



Addis Ababa University
College of Business and Economics
School of Commerce

Reward Management Practices of selected Hotels in Ethiopia

By Serkadis Henock

**A Project Work Submitted to Addis Ababa University School of
Graduate Studies in Partial Fulfillment of requirements for Award of
Master of Business Leadership**

Advisor name: - Solomon Markos (PhD)

June, 2020

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DECLARATION

I hereby declare that this work entitled “Reward Management Practices of selected Hotels in Ethiopia” is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

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This Project has been submitted for examination with my approval as a University advisor.

Solomon Markos (PhD)

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**Addis Ababa University College of Business and Economics,
School Of Commerce, Graduate Studies**

Department Of Business Leadership

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By Serkadis Henock

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ABBREVIATIONS

UNWTO_ united nation, world tourism organization

SPSS-Statistical Package for Social Science

HR -human resource

CIPD- Chartered Institute of Personnel and Development

ABSTRACT

The main purpose of this study is to assess the reward management system of some selected hotels of Ethiopia. The study attempted to assess what extrinsic and intrinsic reward systems are being practiced in the selected hotels (Yaya village, Bellevue hotel and Wabe Shebelle hotel) and to evaluate how the reward management practices are effective through the alignment of reward practice to organizational goal. To achieve the objective of the study, descriptive research design has been along with quantitative approach. Simple random sampling technique was used to select 241 employees out of the total targeted population of employees in the selected hotels. Self-administered questionnaire was used to collect data from sample employees. The data gathered through the questionnaire were compiled by using SPSS software. Descriptive statistics method was used for analyzing data obtained from questionnaire. The result of the analysis was presented using tables. The main findings of the study revealed that the intrinsic reward is more practiced than the extrinsic reward on the selected hotels. There is less alignment of reward strategy to the business strategy of the hotels. In addition the reward management strategy is not communicated to employees on the selected hotel. To those and other problems investigated in the study, appropriate recommendations were provided based on findings.

KEYWORDS: Extrinsic reward, intrinsic reward, Reward management, Reward systems, Effectiveness of reward

CHAPTER ONE

Introduction

1.1 Background of the study

Recently, hotel business is growing fast in Ethiopia. The number of hotels in Ethiopia became doubled itself on four years (increased from 666 in 2014GC to 1,216 in 2018GC) and number of rooms were 22,285 in 2014GC became 41, 970 in 2014GC. (UNWTO, 2019). According to ministry of culture and tourism of Ethiopia annual data, tourism sector of the country could earn USD 3,179,112,768 in 2019 only.

In response to these dynamic changes, the firms have to have some strategic human resource management that lead to the improvement on organizational performance and linked with organizational goal.

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. (Armstrong, 1928).

According to (Armstrong and Murlis, 2007), the strategic aim of reward management is to develop and implement the reward policies, processes and practices required to support the achievement of the organization's business goals. 'Rewards are positive outcomes that are earned as a result of an employee's performance. These rewards are aligned with organizational goals. When an employee helps an organization in the achievement of one of its goals, a reward often follows. There are two general types of rewards that motivate people: intrinsic and extrinsic.' (Chandra et al., 2018).

'Reward can signal very clearly what the organization considers to be important. Financial incentives can positively increase performance on relatively simple tasks over the short term. But overall very great care needs to be taken in using reward as a motivator.'(Michael, 2014). 'The hotel industry has been historically renowned for its poor pay, inferior employment conditions and deficient adoption of HR practices.' (Brescianietal, 2012).

As expressed by (Armstrong, 1928), Evidence-based reward management is the management of reward systems on the basis of fact rather than opinion, on understanding rather than assumptions, on grounded theory rather than doctrine.

‘Reward systems are central to the Human Resource Management function. Their purpose is to attract talented individuals, motivate them and retain those that have a better fit with the organization. Reward systems have a direct impact (and in most firms the most important one) on the cost side of the organization’s financial statement.’ (Mejia et al., 2015)

‘Reward management is concerned with the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organizational, departmental and team goals is recognized and rewarded.’ (Armstrong, 1928).

1.2 Statement of the problem

The CIPD’s annual recruitment, retention and turnover survey (2005) shows that, an average annual labor turnover is 65% in hotels, catering and leisure which are highest (more than double) from retail businesses (31%).

As per the secondary data from the hotels, the turnover rate is very high that varies from 45% to 75%. Which indicate that the employees on those hotels are not much satisfied.

As a human intensive industry, hospitality depends on human being as part of the product, in which, can never be alienated from the service process. (Ghazali, 2010). According to (Albattat, 2013), ‘a reward system should be established so the laborers will attain recognition according to their good work.’

A pleased, motivated and stable workforce is a serious success factor for any Hotel, and that can only be attained by retention of the employee and improving the turnover ratio. (Singh et. al., 2017).

‘The tourism and hospitality sector is recognized by Low hourly rates of pay, over time work without extra money, long working hours of 50 hours per week, little or no adequate breaks during peak season periods. The other challenges are inappropriate management style/corporate philosophy and leadership style such as unplanned recruitment, little due attention for staff

turnover, imported workforce, considering staffs as cost rather than asset, rigid leadership which is against the concept of democracy, inadequate trainings, and many tasks, such as making computer bookings and working theme park rides are monotonous' (Aynalem et al., 2016).

Reward is about both financial and non-financial and also intrinsic and extrinsic reward that related to intrinsic and extrinsic employee motivation.

According to (Kent, 2006), "Organizations have not figured out how to effectively reward teams and team members and rewards are based on the "gut feel" of a manager about how the project is progressing."

The finding of research on reward practice on financial sector in Ethiopia shows that, "there is gap in implementation of designed reward strategy and in alignment aspect also there gap in aligning reward strategy with business strategy of the sector additionally in managing reward as a system aspect private owned financial industries are better performing it than public owned financial industries." (Seifu, 2017). Another research by (Muchiri, 2016), on hotel sector of Kenya indicates that the investment time on reward by their managers adds better feeling of employees as they are valued by their managers and which leads to hardworking of the employees and might be rewarded more.

According to the finding of the research from Kenya University (Koskey & Sakataka, 2015), whenever there is well rewarded members of a team to stay on and remain together in organization.

Due to the above reasons, the researcher is interested find out the reward management practices of some selected hotels.

1.3 Research questions

As per the observation of the researcher and reviewed literatures, the researcher is mandated to find out the answers for the following research questions.

- ✓ What are the extrinsic reward management practices of the hotels?
- ✓ What are the intrinsic reward management practices of the hotels?

- ✓ How the reward management practices of the hotels are linked with the organizational goal?

1.4 The objective of the study

1.4.1 Main objective

The main goal of the research is to assess the practice of reward management on some selected Ethiopian local hotels.

1.4.2 Specific objectives

- To assess the extrinsic reward management practices of the hotels.
- To assess the intrinsic reward management practices of the hotels.
- To evaluate the effectiveness of reward systems of the hotels (to see how the reward practice linked with organizational goal).

1.5 Significance of the study

This paper has mainly focused on the practices reward management in the hotel sector. Therefore it will provide some suggestions on how to tackle the problems in reward management practice. It could also be used as a theoretical base for future researchers and academic practitioners.

1.6 Scope of the study

This study only deals with the assessment of reward management practices in the Ethiopian local hotels especially on selected three hotels such as Haile hotels and resorts, Wabe Shebelle and Bellevue hotel. The Researcher only focuses on both extrinsic and intrinsic reward management, even though; other HRM actives which may have great contribution have not been covered. Due to time and budget constraint the researcher will on make research on selected hotels with selective geographic scope. During data collection some important individuals and groups might be excluded.

1.7 Organization of the paper

The study has five chapters. Chapter one is all about background of the study, problem statement, research question, the aims and objectives, as well as the limitations and benefits of

the study. It provides brief insight into the research study. Chapter two is about definitions of the most important concepts. This chapter provides an insight into these concepts by focusing on previous research in this area and presents reviewed literature relevant to this study. Chapter three in also describes the research design utilized. Specifically, the chapter describes the sample of the study, the measuring instrument used, the procedure followed to gather the data, and the statistical techniques used to analyze the data. Chapter four describes reports on the results of the empirical analysis.

The chapter proceeds with an analysis of the descriptive statistics on the variables under consideration. Chapter five describes the results of the study in greater detail and where appropriate, existing literature is integrated into the discussion. The implications for future research will be addressed and the chapter will concludes with recommendations.

CHAPTER TWO

Literature review

2.1 Theoretical review

2.1.1 Reward and total reward

2.1.1.1 Reward

‘Reward is anything tangible or intangible that an organization provides to its employees either intentionally or unintentionally in exchange for the employee’s potential or actual work contribution and to which employees as individuals attach a positive value as a satisfier of certain self-defined needs.’ (Shields, 2007). “The term rewards can be defined as a particular monetary return, object or event that an employee receives in exchange for his/her work or for having done something well.” (Schultz, 2006).

‘Reward refers to everything the employee perceives to be of value resulting from the employment relationship and includes all types of rewards, direct and indirect, as well as intrinsic and extrinsic. The typical components of reward which make up the levers employers can resort to in order to motivate, engage and retain staff are, pay, benefits, learning and developments, and working environment’ (Armstrong, 2006).

2.1.1.2 The Total Reward

The Total Reward System includes the extrinsic and intrinsic reward instruments available to an employer to motivate, pull towards and retain employees. Different combinations of rewards will make diverse employer-employee relationships. (Singh and Amandeep, 2017). ‘Total rewards is encompasses not only compensation and benefits but also personal and professional growth opportunities and a motivating work environment.’ (Robert, 2007).

A total reward approach is comprehensive, dependence isn't set on a couple of remuneration systems working in disengagement, and record is taken of each manner by which individuals can be compensated and get fulfillment through their work. The point is to augment the joined effect of a wide scope of remuneration activities on inspiration, duty and occupation commitment. A similarly wide meaning of complete prize is offered by World at Work, who expresses that all

out remunerations are the entirety of the business' accessible devices that might be utilized to pull in, hold, persuade and fulfill representatives. (Armstrong and Murlis, 2004).

Complete prize is fundamentally targeting giving arrangements helping associations to pull in, hold and rouse people by methods for a more extensive and progressively powerful scope of choices. The all out remuneration idea is put together and depends with respect to the synergetic multiplicative bundle impact rule as opposed to just on the impacts delivered by the money related methods taken in detachment, which all alone have demonstrated not to be that powerful. (Longo, 2010).

The total reward approach exemplifies the hierarchical appropriation of an all the more sincerely wise method of working. It requires the utilization of the key competency switches of self-administration, mindfulness, social mindfulness and relationship the executives in a hierarchical setting as a feature of the methodology expected to make sure about initiative greatness in the quest for fundamentally raised execution. (Armstrong and Murlis, 2007).

Table 1 Table 2.1 Components of 'total reward'.

Extrinsic rewards	Financial rewards or remuneration: <ul style="list-style-type: none"> • fixed or base pay • cash benefits • performance-related pay
	Developmental rewards: <ul style="list-style-type: none"> • learning, training and development • succession planning • career progression • other indirect or non-cash benefits
	Social rewards: <ul style="list-style-type: none"> • organisational climate or management culture • performance support • work group affinity • work–life balance • other indirect or non-cash benefits
Intrinsic rewards: <ul style="list-style-type: none"> • job challenge • responsibility • autonomy • task variety 	

Source (Shields, 2007).

2.1.2 Strategic reward

When it comes to offering rewards, there are a number of managerial implications which can ensure that the investment on reward systems bear the desired fruit. The reward systems must be aligned with the organizational set of values and vision so that the employee can relate to the importance of the reward (Jahani, et al, 2011).

Strategic reward is as a matter of first importance the consequence of a principal choice employers need to make before presenting reward rehearses inside their associations or in the long run changing those at present existing. It is especially connected with the kind of approach,

strategy, establishing idea and precepts based on which must be along these lines built up the prize practices that businesses mean to present and encourage inside their organizations. The meaning of vital prize, henceforth, speaks to a required essential important to configuration, create and execute reliable prize administration approaches inside a business.' (Longo, 2014).

As per (Armstrong and Brown, 2006), "reward strategy is characterizes what an association needs to do in the more extended term to address basic prize issues and to create and actualize reward approaches, practices and procedures that will advance the accomplishment of its business objectives and address the issues of its partners. It begins from where the prize acts of the business are currently and proceeds to portray what they ought to turn into. Prize technique gives a feeling of direction and course, a pathway that interfaces the requirements of the business and its kin with the prize arrangements and practices of the association and consequently imparts and clarifies these practices."

The planning and delivery of reward should stand for a sense of appreciation by the organizational leaders and the opportune release of the rewards helps reinforce the employee performance. (Jahani et al., 2011).

‘Strategic reward management is intended “to create reward processes which are based on beliefs about what the organization values and wants to achieve.” Strategic reward is basically concerned “with both ends and means” of reward and aims at determining how reward procedures will be in the future; it also aims at supporting reward management integration’ (Armstrong, 2010).

According to (Armstrong and Murlis, 2007), ‘there are four powerful arguments for developing reward strategies:

1. You must have some idea where you are going, or how do you know how to get there and how do you know that you have arrived?
2. Pay costs in most organizations are by far the largest item of expense; so doesn't it make sense to think about how they should be managed and invested in the longer term?
3. There can be a positive relationship between rewards, in the broadest sense, and performance, so shouldn't we think about how we can strengthen that link?

4. The real benefit in reward strategies lies in complex linkages with other human resource management policies and practices. Isn't this a good reason for developing a reward strategic framework that clearly indicates how reward processes will be linked to other HR strategies and processes so that they are coherent and mutually supportive'

2.1.3 BENEFITS OF TOTAL REWARD

According to (Armstrong, 2007), the benefits of a total reward approach are:

- Greater impact – the combined effect of the different types of rewards will make a deeper and longer-lasting impact on the motivation and commitment of people.
- Enhancing the employment relationship – the employment relationship created by a total rewards approach makes the maximum use of relational as well as transactional rewards and will therefore appeal more to individuals.
- Flexibility to meet individual needs.

Relational rewards may tie people all the more emphatically to the association since they can answer those exceptional individual needs. Winning the war for ability – social prizes help to convey a positive mental agreement and this can fill in as a separation in the enrollment showcase, which is significantly harder to duplicate than singular compensation rehearses. The association can turn into a 'business of decision' and 'an extraordinary work environment', along these lines drawing in and holding the gifted individuals it needs. (Armstrong, 2007).

2.1.4 THE TOTAL REWARD SYSTEM

When we say Total Reward System, it comprises the extrinsic and intrinsic reward means available to an employer to motivate, attract and retain employees. Different combinations of rewards will generate different employer-employee relationships. (Mejia, et al. 2010).

Extrinsic rewards given by employers as pay will assist with pulling in and hold representatives and, for restricted periods, may expand exertion and limit disappointment. Inherent non-monetary prizes identified with duty, accomplishment and the work itself may have a more drawn out term and more profound effect on inspiration. Prize frameworks ought to in this manner incorporate a blend of extrinsic and intrinsic rewards. (Armstrong, 2007).

2.1.4.1 Extrinsic Rewards

Extrinsic rewards are can be classified into different categories. Different scholars have different dimensions of extrinsic reward and some of them are stated below.

- **Salary/Payment**

Compensation alludes to those money related returns (in real money or offers) that representatives get straightforwardly from their bosses as a major aspect of their legally binding relationship. Pay returns can be fixed (base compensation) and variable (present moment and long haul impetuses). These two kinds of pay are presently depicted in more noteworthy detail." (Mejia, et al. 2010).

'Base pay will be affected by inner and outside relativities. The interior relativities might be estimated by some type of occupation assessment. Outside relativities (going rates) are evaluated by following business sector rates. On the other hand, levels of pay might be concurred through aggregate bartering with worker's organizations or by agreeing. Base compensation might be communicated as a yearly, week after week or hourly rate. This is some of the time alluded to as a period rate arrangement of installment. Unforeseen compensation or stipends as portrayed later might be added to base compensation. The rate might be changed in accordance with reflect increments in the average cost for basic items or market rates by the association singularly or by concurrence with a worker's organization.' (Armstrong, 2007).

Salary is a market-driven rate for the job. In some state of affairs it may be appropriate to pay salary only, with no other bonus or commission. Salary management goes after the same principles as for any other group of employees. It is important to clarify the extent to which salary should be a rate for the job or reflect achievement of results and/or competences. If both a sales incentive plan and a performance-based salary review system are used by an organization, it may be felt that there is double counting if not the salary review looks at broader issues than sales results. (Armstrong and Murlis, 2007).

Some studies carried out Authors at different times, has shown that salary increases have motivational effects long-lasting just for about three weeks. (Porter et al, 2006).

“Fixed pay (also referred to as based pay or salary) is the money pay that a business pays as an end-result of the work performed by a worker. It mirrors the estimation of the activity or the

individual playing out the activity (his/her abilities and information). Its fundamental intention is to pull in gifted people, hold them and cultivate their drawn out duty to the association. In certain ventures base compensation levels for non-official occupations are built up dependent on aggregate bartering understandings. (Mejia, et al. 2010).

- **Variable Pay / Bonus**

Variable pay (pay at risk) is a payment in cash or equity contingent on individual, group or organizational performance assessed objectively or by discretion. Variable pay does not have a permanent effect on labor cost. That is, if performance goals are not achieved, the payment is not granted. Its main purpose is to: focus employees on critical aspects of performance; to motivate them to work harder to achieve their goals; to reward employees that go above and beyond their job description; to share some of the company risk with the employees. In most countries variable pay is considered as taxable income. (Mejia, et al. 2010).

According to (Armstrong & Murlis, 2004), bonus is a cash reward for past performance. It provides an important recognition of achievement in financial terms and thus can serve as a motivator as long as there is clear relationship between the contribution of each person and his or her reward. Second, the bonus is valued and there is a reasonable chance of getting it if the required level of performance is achieved in the future and if incentive provides direct motivation. When direct motivation is achieved, there is a clear vision between effort and reward and the level of expectation on the prospect of getting a substantial reward.

- **Benefits**

Employee benefits are components of compensation given notwithstanding the different types of money pay. They give a quantifiable incentive to singular representatives, which might be conceded or unexpected like an annuity conspire, protection spread or debilitated compensation, or may give a prompt advantage like an organization vehicle. Worker benefits additionally incorporate components which are not carefully compensation, for example, yearly occasions." (Armstrong and Murlis, 2007).

Benefits are non-money or administrations that workers get in return from their business relationship (a few advantages are given in a roundabout way by the business through specialist organizations, for example, insurance agencies). The motivation behind advantages is

predominantly to help hold representatives in the long haul by giving them a specific degree of security identified with their wellbeing, government assistance, retirement and downtime." (Mejia, et al. 2010).

According to (Armstrong and Murlis, 2007), Some Other benefit types include:

- subsidized meals in staff restaurants;
- Luncheon vouchers
- the refund of telephone rentals and the whole or part of the cost of calls
- Educational allowances for expatriates
- Credit card facilities for petrol or other purchases.
- Mobile telephone/fax machines and laptop computers.
- Funding of non-job-related evening classes/training to encourage employees to broaden their interests and skills.

- **Workplace Environment and Working Conditions**

Armstrong, (1993), points out those financial rewards are often careful to be short-termed, and not most significant to a long-term promise which is typically what you require from their employees. The main reason of this reward mechanism is to offer a safe and comfortable environment for employees. In some countries such as the UK, employers have, by law, a “duty of care” to look after the health, safety and welfare of their employees while at work.

- **Recognition and promotions**

Recognition reward programs give a conventional affirmation or give specific consideration as money or non-money grants (e.g., blessings, prizes, trips, 'cards to say thanks) to workers for their unique practices, execution commitments or length of administration. The principle reason for these projects is to propel workers, perceive their duty to the association and improve their confidence. Acknowledgment programs are progressively powerful when the representative gets them, or if nothing else is educated that the person will get them, not long after the conduct or execution accomplished happens" (Kerr, 1999).

“Recognition is one of the most remarkable strategies for compensating individuals. They have to realize not just how well they have accomplished their destinations or done their work yet

additionally that their accomplishments are valued. Acknowledgment can be given by positive and quick criticism from directors and partners that recognize individual and group commitments. It is additionally given by administrators who tune in to and follow up on the recommendations of their colleagues. Different activities that give acknowledgment incorporate advancement, allotment to a prominent venture, and development of the activity to give extension to additionally intriguing and compensating work." (Armstrong, 2007).

A promotion refers to the advancement of an employee from one rank or position to the next one in the hierarchy system. A promotion is usually desirable to the employee because it brings higher compensation, internal and external status, greater autonomy, interesting challenges and the like. It is important to note that not every employee desires to be promoted. Some employees are content with doing the job they do, especially if they already feel well paid and satisfied.

- **Leadership**

According to (Armstrong, 2007), 'the leaders exist to get things done through people, ensuring that the task is achieved but also building and maintaining constructive and supportive relationships between themselves and members of their team and between the people within the group. They are there to motivate people and to obtain engaged performance. Leaders are the source of many relational rewards such as recognition through feedback, scope to carry out meaningful work and exercise responsibility and the opportunity to grow through workplace learning and training. They are crucial to the success of performance management processes and may make or strongly influence contingent pay decisions.'

- **Learning and Development**

Organizations also offer their employees knowledge and development opportunities. The purpose of this form of reward is to hold up employees' sense of competence, self-efficacy and achievement as well as encourage their motivation.

2.1.4.2 Intrinsic rewards

Intrinsic rewards depend on emphatically esteemed encounters that a representative gets when playing out his/her activity. In view of past research around there, we feature four natural prizes: feeling of weightiness (the level of significance of the reason a worker is attempting to satisfy and the hugeness of the work he/she is performing); feeling of decision (the positive emotions

produced when a representative has the independence or prudence to pick how to achieve his/her work); feeling of development (how much a representative feels that he/she can play out his/her work capably, and because of his/her skill and endeavors is achieving something significant); and feeling of network. (Thomas and Velthouse, 1990).

Employment plan and job design (obligation, self-rule, important work, the degree to utilize and create abilities), Opportunities to accomplish and create, Quality of working life and Work/life balance as some case of inherent prize sort. (Armstrong, 2007).

As (Armstrong, 1928), “there are some recommended individual and collective intrinsic reward practices that should be shown on the business.”

- **Fulfilling work**

Work are often fulfilling and thus motivating when individuals feel that what they are doing is worth it and adds value. This suggests that they ought to ideally work on an entire process or product, or a big a part of it which will be seen as an entire. Work is additionally fulfilling when it requires people to use abilities they value to perform it effectively and scope is provided for achievement, responsibility, autonomy and influence

- **Achievement**

The need to realize applies in varying degrees to all or any people altogether jobs, although the extent at which it operates will depend upon the orientation of the individual and therefore the scope provided by the work to satisfy a requirement for achievement. People feel rewarded and motivated if they need the scope to realize also as being recognized for the achievement.

- **Responsibility**

Individuals are often motivated by being given more responsibility for his or her work. People are in positions of responsibility once they are held to account for what they are doing. They're responsible of their work and therefore the resources are required to try to it. Being given more responsibility can satisfy needs for achievement and increase self-esteem. It's also a sort of recognition.

- **Autonomy**

Autonomy exists when a private has freedom to form decisions and act independently without regard to higher authority. It enhances self-belief, gives people more opportunity to realize and provides a chance to develop skills.

- **Influence**

Jobs are more fulfilling if people can influence what they are doing or exert wider influence on policy and operational decisions.

- **Opportunity to grow**

Alderfer (1972) emphasized the importance of providing people with opportunities for private growth as a way of rewarding and thus motivating them. He believed that satisfaction of growth needs takes place when individuals have the chance to be what they're most fully and to become what they will. Most learning and development opportunities happen within the course of everyday work, and therefore the organization can encourage this through coaching, mentoring and support within the implementation of private development plans created as a part of the performance management process.

- **Quality of working life**

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**

The significance of the core values of an organization as a basis for creating a rewarding work environment was identified by the research conducted by John Purcell and his colleagues referred to above. 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.

2.1.5 The Watson Wyatt Total Reward Model (2010)

The framework developed by Watson Wyatt flows from corporate strategy through human capital strategy and then to total reward.

The model essentially relies on three pillars:

- **Fixed-rewards costs**

In this component of the model are included the fixed costs of personnel such as base pay and pensions schemes costs. A particular consideration is also paid to the importance of each role carried out within the organization, whose assessment is carried out by means of the job evaluation exercise.

- **Individual-based vs. group-based rewards**

According to (Merchant, 2007), "for a group reward to give direct incentive impact, the employee to whom the rewards are promised needs to trust that they can impact the performance on which the rewards depend on to a significant extent. Accomplishing something as a component of the group normally strengthens the ties between colleagues. In any case, in the event that somebody has been part of the group without contributing in the same way as the rest, normally leads to great dissatisfaction among the rest, and informs employees that they get rewards without input. In many projects and organizations, it is not possible to carry out a task without anyone else however the task completing process is a process through the organization, drawing in a wide range of individuals. In these cases a group based reward is best since everybody has "pulled their weight", in spite of the fact that it is difficult to see the individual effect."

Individual-based reward leads to sub-optimization. When presenting individual-based reward system, be inclined to focus on its own performance quite than the organization's performance as an entire. Approaching colleagues and managers for help is abruptly something you think twice about as you may need to share a future reward if you do. (Jaghult, 2005).

- **Performance-based reward**

This pillar of the model is concerned with the variable labor costs such as stock options and bonuses. These are assessed and determined according to the contribution provided by each individual to the success of the business.

- **Environment-based reward**

Are included in this component of total reward all of the elements relating to intrinsic rewards, hence both those associated with the work itself and those related to the working environment. These are clearly considered as part of the employment deal too.

2.1.6. Effectiveness of reward system

According to different scholars the effectiveness of reward management is exposed in different ways. According to (Bloom and Mikovich, 1995),” a superior mix of research and practice can propel the condition of the prizes field and show the basic job that remuneration plays. A spurred workforce can be a noteworthy factor in hierarchical achievement. At the point when representatives are persuaded to work at more elevated levels of profitability, the association all in all runs all the more productively and is progressively viable at arriving at its objectives.”

As per (Broad, 2007), substantial motivators are viable in expanding execution for errands not done previously, to empower "thinking more intelligent", and to help both quality and amount of objectives to be accomplished. Motivators, prizes and acknowledgment are the prime factors that sway worker inspiration. Inspiration additionally directly affects the development in an association. This assumes associations give acknowledgment not exclusively to accomplishments yet additionally for endeavors.

2.1.6.1 Managing the Development of Reward Systems

As expressed by (Armstrong, 2010), the development of reward is managed through different ways. Those are very critical to boost the effectiveness of reward system on business. And they are witnessed by the following instruments

- **Involving employees**

Employees should be treated as stakeholders in any of the companies, and at the same time should take every chance to contribute to the progress of reward policies and practices. That is the reason for it is all about involvement in working parties, project teams and panels, not just consultation, although the normal consultative channels have to be used.

Another thing lacking on current environment is that trade unions and their representatives should be involved in the initial stages, to sound out their opinions and reach as much agreement

as possible on what needs to be done, especially if this affects job evaluation, pay structures, contingent pay schemes and flexible benefits. (Armstrong, 2010).

- **Change management**

According to (Armstrong, 2010)The introduction of new job assessment system, pay structures and contingent pay provisions concerns employees, who may be alarmed at the possibility that they will be adversely exaggerated. That is why it is necessary to pay particular attention to change management during the development and implementation of reward practices.).

2.1.6.2 Linking reward management to business strategy

In order to be effective, the other strategy is to align reward strategy with business strategy of the company.

“Reward strategies can be linked with organizational strategies as vertical alignment (fit between the reward strategy and the business strategy) and horizontal alignment (fit between reward strategy and HR strategies and policies. Vertical alignment means that business and reward strategies are in line with each other and reward strategy is defined in a way which clearly explains how they will contribute to the achievement of the business plan.” (Seifu, 2017).

2.1.6 Theories of reward management

2.1.6.1 Equity Theory

The equity concept states that employees of corporations expect fairness while being given rewards for the work that they have done. Adams advanced the equity idea after having cautiously made observations on the dispositions of human beings making social comparisons concerning their earnings. The principle is an off-shoot of the Herzberg activity satisfaction principle and is linked to rewards management; it represents a vital element in worker notion of reward structure in terms of fairness or unfairness. (Adams, 1965) The equity principle basically refers to an employee subjective judgment about equity of the rewards furnished in contrast to the inputs; effort, time, education, and experience they have carried out and also when as compared with that of other employees. The fairness principle argues that if a worker perceives lack of fairness he's going to act to correct the unfairness by means of reducing his productivity, excellent of paintings, hotel to absenteeism and voluntary resignation. The argument is that

human beings typically work nicely after they view the rewards given to them to be honest. (Chelangat & Gachunga, 2016).

As (Armstrong, 2007) summarized, the Maslow want hierarchy idea, Unsatisfied wishes create anxiety and disequilibrium. To repair the balance a goal is recognized with a purpose to satisfy the need, and a behavior pathway is selected on the way to cause the fulfillment of the purpose. Only unsatisfied wishes motivate.

As mentioned by (Adams, 1963), Findings of the study carried out by the workplace and behavioral psychologist revealed a clear association between the way individuals perceives pay levels and salary increases distribution amongst staff and their level of satisfaction at work. More in particular, individuals appeared to be much more motivated when they perceived that financial rewards were managed fairly and equitably.

Adams' theory essentially identifies and associates a clear and direct cause-effect link between fairness and motivation. In general, individuals tend to analyze and perceive fairness on the basis of what they receive from their employer in exchange for what they deliver. They express and evaluate this relationship by means of a ratio, on the basis of which they then tend to make comparisons with their peers.

Although developed in the early 1960s, this theory does not consider reward only to its financial or career advancement extent but to a wider degree where satisfaction, recognition and other forms of intangible rewards, such as courtesy and respect, are also included (Adams, 1965).

2.1.6.2 Expectancy Theory

According to this idea, Motivation is likely best when: a certainly perceived and usable dating exists among overall performance and outcome; and the final results is seen as a means of enjoyable needs. (Armstrong, 2007). According to (Wininger and Norman, 2010), the expectancy principle assumes that conduct results from conscious selections among alternatives whose purpose it's far to maximize pleasure and decrease pain. Lawler, Porter and Vroom counseled that the connection among people's conduct at paintings and their goals was not as easy as became first imagined through other scientists. Vroom found out that a worker's overall performance is based totally on individual elements such as personality, skills, knowledge,

experience and abilities. According to (Bohlander & Snell, 2004), Expectancy Theory consists of three dimensions, say, expectancy, instrumentality and valence, the level of all of which ought to be excessive if preferred behaviors are regarded ahead to in employees paintings.

The theory is based upon the following beliefs:

Valence: Valence mention to the emotional orientations people hold with appreciate to outcomes [rewards]. The intensity of the want of an employee for extrinsic [money, promotion, time-off, benefits] or intrinsic [satisfaction] rewards). Management ought to discover what employees' value. Expectancy: Employees have different expectations and tiers of confidence approximately what they're capable of doing. Management should discover what resources, training, or supervision personnel need. Instrumentality: The perception of employees as to whether they'll actually get what they desire even supposing it has been promised by way of a manager. Management should make certain that guarantees of rewards are fulfilled and that personnel are conscious of that. Vroom suggests that an employee's beliefs approximately Expectancy, Instrumentality, and Valence interact psychologically to create a motivational force, such that the worker acts in approaches that bring delight and keep away from pain.

2.1.6.3 Two -factor theory

A two- factor or the motivator-hygiene theory is proposed Frederick Herzberg, a behavioral scientist in 1959. According to him, there are a few process factors that result in pleasure whilst there are different process factors that save your dissatisfaction. (Dartey & Amoako, 2011). The two- factor theory put forward by (1966) divides process-related elements into hygiene factors and motivators.

Hygiene elements are those led by means of work however not contain work itself while motivators are those deliver out relevant paintings-related behaviors, and motivation will now not be tremendous unless each of the two sorts of factors are present. For instance, every now and then several elements of total reward method have to be synchronously furnished by using groups to satisfy the personnel needs with a view to produce motivation bringing back greater behalf. Hygiene factors are the ones job elements which might be important for lifestyles of motivation at workplace. These do now not result in positive delight for long-term. But if these

factors are absent or if these elements are non-existent at workplace, then they cause dissatisfaction. In other words, hygiene elements are those elements which whilst adequate/affordable in a job, pacify the employees and do not lead them to dissatisfy. These factors are extrinsic to paintings. Hygiene elements are also referred to as dissatisfies or maintenance factors as they are required to keep away from dissatisfaction (Lyria & Karanja, 2014). Those two elements describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors comprise: Pay - The pay or salary shape must be suitable and reasonable. It should be equal and competitive to those in the identical enterprise in the same domain. Company Policies and administrative policies - The business enterprise policies ought to not be too rigid. They have to be honest and clear. It ought to include bendy running hours, dress code, breaks, vacation, etc. Fringe blessings - The employees should be offered health care plans, benefits for the own family members, employee assist programs, etc. Physical Working situations - The working conditions have to be safe, clean and hygienic. The paintings equipment must be up to date and well-maintained. Status - The employee's reputation inside the enterprise should be acquainted and retained. Motivational factors- According to Herzberg, the hygiene factors cannot be regarded as motivators. Finally, the factors giving upward push to job pleasure (and motivation) are wonderful from the elements that lead to task dissatisfaction. Any feeling of pride resulting from pay will increase is likely to be brief-lived compared with the long-lasting delight from the paintings itself. Distinction between intrinsic motivation springing up from the paintings itself and extrinsic motivation provided via the employer. (Armstrong, 2007).

2.1.6.4 Maslow need theory

Maslow need hierarchy principle, alleged to be a motivation foundation has been used to interpret the complete spectrum of human conduct. It is proposed by Maslow that motivation is a characteristic of five basic wishes-physiological, protection, love, esteem and self-actualization-which can be arranged in the predictable stair-step fashion, and he defined that a person physiological needs ought to be firstly met observed by using safety needs, and so on up the need hierarchy (Kreitner & Kinicki,2007).

1Fig. 2.1 Abraham Maslow's need pyramid.



Source: Maslow's need hierarchy theory (1943)

2.2. Empirical review

The finding of research on reward practice on other sectors like financial sector in Ethiopia shows that, “there is gap in implementation of designed reward strategy and in alignment aspect also there gap in aligning reward strategy with business strategy of the sector additionally in managing reward as a system aspect private owned financial industries are better performing it than public owned financial industries.” (Seifu, 2017).

Another research by (Muchiri, 2016), on hotel sector of Kenya indicates that the investment time on reward by their managers adds better feeling of employees as they are valued by their managers and which leads to hardworking of the employees and might be rewarded more.

According to (Albattat, 2013), ‘A reward system should be established so the laborers will attain recognition according to their good work.’

A pleased, motivated and stable workforce is a serious success factor for any Hotel, and that can only be attained by retention of the employee and improving the turnover ratio. (Singh et. al., 2017).

According to the finding of the research from Kenya University (Koskey & Sakataka, 2015), whenever there is well rewarded members of a team to stay on and remain together in organization.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter consists research design and approach, population, Data type, and, source of data, data collection tools and data analysis and presentation method that the study will use.

Finally the ethical issues the researcher will consider are mentioned below.

3.1 Research design and approach

The research design the researcher has used in this study is descriptive research design by qualitative and quantitative methods to obtain the desired results and to explore detailed evidence about the problems. According to (Kohtari, 2004), the major purpose of descriptive research is description of the state of affairs, as it exists at present.

This kind of research decides to portray and to decipher what is accessible. It sees people, gatherings, foundations, strategies and materials so as to depict, think about, differentiate, order, examine and decipher the elements and the occasions that comprise the different fields of request. Spellbinding investigations are intended to acquire data about the qualities of subjects of premium and most proper when next to no examination is accessible on the point.

3.2 Study Population

The study population is consists of employees and managements of two main down town hotels in Addis Ababa (such as wabe Shebelle and Bellevue hotels) and yaya village which is out of the city. The researcher has selected employees from different organizational positions which will enable the researcher to be able to know how rewards are distributed at different levels of employment and if they are fair or not. The researcher has selected the different employees from different position.

3.3 Sample design

The sampling frame can be defined as set of source materials from which the sample is selected. The definition also encompasses the purpose of sampling frames, which is to provide a means for choosing the particular members of the target population that are to be includes in the survey (Anthony, 2003).

”Yamena Taro (1967)” formula of sample determination was used to determine the sample size at 95% confidence level, degree of variability = 0.5 and level of precision/sampling error = 5%.

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

Where n is the sample size, N is the population size, and e is the level of precision.

As per the above formula, the sample size is determined below on table 3.1.

Table 2Table 3.1 sample size determination

R. no	Stratum	Total Population	Determined Sample	Remark
1	Number of line staffs	419	204	
2	Number of supervisor and mgt.	41	37	
Total		460	241	

As clearly displayed on the table above, the population is stratified with the position as supervisor and management and line staffs.

Stratified random sampling technique has been used to select the respondents from the whole population. Stratified random sampling is a probability sampling technique where the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata. Stratified random sampling is used when the researcher wants to highlight a specific subgroup within the population. (Singh & Masuku, 2014). This technique is useful in the study because it ensured the presence of the key subgroup within the sample. With stratified random sampling, the researcher can representatively sample even the smallest and most inaccessible subgroups in the population. Due to the fact that this technique has high statistical precision, it also means that it requires a small sample size which can save a lot of time, money and effort of the researcher.

3.3.1 Data Collection Procedures

As mentioned above, the researcher has used both primary and secondary data. The primary data was collected from the responses using structured questionnaire quantitatively measured on a five point Likert scale. Secondary data was collected through document review from existing information available in books, company magazines, organizational reports, published and unpublished researches, internet and other materials.

The researcher has adopted questioner from R.C Schwab, (1993) whereas other questions related with effectiveness of reward management are adopted from (Seifu, 2017). That is tested for reliability and validity.

3.3.2 Reliability and Validity of Data

Both Reliability and validity are the two most important quality control objects in a research. Here is the explanation to be provided on validity and reliability in research undertakings.

Reliability

Reliability is an instrument which is used to describe the overall consistency of a measure. A measure is said to have a high reliability if it produces similar results under consistent conditions, (Neil, 2009). In order to assure reliability the researcher was tried to avoid asking leading questions and tried to make sure that each person is given the exact same question as the person before. The questionnaire was prepared in understandable language in order to avoid language barrier.

Cronbach's alphas were calculated to examine the reliability of each variable of the study. Usually reliability coefficients should be at least '.70' and the higher the better. As suggested by Churchill (1979), if scale item were to exhibit an item to total correlation of 0.25 or less the item should not be included in further analysis. Reliability coefficient for things in each variable (Cronbach's alpha) is also greater than 0.7 which is 0.88 that we can conclude it is reliable.

Table 3 *Table 3.1 Reliability Statistics*

Constructs	Cronbach's Alpha
Intrinsic reward	0.86
Extrinsic reward	0.732
Effectiveness of reward	0.781

Source: Own survey, 2020

Validity

The basic question behind the concept of validity is whether an indicator measures what we say or believe it does. Validity takes issues of what different people understand words to mean, during the development of the indicator and its use.

Validity states to the degree to which study accurately reflect or assesses the specific concepts that the researcher will be attempting to measure the data. The types of validity include internal validity which clearly indicates the principles of cause and effects relationships in a research, external validity which clearly focus on the effects of research that can be generalized.

In conclusion at the time of data collection through questionnaire, the researcher paid attention to instances when respondents ask for Clarification, as an indication that questions or answers are too vague, difficult to understand and have more than one meaning the translation of questioner to local language is also made.

3.4 Data analysis and presentation

The collected questionnaires was edited and cleaned for completeness in preparation for coding on code book. After being coded, they are feed into the Statistical Package for Social Sciences (SPSS version 24) for analysis. The researcher has employed Descriptive statistical test including, percentage, mean value, and standard deviations in order to analyses and assess reward management practice, to explain distribution and general characteristics of the study area which is selected hotel.

3.5 Ethical Consideration

All Participation in the study inevitably be on the voluntary basis and participants has been asked for willingness before they are given the questionnaire. The subjects also assure that their responses used only for the purpose of the study.

The unbiased of the study was clearly introduced and elaborated to every respondent before engaging him/her in the research. An effort is made to first explain the objectives and significance of the study to the respondents. Name and other identifying information are not used in the study. The researcher safeguarded all information related to the participants. Their privacy, individuality and confidentiality are highly maintained by assigning them code numbers in its place of names. And lastly the data was used based on the questionnaire of respondents rather than using the researcher outlook and input. Lastly, hopefully all those assisting the researcher in one way or another has been given due admiration.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

Introduction.

The information below is gathered by different mechanisms, including primary and secondary data that are collected from selected three hotels (wabe Shebelle, Bellevue and yaya village). As mentioned on chapter three, the data are collected on by questionnaire of 5 likert scale (Strongly disagree, disagree, Neutral, Agree and strongly agree) and secondary data of company documents are refereed to understand the reward management practice of the hotels. This chapter is about to analyze and interpret the data by using descriptive statistics.

The data collected through questionnaire are checked for its reliability by using Cronbach's Alpha (0.88) which is above the standard (0.77).

The data collected from the respondents through questionnaire is supposed to be 241 but the filled returned was 235 which are 97.5% of the total.

4.1 The Demographic characteristic

When we are analyzing the questionnaire, the first part is the demographic characteristics of the respondents from the selected hotels. The demography of the respondents varies from hotel to hotel.

The summery of their demography is summarized by the percentage and frequency distribution is summarized below on table 4.1.

Table 4.1 the percentage and frequency distribution of demographic characteristic

Description	Categories	Frequency	Percent (%)
Gender	Male	127	54.0
	Female	108	46.0
	Total	235	100.0
Education	High school	37	15.7
	Diploma (Tvet)	78	33.2
	Bachelor	100	42.6
	Master degree	1	0.4
	Others	19	8.1
	Total	235	100.0
Age	20-25	93	39.6
	26-30	58	24.7
	31-35	44	18.7
	36-40	27	11.5
	>40	13	5.5
	Total	235	100.0
Monthly salary	under 2000	110	46.8
	2001-6000	88	37.4
	6001-10000	24	10.2
	10001-14000	5	2.1
	>14000	8	3.4
	Total	235	100.0
Service year on the hotel	below one year	112	47.7
	2-5	71	30.2
	6-10	29	12.3
	>11	23	9.8
	Total	235	100.0

Source: Own survey, 2020

As shown above on table 4.1, there are 54% male (n=127) and remaining 42.6% (n= 108) are female.

The highest educational level of the respondents shows most of the employees (42.6 %) are first degree holders and 33.2% are diploma (TVET) level. On another hand, high school complete are 15.7% and only one employee (0.4%) has master's degree. Concerning with the age of the

employees, it varies from hotel to hotel but as per the output, 93 employees (39.6) are aged from 20 to 25 and 58 (24.7%) are from 26 to 30. Age range from 31 to 35 years old employees are 44 in number and 18.7% of the total. And 36 to 40 are 11.5% and more than 40 years are of 5.5% only.

The demography of salary (monthly income) of the respondents shows that the payment of the hotel employees in Ethiopia is low. Accordingly 46.8% (n=110) are receiving under ETB 2000 monthly salary; 37.4 (n=88) gets ETB 2001 to 6000 and 10% (n=24) are with monthly salary of 6001 to 10000, 5 (2.1%) gets 10001-14000 and finally only 8 employees(3.4%) are getting more than14,000.

4.2 Extrinsic reward practices

To find out the reward management practice of hotel industry in Ethiopia, the collected data is analyzed by SPSS with mean score of five likert scale questionnaire5 likert scale (1 for strongly disagree, 2 for disagree, 3 for Neutral, 4 for Agree and 5 for strongly agree). For our report of the finding we have used the criteria by (Best, 1997), which is cited by (Girma, 2016). Range from1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral , from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

4.2.1 Salary and wage

As it is known, salary and wage is one of the dominant factors for employee motivation. As mentioned on the literature review part of this paper, the salary of most of world hotels is low and that leads to high turnover rate on the hotel industry.

According to the survey on the selected hotels, the salary and wage related factors which are responded by the sample population are summarized on table 4.2.

Table 4.2 salary or wage factors

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
My salary is satisfactory in relation to my work intensity	Fre	56	101	50	28	0	2.21	.941
	%	23.8	43.0	21.3	11.9	0		
My salary is directly related to my performance	Fre	59	85	52	29	10	2.34	1.111
	%	25.1	36.2	22.1	12.3	4.3		
My salary is fair in relation to my responsibilities	Fre	66	97	41	26	5	2.18	1.031
	%	28.1	41.3	17.4	11.1	2.1		
My salary is fair when compared with that of similar jobs in other companies	Fre	57	78	77	16	7	2.31	1.009
	%	24.3	33.2	32.8	6.8	3.0		
Salary increment is managed fairly in the company	Fre	56	80	58	39	2	2.37	1.047
	%	23.8	34.0	24.7	16.6	0.9		
Every time I get salary increment I will improve my performance	Fre	59	68	72	32	4	2.38	1.057
	%	25.1	28.9	30.6	13.6	1.7		
Group Mean							2.298	

Source: Own survey, 2020

The above table is about salary related factor variables that are demonstrated through six questions. On the question of whether he/she is satisfactory with the salary relation to his/her work intensity majority of the respondents n= 101(43%) response for disagree and the second high number is strongly disagree which is n=56 (23.8%) another 21.3% were neither agree nor disagree they have chosen for 'neutral' option. Finally 28 employees (11.9%) have selected on agree option and there is no one to select for strongly agree.

When we see the mean score and standard deviation, the mean score is below the average and goes to the bottom line that is 2.21. As it mentioned above, this result implies that most of the respondents are disagree on the issue because according to our interpretation, Range from 1.00 to

1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral, from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree. On other hand the 0.94 standard deviations indicated that the responses were not clustered around the mean but were dispersed.

For the second request (whether the salary they are getting is related with their performance), the neutral are $n= 52$ (22.1%) and most of the employees disagree and strongly disagree on the request (36.2% and 25.1 % respectively). And only 12.3% agree and 4.3% are strongly agreed on the issue.

Again, the mean score is below the average and goes to the bottom line that is 2.34. As it mentioned above, this result implies that most of the respondents are disagree on the issue. The standard deviation shows that not much dispersed from mean score which is in this case (1.11).

The third question is about the fairness of salary related with the responsibility of each employees and their response is the lowest of all with most of the employees disagree and strongly disagree on the request (41.3% or $n= 97$ and 28.1% or $n=66$ respectively), the neutral are $n= 41$ (17.4%). And amazingly, only 11.1% agree and 2.1% are strongly agreed on the issue.

The mean score is 2.18. As it mentioned above, this result implies that most of the respondents are disagree on the issue. The standard deviation show 1.031 is to be less dispersed from the mean.

The employees are also asked for if their salary is fair when compared with that of similar jobs in other companies. The result shows that $n= 78$ (33.2%) Response for disagree and the second high number is neutral which is $n=77$ (32.8%) another 24.3% were strongly disagree on the statement. Finally 16 (6.8%) employees have selected on agree option and only 7 employees select for strongly agree. As above questions the mean score of the respondents is 2.31. As it mentioned above, this result implies that most of the respondents are disagree on the issue. The standard deviation is to be less dispersed from the mean (1.009).

The final two questions are about salary increment of fairness and relation to the performance of employees. The means score for both are 2.37 and 2.38 respectively on another hand both could clearly show that the employees of the select hotels disagree on the issue because those mean scores are less than 2.6. The maximum selection on the fairness of increment is $n=80$ which is disagree and at the same time for the last question it is $n= 72$ that is for neutral.

In general the group mean score indicated that the average employees disagree on the salary factor with the mean score of 2.298.

Table 6 Table 4.3 Bonus factors

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
The Company pays Bonus every year based on the HR Manual	Fre	102	58	53	17	5	2.00	1.070
	%	43.4	24.7	22.6	7.2	2.1		
If there is bonus I believe that Bonus paid by the company is the result of my effort	Fre	51	86	53	33	12	2.44	1.128
	%	21.7	36.6	22.6	14.0	5.1		
Bonus is only paid if the required performance is achieved	Fre	29	69	26	75	36	3.09	1.311
	%	12.3	29.4	11.1	31.9	15.3		
Bonus motivated me to improve my performance	Fre	48	85	23	63	16	2.63	1.262
	%	20.4	36.2	9.8	26.8	6.8		
Bonus must be paid for those who perform higher	Fre	56	85	44	41	9	2.41	1.142
	%	23.8	36.2	18.7	17.4	3.8		
The Bonus that the company pay is sufficient to me	Fre	60	72	55	44	4	2.40	1.111
	%	25.5	30.6	23.4	18.7	1.7		
Group mean							2.495	

Source: Own survey, 2020

The above table is about bonus related factor variables that are not much familiar on hotel business of Ethiopia. And in this survey, the bonus factor is demonstrated through six questions. Similar with the above factors, we will use the same interpretation for mean score as Range

from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral, from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

On the first question, it is asked for whether the hotel pays bonus as per the human resource manual or not. So majority of the respondents $n=102$ (43.4%) response for strongly disagree and the second high number is disagree which is $n=58$ (24.7%) another 22.6% were neither agree nor disagree they have chosen for 'neutral' option. Finally 22 employees have selected on agree option and strongly agree. The above result leads to low mean score that is 2.00 in another word they are highly disagree on the issue.

The second request is says "If there is bonus I believe that Bonus paid by the company is the result of my effort" has mean score of 2.44 and standard deviation of 1.128; which is still interpreted as the employees are disagree on the statement. The highest selection on this statement is 'disagree' option ($n=86$ (36.6%)).

The third question asked with relation to bonus is Bonus is only paid if the required performance is achieved. For this requisition, $n=29$ and 12.3% have selected for strongly disagree, $n=69$ and 29.4% for disagree choice, the neutral option is selected by 26 employee or 11.1%. The agree options such as agree and strongly agree sections are selected by 75 (31.9%) and 36 (15.3%). The mean of 3.09 is interpreted as the average respondents have selected for neutral or neither agree or nor disagree option. And the standard deviation of 1.311 indicated that the responses were clustered around the mean.

The other question on the survey of bonus is about the motivation power of the bonus to improve the performance of employees on the hotel. The mean score is very low for this, which is 2.63 and standard deviation of 1.262 which means they are on low bottom of neutral option. On this request, the majority ($n=85$ (36.2%)) select disagree option.

For the last two questions the mean scores are 2.41 and 2.40 respectively and which still indicate that that the most employees of selected hotels disagree on bonus sufficiency and reason of payment.

As shown above on the table, the group mean score for bonus factor is 2.495 that is interpreted as the employees disagree on the bonus related issues.

Table 74.4 Promotional factor

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
I believe that promotion is a reward factor to improve my performance	Fre	4	30	50	118	33	3.62	0.937
	%	1.7	12.8	21.3	50.2	14.0		
The opportunity for promotion exists in the hotel.	Fre	8	29	9	140	49	3.82	0.937
	%	3.4	12.3	3.8	59.6	20.9		
My job allows me for rapid promotion	Fre	4	25	14	153	39	3.84	0.885
	%	1.7	10.6	6.0	65.1	16.6		
Staffs has promoted in a fair and transparent manner in the hotel	Fre	11	57	41	74	52	3.42	1.208
	%	4.7	24.3	17.4	31.5	22.1		
Group mean score							3.675	

Source: Own survey, 2020

Another factor of extrinsic reward is the promotion factor, which is disclosed through four questions. According to the selected interpretation tool, Range from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral, from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

So the result of this factor is better than other extrinsic reward factor such as salary and bonus in term of the mean score which is 3.675 that shows there is better promotion practice on the hotel business of Ethiopia in other word they are agree on the promotion variable and availability.

The highest mean score is for the question of my job allows me for rapid promotion and the mean is 3.84(S.D 0.88). And the lowest mean of this promotion factor is for the question of whether the staffs are promoted in a fair and transparent manner in the hotel indicates 3.42(S.D 1.208). Most employees believe that promotion is a reward factor to improve their performance that is demonstrated on their response mean of 3.62(S.D 0.937). The second highest mean score appears on the important question of the opportunity exists on the hotel. Their response shows

that 140 employees (59.6%) are select for agree option and 49 employees (20.9 %) for strongly agree and in contrast only 8 and 29 strongly disagree and disagree on the statement respectively.

4.3 Intrinsic rewards

As argument of most scholars, intrinsic rewards are more influential than that of external factors in other word extrinsic reward. The intrinsic reward has demonstrated through three factors, Meaningful work, Achievement related and Responsibility factors.

Table 8 Table 4.5 Meaningful work factor

Description		St.disagree	Disagree	Neutral	Agree	St.agree	Mean	s. deviation
I have a job in which I can learn and develop my abilities.	Fre	10	29	22	104	70	3.83	1.116
	%	4.3	12.3	9.4	44.3	29.8		
I Feel I am part of something meaningful in my position	Fre	2	11	33	119	70	4.04	.839
	%	.9	4.7	14.0	50.6	29.8		
The job that I do has a significant importance in the company	Fre	4	17	20	116	78	4.05	.928
	%	1.7	7.2	8.5	49.4	33.2		
There is no relationship between meaningful work and employee performance	Fre	46	75	35	67	12	2.68	1.222
	%	19.6	31.9	14.9	28.5	5.1		
I believed that the way my job designed will encourage me for better performance	Fre	29	26	19	128	33	3.47	1.224
	%	12.3	11.1	8.1	54.5	14.0		
The physical working condition of my work place does not have a relationship with my performance	Fre	13	8	27	119	68	3.94	1.019
	%	5.5	3.4	11.5	50.6	28.9		
Group mean							3.777	

Source: Own survey, 2020

The interpretation of mean score Ranges from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral , from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

This factor is expressed through six questions to the hotel employees. The highest mean score (agreement) goes to the statement ‘The job that I do has a significant importance in the company’ which is 4.05 and standard deviation of .928. So it means most employees agree on the job that they are doing has a significant importance. From the total respondents, n= 116 or 49.4% select agree and n=78 (33.2%) selected strongly agree option. Only 21 employees disagree on the issue.

The second highest mean score appears on the Feeling of being part of something meaningful in their position. Their response shows that 119 employees (50.6%) are select for agree option and 70 employees (29.8%) for strongly agree and in contrast only 2 and 11 strongly disagree and disagree on the statement respectively and finally 33 employees (14%) are neutral.

Next to the above question, for the statement of the physical working condition of my work place does not have a relationship with my performance, the mean score is 3.94 (S.D 1.019) so it lies on agreement.

The other important question is about if the respondents have a job in which they can learn and develop their abilities. The mean score of this statement is 3.83 and the standard deviation is 1.116. So it indicates they agree on the statement. From 235 respondents, the majority (n= 104 or 44.3%) tick on ‘agree’ option and only 10 employees (4.3%) on strongly disagree option.

‘I believed that the way my job designed will encourage me for better performance’ is another idea which is believed to be able to check the meaningful work factor. The response for this idea is agreed by 128 employees or (54.5%). and strongly agreed by 33 employees (14.0%). With the mean of 3.47 in other way that means they agree on the issue.

Finally the least agreement is demonstrated on the statement of ‘There is no relationship between meaningful work and employee performance’. Most of the employees preferred to be neutral on this argument (mean score of 2.68 and the standard deviation of 1.222.

So to conclude that the group mean score indicated that there is agreement on the availability of meaningful work factor .with the mean score of 3.777.

Table 9 **Table 4.6 Achievement related factors**

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
Achievement is one of the most powerful motivator of employee	Fre	9	5	13	148	60	4.04	.861
	%	3.8	2.1	5.5	63.0	25.5		
The Company supported me in a way to my achievements	Fre	10	46	36	110	33	3.47	1.087
	%	4.3	19.6	15.3	46.8	14.0		
The company fills proud about my achievements	Fre	7	6	70	101	51	3.78	.916
	%	3.0	2.6	29.8	43.0	21.7		
I don't believe that I am rewarded by my achievements in the hotel	Fre	22	23	127	52	11	3.03	.940
	%	9.4	9.8	54.0	22.1	4.7		
Pay decisions are linked to performance achievements	Fre	19	31	55	97	33	3.40	1.129
	%	8.1	13.2	23.4	41.3	14.0		
Group mean							3.544	

Source: Own survey, 2020

The above table is about achievement related factor variables that are demonstrated through five questions

For interpretation purpose, we use the value of mean score as Range from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral, from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

On the statement of Achievement is one of the most powerful motivator of employee majority of the respondents n= 148 (63.0%) response for agree and the second high number is strongly agree which is n=60 (25.5%) another n=13 (5.5%) were neither agree nor disagree they have chosen for 'neutral' option. Finally 5 employees (2.1%) have selected on disagree option and 3.8%

select for strongly disagree. With the mean of 4.04 in other way that means they agree on the issue.

The mean score for the question of The Company supported me in a way to my achievements is 3.47 and for the company fills proud about my achievement, the mean is 3.78 (S.D.916). And the lowest mean of this Achievement related factors is for the statement of I don't believe that I am rewarded by my achievements in the hotel indicates 3.03 (S.D 0.940), which is neutral in to their selection.

The other mean score is for Pay decisions are linked to performance achievements; it is 3.40 and standard deviation of 1.129. The mean implies still most of the employees prefer to neutral.

So in general the mean score of this factor is 3.544 which indicated that the employees have agreed on achievement factors.

Table 10 **Table 4.7 Responsibility related factor**

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
I have a certain responsibility in my job	Fre	7	25	23	120	60	3.86	1.015
	%	3.0	10.6	9.8	51.1	25.5		
I am motivated when my boss gives me responsibility to do my work alone	Fre	2	7	17	85	124	4.37	.813
	%	0.9	3.0	7.2	36.2	52.8		
I am completely independent of others	Fre	11	26	40	108	50	3.68	1.072
	%	4.7	11.1	17.0	46.0	21.3		
I believe that responsibility prompts my greater thought in my work	Fre	2	34	4	86	109	4.13	1.060
	%	0.9	14.5	1.7	36.6	46.4		
Full responsibility in my work encourages me to perform better	Fre	2	2	7	117	107	4.38	.672
	%	0.9	0.9	3.0	49.8	45.5		
I feel accountable whenever the company gives full responsibility in my job	Fre	2	22	18	103	90	4.09	.952
	%	0.9	9.4	7.7	43.8	38.3		
I am afraid that giving full responsibility from my boss can affect my work	Fre	40	101	35	51	8	2.51	1.111
	%	17.0	43.0	14.9	21.7	3.4		
Group mean							3.86	

Source: Own survey, 2020

For interpretation purpose, we use the value of mean score as Range from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral , from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

The table above, table 4.7 is about responsibly related factor variables that are demonstrated through seven questions the employees (respondents) have answered as follows.

The highest mean score on this factor is for the statement of Full responsibility in work encourages to perform better which is 4.38 and standard deviation of .672.

To summarize the result of mean and standard deviation, the mean implies that there is strong agreement on the statement than any others. And the standard deviation tells us the result is highly dispersed from the mean.

Next to the above statement, the highest mean is 4.37 for the request of “I am motivated when my boss gives me responsibility to do my work alone”. And the standard deviation is 0.813.

Other two statements are interpreted as agree are believe that responsibility prompts their greater thought in their work (with mean score of 4.13 and standard deviation of 1.060.) And feeling accountable whenever the company gives full responsibility in their job (with mean score of 4.09 and standard deviation of 0.952.).

They are asked for whether they are completely independent of others or not and if they have a certain responsibility in their job and their responses mean scores are 3.68(SD. 1.072) and 3.86(1.015). Which tells us in general that they are agree on the issues.

Lastly, the least mean score of this variable is saying ‘I am afraid that giving full responsibility from my boss can affect my work’. In this issue n= 101(43.0%) select for disagree option and only n=8 (3.4%) of total respondents choose for strongly agree one. So, the mean score for this statement is 2.51 and (S.D1.11).

In general, the mean score of this factor (responsibility) clearly shows that most of the hotel employees in Ethiopia agree on the availability of intrinsic reward especially responsibility in the hotel industry of the country that the group mean is 3.86.

Table 11 Table 4.8 group mean score of extrinsic and intrinsic rewards

The extrinsic reward	Mean	The intrinsic reward	Mean
Salary	2.298	Meaningful work	3.77
Bonus	2.495	Achievement	3.544
Promotion	3.675	Responsibility	3.86
Group mean of extrinsic reward	2.82	Group mean of intrinsic reward	3.72

Source: Own survey, 2020

As clearly shown on table 4.8, the main two variable are compared with their three factor on each variables.

When we compare the group mean of both variables, in hotel business of Ethiopia there is high intrinsic reward practice (mean 3.72) than extrinsic reward (2.82). Especially, when we see the salary and bonus, it is very low and better on the promotion factor.

On the intrinsic part relatively, achievement has less mean score and responsibility has the highest mean score.

4.4 Effectiveness of reward management

The effectiveness of reward management practices are demonstrated by basically many factors but in general there are two factor that might include other for the purpose of this study we have tested for implementation of the reward management practice and its alignment for with the business strategy.

Table 12 **Table 4.9 Implementation factor**

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
Our reward strategy is Controllable, easy to manage and administer.	Freq.	30	23	59	110	13	3.23	1.119
	%	12.8	9.8	25.1	46.8	5.5		
The designed strategy is implementable and our organization is implementing it effectively.	Freq.	17	34	85	80	19	3.21	1.028
	%	7.2	14.5	36.2	34.0	8.1		
Our HR managers are capable of implementing and managing the strategy in practice.	Freq.	28	9	30	115	53	3.66	1.213
	%	11.9	3.8	12.8	48.9	22.6		
Our organization implements reward strategy in a manner that supports the company's corporate strategy and address organizational needs	Freq.	35	35	90	34	41	3.05	1.262
	%	14.9	14.9	38.3	14.5	17.4		
Group mean							3.2875	

Source: Own survey, 2020

The above table (table 4.8) is about achievement related factor variables that are demonstrated through four main questions.

For interpretation purpose, we have used the criteria by (Best, 1997), which is cited by (Girma, 2016) the value of mean score as Range from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral, from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

The mean score for the factor of implementation is **3.29**. In other word it varies from agree to neutral.

The highest mean score is 3.66 (S.D 1.213) which is of the statement 'Our HR managers are capable of implementing and managing the strategy in practice' is agree.

The second highest mean is 3.23 (S.D 1.119) for the statement of 'our reward strategy is Controllable, easy to manage and administer' is neutral for its result.

The third ordered mean is says the designed strategy is implementable and our organization is implementing it effectively. And the mean score for this is 3.21(again lies on neutral option) and standard deviation is 1.028.

Out of total question under the implementation factor, the last mean score is for the statement of 'Our organization implements reward strategy in a manner that supports the company's corporate strategy and address organizational needs'. For this statement, the maximum respondents (n=90 or 38.3%) are neither agree nor disagree and minimum selection is for agree (n=34 or 14.5%). The mean score is goes to neutral option which is 3.05 and standard deviation of 1.262.

Table 13 **Table 4.10 Alignment of reward management strategy with business strategy.**

Description		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	s. deviation
Our reward strategy is coherent with business strategy of the organization.	Fre	30	9	76	80	40	3.39	1.194
	%	12.8	3.8	32.3	34.0	17.0		
Reward management practices influence employees' behavior and initiates organizationally required behavior skill and values.	Fre	13	34	54	102	32	3.45	1.071
	%	5.5	14.5	23.0	43.4	13.6		
Reward strategy of our organization is defined in a way which clearly explains how it will contribute to the achievement of the business plan of the organization	Fre	11	17	87	75	45	3.54	1.030
	%	4.7	7.2	37.0	31.9	19.1		
Reward strategy of our organization designed in a manner that Contributes to the achievement of the organizations business	Fre	11	31	66	71	56	3.55	1.129
	%	4.7	13.2	28.1	30.2	23.8		
Group mean							3.4825	

Source: Own survey, 2020

The explanation of mean score Ranges from 1.00 to 1.80 implies strongly disagree, from 1.81 to 2.6 as disagree, from 2.61 to 3.4 means neutral , from 3.41 to 4.2 as agree and finally from 4.21 to 5 as strongly agree.

The mean score for the factor of Alignment of reward management strategy with business strategy is **3.4825**. In other word according to our interpretation interval it on agree selection.

This factor is expressed through four questions to the hotel employees. The highest mean score (agreement) goes to the statement 'Reward strategy of our organization designed in a manner that Contributes to the achievement of the organizations business' which is 3.55 and standard deviation of 1.129. So it means most employees agree on Reward strategy of their organization designed in a manner that Contributes to the achievement of the organizations business, n= 71

30.2% select agree and n=56 (23.8%) selected strongly agree option. In contrast, Only 42 employees disagree and strongly disagree on the issue.

The second highest mean score appears on Reward strategy of their organization is defined in a way which clearly explains how it will contribute to the achievement of the business plan of the organization. Their response shows that 75 employees (31.9%) are select for agree option and 45 employees (19.1%) for strongly agree and in contrast only 11 and 17 strongly disagree and disagree on the statement respectively and finally the maximum number of respondents (87 employees (37.0 %) are neutral on their choice.

Next to the above question, for the statement of Reward management practices influence employees' behavior and initiates organizationally required behavior skill and values, the mean score is 3.45(S.D 1.071) so it lies on agreement.

The other important question is about if their reward strategy is coherent with business strategy of the organization. The mean score of this statement is 3.39 and the standard deviation is 1.194. So it indicates they neither agree nor disagree on the statement. From 235 respondents, the majority (n= 80 or 34.0 %) tick on 'agree' option and only 9 employees (3.8%) on disagree option.

In general the employees of the selected hotels agree on the alignment of reward management strategy with business strategy of the hotels.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter is to summarize the finding, and conclude from the finding and lastly the recommendation will be given to the hotels as per the gaps.

5.1 Summary of findings

The main objective of the project was to assess the reward management practices of selected hotels in Ethiopia concerning with this, the extrinsic and intrinsic reward practices are assessed and the effectiveness of those practices are also considered.

The researcher has used descriptive statistics such as frequency, percentage, mean and standard deviation to assess the reward management practices of the selected hotels (such as yaya village, Bellevue hotel and spa and Wabe Shebelle hotel).

(Shields, 2007), Has defined Reward as anything tangible or intangible that an organization provides to its employees either intentionally or unintentionally in exchange for the employee's potential or actual work contribution and to which employees as individuals attach a positive value as a satisfier of certain self-defined needs.

According to the data collected through questionnaire and which is analyzed through the software of SPSS, the finding is clearly described below.

The main part of questioner is about the extrinsic reward practice that are experienced on the hotels. According to the questionnaire, the first factor is salary. When we see it there is very low payment on the hotels and the employee are not getting satisfied with the salary they are getting. So for the questions related with the salary and responsibility, fairness of salary and salary to performance relation, they select disagree choice.

The second factor is bonus related. Their selection on this factor (bonus) is somewhat better than salary one but the hotels have still low bonus policy and experience and even if there is

experience, the fairness and other related issues are not satisfactory to the employees. The bonus payment is hardly made as per the human resource manual.

From the rest extrinsic reward factors, the promotion factor is being practiced in a better manner. The employees are happy with the promotional aspects even though, there is some doubts on the fairness of the promotion.

Another variable is the intrinsic reward practice on the hotels. On the selected hotels, the result of questionnaire indicate that the intrinsic reward is practiced in a better way than the extrinsic one.

In general, those intrinsic reward factors such as meaningful work, achievement and responsibility have better mean score than other factors. But only job designed to make meaningful work to the employees is not supported by the respondents but in average, all other factors are above the option of neutral.

The third target is to know the effectiveness of reward management practice of the hotels. To check this, there are two factors to be answered by the respondents those are Implementation and Alignment of reward management strategy with business strategy.

The finding of the research on both factors of the effectiveness (Implementation and Alignment of reward management strategy with business strategy) shows that the respondents became neutral on their decision that is neither bad nor perfect on them.

5.2 CONCLUSIONS

The main objective of this study was to assess the reward management practice of selected hotels in Ethiopia (yaya village, Bellevue hotel and spa and wabe Shebelle hotel). Specifically the objective of study was to assess the intrinsic and extrinsic reward and the effectiveness of reward practices.

In order to rich to the above objectives, the study is under took through varies research process. The research design used on this study is the descriptive type and both primary and secondary data are collected specially the survey is designed to collect data from the population by stratified random sampling technique and the data was analyzed through descriptive statistical tool.

As obviously, a good reward management system aims to motivate employees to work harder, and align their goals with those of the organization they work for. The existing trend towards performance-related reward systems is designed to lead to greater rewards and motivation for those who contribute the most.

The demographic profile indicate that most of the employees are getting low salary which is under 2000 birr.

According to the finding of the questionnaire, most of employees are not satisfactory with the salary and bonus. At the same time promotion is better practiced on the hotels and employees are highly motivated with their job because of the hope of promotion they are expecting.

In contrast, the intrinsic reward is shows better on the hotels. All factor under this intrinsic reward variable are better than the extrinsic reward.

In relation to its effectiveness, the alignment of reward strategy with business strategy of the hotel shows less alignment. And the coherence of reward strategy with business strategy is very low. When discussing about the implementation, the hotels implementation of reward strategy is in a manner that supports the company's corporate strategy and addressing organizational needs is low.

5.3 RECOMMENDATIONS

It is better to include reward strategy on the human resource manual and close follow up and attention should be given to human resource managers on this concern by the management and business owner. Managers should value employee input and select rewards accordingly.

Most of the time the hotel owners perceive charges related with rewards, as extra and unnecessary costs and the managements are also not willing to enforce the owners to invest on the reward management.

As finding of the study indicates reward practice on extrinsic types especially on salary and bonus factors are not satisfactory.

Because the salary mirrors the estimation of the activity or the individual playing out the activity, its intention is to pull in gifted people, hold them and cultivate their drawn out duty to the association. So it is essential to focus on the salary factor on the hotel business of Ethiopia.

As described by (Mejia, et al. 2010), Bonus in other way as Variable pay does not have a permanent effect on labor cost. That is, if performance areas are not achieved, the payment is not settled. Its main purpose is to: emphasis employees on critical features of performance; to motivate them to work harder to achieve their goals; to reward employees that go above and beyond their job description; to share some of the company risk with the employees. So it is better to the hotel managers and owners of Ethiopia to work on bonus strategies and implementation.

But unless the employees are motivated with those rewards, there will be less performance and high turnover.

The management should align the reward management strategy with the business strategy and to goal of the hotel. By presenting reward regularly and publicly announcing it, which increases the level of motivation. Because, increase on the performance of employees lead to improvement to performance of organization.

The intrinsic reward that are improving in the business should be sustain and some special aspects concerning with the fairness of promotion should be upgraded.

The reward strategy need to be clearly communicated to the employees. And Employee's participation is very important element for successful reward management. Thus the Hotels should create a platform through which employees participate in reward management and strategy development. Employees should be treated as stakeholders in any of the companies, and at the same time should take every chance to contribute to the progress of reward policies and practices.

Finally Reward strategy of the hotel should be defined in a way which clearly explains how it will contribute to the achievement of the business plan of the organization.

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Annex 1

QUESTIONNAIRE

My name is Serkadis Henock currently a final year masters of business leadership student at Addis Ababa University. I am conducting research on reward management practices of some

selected hotels in Ethiopia. This project will be used purely for academic purposes and for the partial fulfillment of a post graduate degree course. Please note, responses given will be treated with confidentiality and strictly for the purpose of this study.

I assure you that your responses will not be disclosed in any way and utmost confidentiality will be maintained. Hence, I request your sincere cooperation for the successful undertaking of the study and your valuable response is highly appreciated. Thank you!

Notice

- ✓ No need to write your name.
- ✓ Please put a “√” mark in the boxes for your answers

Part I: -Demographic Information

1. Age Category
 - 20-26
 - 26-30
 - 31-35
 - 36-40
 - 41 and Above
2. Gender
 - Male
 - Female
3. Educational Attainment
 - High school Certificate
 - Technical School Diploma
 - Bachelor's Degree
 - Master's Degree
 - Other (Please Specify).....
4. Job level
 - line staff
 - supervisor
 - middle level manager
 - top level Manager
4. Your experience in the hotel
 - below 1 Years
 - 2 – 5 Years
 - 6 – 10 Years
 - >10 Years
5. In which salary range does your salary level
 - Under 2000
 - 2001 – 6000
 - 6001 –10,000
 - 10,001 – 14,000
 - Above 14,0000

Part II: - General questions about reward System

In the following tables you find some dimensions of reward management practices. Please give your responses for your causes by putting a tick mark (✓) in the corresponding spaces under each number in front of each situation based on your agreement level. The numbers are decoded in the following manner.

1= strongly disagree

2= disagree

3= neither agree nor disagree

4= agree

5= strongly agree

		Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
Salary/Wage						
1	My salary is satisfactory in relation to my work intensity					
2	My salary is directly related to my performance					
3	My salary is fair in relation to my responsibilities					
4	My salary is fair when compared with that of similar jobs in other companies					
5	Salary increment is managed fairly in the company					
6	Every time I get salary increment I will improve my performance					
Bonus						
7	The Company pays Bonus every year based on the HR Manual					
8	If there is bonus I believe that Bonus paid by the company is the result of my effort					
9	Bonus is only paid if the required performance is achieved					

		Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
10	Bonus motivated me to improve my performance					
11	Bonus must be paid for those who perform higher					
12	The Bonus that the company pay is sufficient to me					
Promotion						
13	I believe that promotion is a reward factor to improve my performance					
14	The opportunity for promotion exists in the hotel.					
15	My job allows me for rapid promotion					
16	Staffs has promoted in a fair and transparent manner in the hotel					
Meaningful work						
17	I have a job in which I can learn and develop my abilities.					
18	I Feel I am part of something meaningful in my position					
19	The job that I do has a significant importance in the company					
20	There is no relationship between meaningful work and employee performance					
21	I believed that the way my job designed will encourage me for better performance					
22	The physical working condition of my work place does not have a relationship with my performance					

		Strongly disagree (1)	Disagree (2)	Neither agree nor disagree (3)	Agree (4)	Strongly agree (5)
Achievement						
23	Achievement is one of the most powerful motivator of employee					
24	The Company supported me in a way to my achievements					
25	The company fills proud about my achievements					
26	I don't believe that I am rewarded by my achievements in the hotel					
27	Pay decisions are linked to performance achievements					
Responsibility						
28	I have a certain responsibility in my job					
29	I am motivated when my boss gives me responsibility to do my work alone					
30	I am completely independent of others					
31	I believe that responsibility prompts my greater thought in my work					
32	Full responsibility in my work encourages me to perform better					
33	I feel accountable whenever the company gives full responsibility in my job					
34	I am afraid that giving full responsibility from my boss can affect my work					
Implementation aspect						
35	Our reward strategy is Controllable, easy to manage and administer.					
36	The designed strategy is implementable and our organization is implementing it effectively.					
37	Our HR managers are capable of implementing and managing the strategy in practice.					
		Strongly disagree	Disagree (2)	Neither agree nor	Agree (4)	Strongly agree

		(1)		disagree (3)		(5)
38	Our organization implements reward strategy in a manner that supports the company's corporate strategy and address organizational needs.					
Alignment of reward management strategy with business strategy						
39	Our reward strategy is coherent with business strategy of the organization.					
40	Reward management practices influence employees' behavior and initiates organizationally required behavior skill and values.					
41	Reward strategy of our organization is defined in a way which clearly explains how it will contribute to the achievement of the business plan of the organization.					
42	Reward strategy of our organization designed in a manner that Contributes to the achievement of the organizations business					