quality so that they can support and coach their supervisee/team well; as leaders significantly affect the reward and motivation.

## 5.2. Conclusion

IRC Ethiopia country program has motivated employees: most of them are energized and happy with the job they are doing and they strive to exceed the performance expectations for the achievement of the organization's mission and objectives. When we see the effect of the reward management system of the organization on the motivation level of its staffs, we can say that it is playing a significant role but still with a lots of gaps and varying contribution of the different reward components.

Total reward has positive and significant relationship with work motivation in IRC Ethiopia and total reward has significant effect on employee motivation. Hence, offering better reward would lead staff to higher motivation level. Among the reward components, only Fulfilling Work, Learning and Development, and the Overall Organizational Environment are the major contributors for the existing work motivation. This shows that the reward components that significantly affect work motivation are intrinsic/non-financial. The contribution of payment, benefits, working condition, and recognition to work motivation in IRC Ethiopia was insignificant. This also shows that intrinsic factors are the major motivation drivers for humanitarian workers, as IRC is one of the leading humanitarian organizations. The IRC has good organizational environments including good mission, objectives, culture, policies and procedures which are highly loved by its employees. The job in IRC is also fulfilling: it is worthwhile; adds value; and employees like the challenge, the learning, and the importance of the job they do to the end users (beneficiaries). Even though the job itself is challenging and developing, the system is poor in terms of capacity building. Hence, IRC is not well capacitating its staffs through formal training opportunities (especially off the job training). In addition, personal development is not well rewarded in IRC Ethiopia; and there are also gaps in the quality of supervisors.

From the findings we can also conclude that the reward components are distributed fairly in regard to almost all the demographic variables (Sex, Age, Job Grade, Education, Experience in IRC, and Duty Station). But we can conclude that personal developments are not well rewarded in IRC as Masters Degree holders in the country program are not happy with the payment they are earning in comparison with Diploma and BA Degree holders.

Absence of reward management strategy, policy and procedures in the organization indeed lowered the potential to highly affect motivation through total reward. The motivation level of staffs and the benefits earned by both the organizations and employees could have been higher if the reward management was done strategically.

In short, the motivation level of employees of the IRC Ethiopia is currently at a good level; and, from the contribution of the reward components, fulfilling work, learning and development, and the overall organizational environment have major effect on employee motivation. The organization is not strong in terms of payment, benefits, working conditions, and recognition; and these factor played no significant role in affecting work motivation; although they have a positive relationship with it. Which means IRC Employees, as humanitarian workers, are basically motivated with the non-financial reward than financial ones. But the organization needs to improve its financial reward as they are at least sources of dissatisfaction (which would intern negatively affect motivation). Therefore, IRC needs to have a reward policy and strategy to more affect motivation through strategic reward and to increase the benefits to itself and the employees.

### 5.3. Recommendation

Based on the findings and its conclusion, the following recommendations are forwarded.

- IRC Ethiopia should design a reward management policy, strategy, and procedure to better motivate its employees and to better achieve its objectives. The organization should design a formal recognition program as there are no formal recognition mechanisms to acknowledge employees' achievement and contribution, to improve their self-esteem, and to significantly improve their motivation.
- Present attractive financial reward package (Payment and Benefits). Although the finding proved that financial components are not currently playing a significant role in affecting motivation of IRC's staff, the organization has to take pro-active measures to improve the financial component as most of its professional staffs are not happy with it and as the dissatisfaction could lead to demotivation.
- Make sure that internal and external equity is safeguarded by continuously making salary and benefit surveys and by taking proper actions. Also, job grading and payment should be mainly based on the job requirements than employees profile like experience outside Ethiopia (though the scale may vary based on profile to value the value those staffs add).
- Strongly negotiate and continuously advocate the importance of competent compensation and reward package for better achievement of goals with donors to secure proper budget for total reward. Or develop independent (self) funding mechanisms to minimize the donor dependency.
- Proper attention to capacity building. Even though staff are learning and developing themselves from the day to day challenges, policies and other documents available in the system, there should be continuous training programs with proper evaluation. In addition, the organization should better appreciate self-learning in action, like by providing appropriate study leave days, by valuing education level during recruitment and internal mobility, and may be by supporting financially (when the budgets allow).
- The organization also has to focus on management development and leadership capacity building programs as leaders have a vital role in motivating employees through the likes of proper coaching and support, giving constructive feedbacks, conflict management, team building, and capacity building of supervisees.

#### **5.4. Implications for Further Study**

This study focused only on the effect of reward and employee motivation. But as the as motivation is not the only predicting variable for motivation, it is good to study other variables playing significant role for work motivation. It considered only seven major reward components which were believed applicable to the organization; hence, it would be good if future studies cover other components which were not covered in this research. It would also be good if the sample size is increased to better represent the reality and if the case is studied for staffs on grade 1 and 2.

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## **Appendix 1: Survey Questionnaire**

**Addis Ababa University**

**School of Commerce**

**Department of Human Resource Management**

**Survey of Questionnaire**

Dear IRC Staff;

This questionnaire is for an academic purpose - for a partial fulfillment of Masters Degree on Human Resource Management. The study is intended to assess the impact of Reward on Employee Motivation in the case of International Rescue Committee (IRC), Ethiopia Program.

Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility. (Armstrong 2007). It includes all types of rewards: indirect as well as direct, and intrinsic as well as extrinsic. Whereas, motivation is a desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal. The focus of the study is to understand the effect of reward on motivation, in IRC Ethiopia.

This questionnaire is prepared to gather opinion of employees regarding the subject matter and your genuine response is of high importance for the research success. Therefore, I kindly request you to respond to all of the below listed questions after proper reading of the instructions provided.

Your Responses are Confidential and you will not be held responsible for the research outcome. Your genuine and timely responses are valued for this research paper.

If you have any questions or enquiries, please contact me at my email address [Haimanot.Yohannes@rescue.org](mailto:Haimanot.Yohannes@rescue.org) or my cell phone -0913 14 33 65

**NB.**

- You do not need to write your name
- Answer your preference by ticking (✓) mark in the check box
- Please respond as precisely as possible and at your earliest Convenience.

**Part I: Respondent's Back Ground Information**

**Instruction: This section discuss about the background information of the respondents in order to have a clear biography. Please check in the box that you think is most representing**

1. Gender: Male  Female

2. Age Group

20- 30  31-40  . 41-50  Above 50

3. Educational Qualification

Diploma  First Degree  Master's Degree

Other: Please Specify \_\_\_\_\_

4. Level of your position?

Assistant (G 3)  Officer (G4)  Manager (G5)  Coordinator (G6 & 7)

5. Total Work Experience in IRC?

≤1 year  ≥1 but ≤ 3 Years  ≥3 but ≤ 5 Years  ≥ 5 but ≤ 7years

≥7 but ≤ 10 Years  ≥ 10 Years

6. Field office

Shire  Jijiga  Melkadida  Assosa  Hawassa

Gambella Arsi Addis Ababa

## **Part II: Questions to Measure Motivation level of IRC'S Staffs on the Reward Practice**

**Instruction:** This part of the questionnaire will provide clear information on how motivated and satisfied you are with the current reward components of the IRC. Hence, it will help us to understand the relationship between the two variables and the impact of the independent variable (Reward) on the dependent variable (Motivation). Please carefully read the listed points and put a tick mark (✓) in the box that best expresses your view.

### **A. Rating scales**

**1 = Strongly Disagree (SA)**

**2 = Disagree (D)**

**3 =-Neutral (N)**

**4 = Agree (A)**

**5 = Strongly Agree (SA)**

	<b>Item Description</b>	<b>SD (1)</b>	<b>D (2)</b>	<b>N (3)</b>	<b>A (4)</b>	<b>SA (5)</b>
<b>I.</b>	<b>Reward components</b>					
	<b>A. Payments</b>					
1.	My salary is satisfactory and faire in relation to what I do					
2.	I earn the same salary as other employees in similar positions in IRC					
3.	The salary I am earing for the job I am doing in IRC is almost similar to what other people are earning for similar jobs in other similar organizations					
4.	The pay system is clear and well communicated					
5.	Salary increases are decided and distributed on a fair manner					
6.	The procedures for pay increase are faire and clear					
7.	The allowance (e.g. Transportation/hardship) I am earning are faire					
	<b>B. Benefits</b>	<b>SD (1)</b>	<b>D (2)</b>	<b>N (3)</b>	<b>A (4)</b>	<b>SA (5)</b>
1.	The Medical scheme is satisfactory					
2.	The Insurance scheme(Group Term Life Insurance) is satisfactory and of great value					
3.	The leave days are enough and there are no problems with my leave arrangement					
4.	The medical scheme is fair and satisfactory					
5.	The life insurance that I am entitled in IRC are faire and satisfactory					
6.	The severance payment is fair and satisfactory					

<b>C. Working conditions</b>		<b>SD (1)</b>	<b>D (2)</b>	<b>N (3)</b>	<b>A (4)</b>	<b>SA (5)</b>
1.	My working hours are reasonable					
2.	Office lay out is convenient for me					
3.	All the necessary resource for work are available					
4.	I have enough opportunity to socialize myself with my colleagues					
5.	I have good relationship with my colleagues and I am happy about that					
<b>D. The Work itself (Fulfilling work)</b>		<b>SD (1)</b>	<b>D (2)</b>	<b>N (3)</b>	<b>A (4)</b>	<b>SA (5)</b>
1	I am interested in my work					
2	My work consists of variety of tasks					
3	I have all the necessary skills to perform my job					
4	My job is a bit challenging but I enjoy it					
5	I am well aware of my duties and responsibilities					
6	The amount of work I am given is reasonable					
7	I am independent of others when I perform my job					
8	I regard the content of my job as responsible					
9	I am allowed to choose/decide on the methods to do my job or I have the autonomy in my work					
10	The job I am doing requires me the best use of my knowledge and skill					
11	I never feel idle					
12	I am doing the job I love					
13	I feel that my job is of value to the IRC's goals					
14	My work is the way to my future success					
15	I am proud of the job I am doing					
<b>E. Learning and development</b>		<b>SD (1)</b>	<b>D (2)</b>	<b>N (3)</b>	<b>A (4)</b>	<b>SA (5)</b>
1	I am well oriented about the job I do and the organization					
2	I get all the necessary on/off the job trainings that are important to do my job well					
3	I learn different things while doing my job					
4	My supervisor coaches and supports me well					
5	My performance and contribution expectations are well defined and they are stretching					
6	I continuously get feedbacks on my performance					
7	I have opportunities to climb the ladder of my career (promotion)					

8	Learning and development opportunities are free of bias					
9	Self-learning is well appreciated and supported					
	<b>F. Recognition</b>	<b>SD</b> <b>(1)</b>	<b>D</b> <b>(2)</b>	<b>N</b> <b>(3)</b>	<b>A</b> <b>(4)</b>	<b>SA</b> <b>(5)</b>
1	My efforts and achievements are well acknowledged/appreciated					
2	I regularly get praise from my supervisor and colleagues when I do something good					
3	I receive constructive criticism about my performance					
4	I get credit for what I do					
5	I usually get feedback when I am showing progress on my performance/behavior					
6	I get financial rewards/increments to recognize my performance					
7	The recognitions I get are immediate and sincere					
8	There are different recognition mechanisms (both private/public or financial non-financial) recognition mechanisms in IRC					
	<b>G. Overall organizational/work environment</b>	<b>SD</b> <b>(1)</b>	<b>D</b> <b>(2)</b>	<b>N</b> <b>(3)</b>	<b>A</b> <b>(4)</b>	<b>SA</b> <b>(5)</b>
1	I truly like the mission of the organization, its core values and the culture					
2	Policies and procedures are clear					
3	I take part in decision making (it's participatory and my voice is valued)					
4	The door is always open to me to forward my ideas and appeals/complaints					
5	The organization has excellent safety and security policies in action					
6	There are different mechanisms to accommodate/ease my personal life issues					
7	I believe I am treated well and the organization sees employee as a resource/asset					
8	The environment is convenient not only to work but also satisfy individual and social needs					
<b>II</b>	<b>Motivation</b>	<b>SD</b> <b>(1)</b>	<b>D</b> <b>(2)</b>	<b>N</b> <b>(3)</b>	<b>A</b> <b>(4)</b>	<b>SA</b> <b>(5)</b>
1	I am doing my best for the achievement of IRC's goals					
2	I am willing to accept difficult responsibilities and to contribute more					
3	I am very concerned for the IRC's resources and I strive to best use them					
4	I always (would) challenge my supervisor when/if I am asked to do things which I don't think are right/good for the organization					
5	I feel I am doing with the best organization and I am proud of being a member of the IRC					
6	I have no plan to resign soon from the IRC Ethiopia					

**III. Open ended question**

**What one thing do you suggest IRC should improve or change in relation to its reward system to motivate you most? \_\_\_\_\_**

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**Thank you very much for your kind cooperation!**

## **Appendix 2: Interview**

**Addis Ababa University**

**School of Commerce**

**Department of Human Resource Management**

Dear Human resource department head/Coordinator,

Thanks for your willingness to conduct this interview and your time. This interview is for an academic purpose - for a partial fulfillment of Masters Degree on Human Resource Management. The study is intended to assess the impact of Reward on Employee Motivation in the case of International Rescue Committee (IRC), Ethiopia Program. The nature of this interview is more of open ended. Please feel free to ask when you need further clarifications and answer only what you know and comfortable with. The interview will take us around 40 minutes.

1. Please briefly introduce yourself and how long you have been working in the organization and specifically in your current position?
2. How do you explain the existing reward management practice in your organization to affect employee motivation?
3. Do you have formal recognition programs? If so, what are the methods you use to formally recognize staffs who efforts, commitments and achievements?
4. Have you recently made salary and benefit surveys in similar organizations? If yes, what was the result of the survey (have you found your salary and benefit schemes competent/externally equitable)?
5. Are there formal and informal complains presented to you on the internal equity of payments and benefits? If so, which are the major ones?
6. How do you evaluate the engagement, performance, and motivation level of the IRC employees?
7. Anything you want to add?

Thank you so much for your cooperation and time!

### Appendix 3: Post Hoc Test

Table 4.12 Post Hoc Test for dependent variable - Payment and Motivation

Tukey HSD								
Dependent Variable		I	J	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Payment	Shire	Jijiga		.06501	.22636	1.000	-.6112	.7412
		Melkedida		-.38411	.25320	.734	-1.1405	.3723
		Assosa		.42275	.26589	.689	-.3715	1.2170
		Hawassa		.45765	.24357	.497	-.2699	1.1852
		Gambella		-.05245	.25703	1.000	-.8202	.7153
		AA		.31127	.21923	.790	-.3436	.9662
	Jijiga	Shire		-.06501	.22636	1.000	-.7412	.6112
		Melkedida		-.44912	.23947	.500	-1.1645	.2662
		Assosa		.35774	.25284	.793	-.3975	1.1130
		Hawassa		.39264	.22925	.609	-.2922	1.0775
		Gambella		-.11746	.24351	.999	-.8449	.6099
		AA		.24626	.20321	.889	-.3608	.8533
	Melkedida	Shire		.38411	.25320	.734	-.3723	1.1405
		Jijiga		.44912	.23947	.500	-.2662	1.1645
		Assosa		.80686	.27713	.061	-.0210	1.6347
		Hawassa		.84176*	.25579	.021	.0777	1.6059
		Gambella		.33166	.26864	.880	-.4708	1.1342
		AA		.69538*	.23274	.050	.0001	1.3906
	Assosa	Shire		-.42275	.26589	.689	-1.2170	.3715
		Jijiga		-.35774	.25284	.793	-1.1130	.3975
		Melkedida		-.80686	.27713	.061	-1.6347	.0210
		Hawassa		.03490	.26835	1.000	-.7667	.8365
		Gambella		-.47520	.28063	.622	-1.3135	.3631
		AA		-.11148	.24648	.999	-.8478	.6248
	Hawassa	Shire		-.45765	.24357	.497	-1.1852	.2699
		Jijiga		-.39264	.22925	.609	-1.0775	.2922
		Melkedida		-.84176*	.25579	.021	-1.6059	-.0777
		Assosa		-.03490	.26835	1.000	-.8365	.7667
		Gambella		-.51010	.25958	.441	-1.2855	.2653
		AA		-.14638	.22222	.995	-.8102	.5174
	Gambella	Shire		.05245	.25703	1.000	-.7153	.8202
		Jijiga		.11746	.24351	.999	-.6099	.8449
		Melkedida		-.33166	.26864	.880	-1.1342	.4708
		Assosa		.47520	.28063	.622	-.3631	1.3135
		Hawassa		.51010	.25958	.441	-.2653	1.2855
		AA		.36372	.23689	.723	-.3439	1.0714
	AA	Shire		-.31127	.21923	.790	-.9662	.3436
		jijiga		-.24626	.20321	.889	-.8533	.3608
		Melkedida		-.69538*	.23274	.050	-1.3906	-.0001
		Assosa		.11148	.24648	.999	-.6248	.8478
		Hawassa		.14638	.22222	.995	-.5174	.8102
		Gambella		-.36372	.23689	.723	-1.0714	.3439

Multiple Comparisons								
Tukey HSD								
Dependent Variable		I	J	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Motivation	Shire	Jijiga	.12754	.16424	.987	-.3631	.6181	
		Melkedida	-.23387	.18371	.863	-.7827	.3149	
		Assosa	.13587	.19292	.992	-.4404	.7121	
		Hawassa	.00632	.17672	1.000	-.5216	.5342	
		Gambella	-.22802	.18649	.884	-.7851	.3291	
		AA	.27801	.15907	.585	-.1971	.7532	
	Jijiga	Shire	-.12754	.16424	.987	-.6181	.3631	
		Melkedida	-.36140	.17375	.370	-.8804	.1576	
		Assosa	.00833	.18345	1.000	-.5397	.5563	
		Hawassa	-.12121	.16634	.991	-.6181	.3757	
		Gambella	-.35556	.17668	.411	-.8833	.1722	
		AA	.15048	.14744	.949	-.2900	.5909	
	Melkedida	Shire	.23387	.18371	.863	-.3149	.7827	
		jijiga	.36140	.17375	.370	-.1576	.8804	
		Assosa	.36974	.20107	.524	-.2309	.9704	
		Hawassa	.24019	.18559	.854	-.3142	.7946	
		Gambella	.00585	.19492	1.000	-.5764	.5881	
		AA	.51188*	.16887	.044	.0074	1.0163	
	Assosa	Shire	-.13587	.19292	.992	-.7121	.4404	
		jijiga	-.00833	.18345	1.000	-.5563	.5397	
		melkadida	-.36974	.20107	.524	-.9704	.2309	
		Hawassa	-.12955	.19471	.994	-.7112	.4521	
		Gambella	-.36389	.20361	.559	-.9721	.2443	
		AA	.14214	.17883	.985	-.3921	.6764	
	Hawassa	Shire	-.00632	.17672	1.000	-.5342	.5216	
		Jijiga	.12121	.16634	.991	-.3757	.6181	
		Melkedida	-.24019	.18559	.854	-.7946	.3142	
		Assosa	.12955	.19471	.994	-.4521	.7112	
		Gambella	-.23434	.18834	.876	-.7970	.3283	
		AA	.27169	.16123	.627	-.2099	.7533	
	Gambella	Shire	.22802	.18649	.884	-.3291	.7851	
		Jijiga	.35556	.17668	.411	-.1722	.8833	
		Melkedida	-.00585	.19492	1.000	-.5881	.5764	
		Assosa	.36389	.20361	.559	-.2443	.9721	
		Hawassa	.23434	.18834	.876	-.3283	.7970	
		AA	.50603	.17188	.056	-.0074	1.0195	
	AA	Shire	-.27801	.15907	.585	-.7532	.1971	
		Jijiga	-.15048	.14744	.949	-.5909	.2900	
		Melkedida	-.51188*	.16887	.044	-1.0163	-.0074	
		Assosa	-.14214	.17883	.985	-.6764	.3921	
		Hawassa	-.27169	.16123	.627	-.7533	.2099	
		Gambella	-.50603	.17188	.056	-1.0195	.0074	