



THE EFFECT OF REWARD MANAGEMENT ON EMPLOYEES MOTIVATION IN CASE OF ETHIO TELECOM

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Declaration

I, Ephriem Temitime declare that the project entitled "The effect of reward management on employees' motivation in case of Ethio Telecom" is my original work and it has not been presented for a degree in any other university and all sources of materials used for the project have been duly acknowledged.

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List of Acronyms

ETC: (Ethiopian Telecommunication Corporation)

ET: Ethio Telecom

SPSS: Statistical program for social science.

HR: Human Resource

HRM: Human Resource management

Abstract

This basic aim of this paper to identify and investigate the effect of intrinsic and extrinsic rewards on employees' motivation in Ethio Telecom. As per the researcher made mini survey, the reward system of Ethio Telecom does not motivate its employees due to task in the job routine and limited, no job rotation and enlargement, limited career path and low opportunity to get promotion. The study followed mostly a quantitative and some qualitative approach to achieve the objectives of this study by describing and identifying the relation and effect of reward up on employee motivation. There were 11 independent variables were taken for this study. These are from intrinsic reward (Task and skill variety, Achievement, Opportunity for career growth, Responsibility, Autonomy, Job rotation and enlargement) ; from extrinsic reward (Payment, Promotion, Working condition, Benefit package and recognition.). A standardized and well-structured questionnaire was used to measure the responses on a five level likert scale. Questionnaire was sent to 365 respondents in printed form and 324 collected and this is about 89%. The responses were analyzed using the Statistical Package for Social Sciences (SPSS) version 15.0 such as multiple regressions, The Pearson Product Moment correlation coefficient and descriptive statistics were used. For the descriptive statistics, graphical illustrations and table were used to provide information on key demographic variables in this study. The study confirmed existence of positive significant relationship between the total reward and employee motivation through correlation analysis and also it confirmed that total reward (intrinsic and extrinsic reward) has significant effect on employee motivation through multiple regression.

Key word: Intrinsic Reward, Extrinsic Reward and Employee motivation.

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CHAPTER ONE: Introduction

1.1) Back ground of the study

Reward management is a popular management topic. It was developed on the basis of psychologist' behavior research as result of this, psychologists started creating motivational theories, which is very closely affiliated with reward management. Reward management is, as Armstrong and Murlis (1998) described that, the development, implementation, maintenance, communication and evaluation of reward processes. Importantly, rewards management is also concerned with the development of appropriate organizational cultures, underpinning core values and increasing the motivation and commitment of employees.

According to Armstrong (2005) reward strategy clarifies what the organization wants to do in the longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals. The motive factors of having a good reward management deals with process, policies and strategies which are required to guarantee that the contribution of employees to the business is recognized by all means. Objective of the reward management is to reward employees fairly, equitably, and consistently in correlation to the value of these individuals to the organization. Reward system exists in order to motivate employees to work towards achieving strategic goals which are set by entities. Reward management is not only concerned with pay and employee benefits also it is equally concerned with non financial rewards.

Total reward is the sum of total remuneration and non financial rewards. According to Armstrong (2004) described that the concept emphasize the importance of considering all aspects of reward as an integrated and coherent whole. Each of the elements of total reward , namely base pay, pay contingent on performance, competence or contribution, employee benefit and non financial rewards which includes reward from employment environment and the work itself are linked together. Example of this non financial rewards that do not involve any direct payment are achievement, responsibility, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high quality leadership. The aim of total reward is to offer

a value proposition and maximize the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement. As Armstrong (2004) quoted Sandr Nell has explained total reward embraces everything that employees value in the employment relationship.

One of the most important the independent reward management variable is career development and according to David (2010) description effective career development is an important factor for employee motivation. Career success may no longer be measured merely by an employee's income or hierarchical level in an organization. It may now include using one's skills and abilities to face expanded challenges, or having greater responsibilities and increased autonomy in one's chosen profession. The effect of reward management on work motivation in this research is to show the general reward system and career path development significantly influences employees' motivation at Ethio Telecom.

Employee of motivation is the core of management and is an effective instrument in the hands of management in inspiring the work force. It is the major task of every manager to motivate his subordinate or to create the will to work among the subordinates. Motivation approaches definitely satisfy the needs of the employees and in return, the employee repays it through their hard work. Identifying the needs and answering it is the most basic approach of every organization to earn the commitment of the employees (Caleb Ochenge and Susan 2014). With a well-motivated workforce,

Employee motivation is a complex process because as Armstrong (2005) described that it depends on several factors. Like, individual needs and aspiration, expectation about the reward, equity and fairness (the felt fair principle) and other factor. As motivation concern, reward system is an important tool for management use as the channel of employees' motivation. Therefore when the reward strategy designed and implement the mentioned employee motivation factor should be taken in to consideration and also in order to motivate employees at work the company should implement desirable total reward strategy.

Back ground of the company.

The former Ethiopian Telecommunication Corporation (ETC) had transferred to the newly established company Ethio Telecom (ET) on the 29th November 2010. Ethio Telecom was born from ambition of focusing on the improvement of telecommunication services considering them as a key lever in the development of Ethiopia, to develop reliable network infrastructures and provide the best quality of service to its customer. In line with these missions ET has ambition goals such as being customer centric company, offering the best quality of services, meeting world class standards and building a financial sound company. (National phone directory, 2012 pg 24-25)

Ethio Telecom has a vision to become a world class provider of telecom and a mission to provide world class modern and high quality telecom service for all citizens equitably so as to transform the multifaceted development of the concern to the highest level. With understanding of this vision and mission, the government of Ethiopia currently invests 1.6 billion dollar for telecom expansion

To see the vision to become real, to perform the mission and to meet the objective, a strong human resource capacity building program that incorporates a well designed and functional reward system that enables to bring employee motivation should be designed and implemented.

1.2) Statement of the problem.

Today an organization result is highly dependent on the employees work motivation and also the most compelling challenges facing today's organization is how to make sure that employees are highly motivated. Numerous studies have proved that rewarding employees is one of the best ways to keep the work force motivated. For example according to Latif, etal (2014) Findings, different factors that affect the motivation of employees which can be classified into two categories; financial and non financial rewards. Although financial rewards are important for employee motivation in third world countries like Pakistan, where the inflation rate is so high that people are struggling hard to retain their social status but the importance of non financial rewards cannot even be discriminated. Another research also supports the assumption that a well

developed and functional reward system can increase employee motivation and satisfaction (Mikander 2010). It is therefore important for a company to find out what motivates its employees so that, it can plan a suitable reward system and gain better results. The right combination of intrinsic and extrinsic rewards can boost up the employees work motivation and enhance their commitment to the company.

As per the researcher made mini survey, he pointed out that the tasks in the job at ET are routine and limited; job rotation and job enrichment implementation do not exist and employees don't have opportunity to increase knowledge due to limited career path.

For example at the time of ETC one employee of a finance department had opportunity to get promotion in different position such as:-

Junior account clerk----- Account clerk----- senior accounting clerk----- junior accountant-----
Accountant---- Sen. Accountant----- Supervisor----- Team leader----- Section Finance manger

But in ET

Accountant----- Specialist-----Supervisor----- Section Finance Manager (source: by contacting HR office and verifying it.)

Response from mini survey questionnaire indicated that there is lack of career advancement after training in Ethio Telecom this is likely to seriously affect the motivation of employees to perform their duties. If motivation is affected, the company's performance will suffer and also the company will not achieve its objectives.

More over the survey result showed that the financial reward system in ET is good but employees are dissatisfied with the opportunity to get promotion. In the above career path an employee doesn't hope of promotion. The only thing he or she hopes that annual increment and bonus.

It is also prevalence to see employees not motivated by a problem of not participating in decisions making , lack of greater job freedom and discretion, not acquiring more responsibility, not involving diversity of activities and no opportunities for personal growth.

1.3) Research Question

- 1) What is the effect of reward system on employee motivation of Ethio Telecom?
- 2) Which type of reward system, i.e. intrinsic or extrinsic seems to have a greater impact of employees' motivation?
- 3) What is reward management practice in Ethio Telecom?
- 4) What reward system the company should follow?
- 5) What is the effect of career advancement on employee motivation?

1.4) Research objective

1.4.1 General objective

The main objective this study is to investigate the effects of reward strategies on employee motivation at Ethio Telecom.

1.4.2 Specific objective

- To evaluate if the reward system is able to satisfy and motivate employees of the company
- To find out whether intrinsic or extrinsic reward are the main factor of employee motivation.
- To examine the reward management practice of Ethio Telecom.
- To explore the most important motivation factors and analyze the effect.
- To determine whether reward system of career advancement affects employees motivation.

1.5) Hypothesis

- 1) Motivation of employees highly influenced by intrinsic reward like task and skill variety, achievement, opportunity for career growth, responsibility, autonomy and job rotation and enlargement.

- 2) Providing career growth opportunities to the employees yield motivating impact up on employees.
- 3) Total reward system affects employee work motivation.

1.6) Significance of the study

Motivation involves getting the members of the group to pull weight effectively, to give their loyalty to the group, to carry out tasks properly for the purpose of the organization. The research to be undertaken will have the following significance.

- ❖ It will have a practical importance for policy makers of the company in order to distinguishing the most motivating factor of employees and to keep optimal balance between intrinsic and extrinsic reward packages.
- ❖ It may be benchmark for those who will be interested to look at the case in depth for the future.
- ❖ More over the study is significant as the partial fulfillment of the requirement of Master of Arts Degree in human resource management.

1.7) Scope of the study

1.7.1 Content Scope:-

Since reward management is a very wide theory, this study tried to address only some factors of total reward (financial and nonfinancial reward) affecting the employee motivation. Employee motivation is also a complicated and diverse area; The study didn't not cover all aspect of area of motivation.

1.7.2 Geographical scope:-

The study covered respondents from Addis Ababa .But the Company's organized in such a way that, it has six zone offices in Addis Ababa and eight regional offices. The population for the study is employees in Addis Ababa. Therefore, the study would be more generalizable to the whole company if samples had been taken from all regional offices.

1.8 Limitation of the Study

This study faced some confines. First, researcher's lack of well developed prior experience in conducting systematized research. The second major problem was lack of awareness among the respondents to fill out questionnaires with due care and return them on time. Third, Employees were not willing to fill out questionnaires. These were the challenges that I had faced.

1.9. Organization of the study.

The study organized into five chapters; First chapter dealt with introduction parts, which include background, statement of the problem, significance of the study and objective. Second chapter concerned with the review of the related Literature. Third chapter would treat the methodology of the data collected; the fourth chapter was data analysis and presentation finally chapter five would bring to an end of this study with conclusion and recommendation.

CHAPTER TWO: - Literature Review

2.1 Reward Management

Reward management is defined by Armstrong and Muries (2005) is about the development, implementation, and maintenance, communication and evaluation of reward processes. These processes deal with the assessment of relative job values, the design and management of pay structures, performance management, paying for performance competence on skill (contingent pay), the provision of employee benefits and pensions and the management of reward procedures. According to Armstrong (2009), reward management is also concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization.

As Armstrong and Muries (2005) describe reward management process cover both financial and non financial rewards. Both have an equally importance part to play in reward management. Reward strategies should ensure that both are used effectively as part of an integrated total reward process. Rewards management aims to; support the achievement of the organization's strategic and short term objectives by helping to ensure that it has the skilled, competent, motivated and committed work force it needs, promote continuous development and motivate all numbers of organization from shop floor to the board room through the judicious use of combination of financial and non financial rewards.

2.2) Strategic reward

Strategic reward management is the process of looking ahead at what an organization needs to do about its reward policies and practices in the middle or relatively distant future. It is concerned with the broader business issues the organization is facing and the general directions in which reward management must go to provide help in dealing with these issues in order to achieve longer-term business goals. Strategic reward management deals with both ends and means. As an end it describes a vision of what reward policies will look like in a few years' time. As a means, it shows how it is expected that the vision will be realized (Armstrong, 2004).

Properly managed human resources can be a source of sustained competitive advantage to organizations. This is particularly true for firms operating in complex and dynamic competitive environments, where the capability to rapidly acquire and assimilate new market and technological capabilities is the key to creating enduring advantages over competitors (Zhou et al, 2011).

2.3 Reward Policy

Organizations must develop policies as general guidelines to provide for coordination, consistency, and fairness in compensating employees (Mathis & Jackson, 2000). According to Tyson (2006), a reward policy is a prerequisite for the strategic management of pay and benefits. The objectives of a policy towards payment could be best described as to remain competitive for labour while rewarding good performance and adopting a position on pay which controls costs and is felt to be fair by all employees.

2.4) Total reward

It is defined as all of the employer's available tools that may be used to attract, retain, motivate and satisfy employees and encompasses not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization (Armstrong et al, 2004). In general total reward is the combination of financial and non-financial rewards available to employees. total reward approach is holistic; reliance is not placed on one or two reward mechanisms operating in isolation, account is taken of every way in which people can be rewarded and obtain satisfaction through their work (Armstrong, 2009).

2.5) Types of reward

2.5.1) Intrinsic rewards

Intrinsic rewards are intangible in nature. We cannot touch them with our hands but only feel them such as appreciation, caring attitudes from employer and job rotation. Intrinsic rewards are the rewards within the job itself such as satisfaction from completing a task, appreciation from

employer . Loyalty of employees depends upon rewards and recognition. Mottaz (1985) said that intrinsic rewards are of different kinds. Task rewards are example of it and they refer duties and responsibility of an employee. Intrinsic non-monetary rewards can also be defined as the appreciation which an employee gets by his or her efforts by completing his job (Porter & Lawler, 1968). Malhotra et al. (2007) explained that intrinsic non-monetary rewards influence the loyalty of an employee more effectively than extrinsic rewards. Examples of intrinsic non financial rewards are:-

Fulfilling work

Work can be fulfilling and therefore motivating when individuals feel that what they do is worthwhile and adds value .This implies that they should ideally work on a complete process or product, or a significant part of it that can be seen as a whole. Work is also fulfilling when it requires people to use abilities they value to perform it effectively and scope is provided for achievement, responsibility, autonomy and influence (Armstrong, 2010), which is supported by Linz et al (2003) who found that designing work in such a way that enables employees to do the whole part of a work satisfied them.

Use of abilities

Fulfilling work enables people to use and develop their abilities. This is particularly the case when people are stretched, but not too hard, to achieve more than they expected they could achieve, this has been found to bring superior job satisfaction among employees as is found in the research of (Linz, 2003; Allen et al, 1999).

Achievement

The need to achieve applies in varying degrees to all people in all jobs, although the level at which it operates will depend on the orientation of the individual and the scope provided by the work to fulfill a need for achievement. People feel rewarded and motivated if they have the scope to achieve as well as being recognized for their achievement (Armstrong, 2010). Allen et al (1999) asserted their findings as: whenever promotions of organizations are based on achievements of employees on the targets given to them and failure of employees to achieve a target is supported by trainings to enhance their skills, their desire to achieve in work increases and their satisfaction in job also increases.

Responsibility

Individuals can be motivated by being given more responsibility for their work. People are in positions of responsibility when they are held to account for what they do. They are in charge of their work and resources required to do it. Being given responsibility can satisfy needs for achievement and increase self-esteem there by, satisfying employees in their jobs. It is also a form of recognition (Armstrong, 2010) and this is also supported by the findings of (Linz, 2003).

Autonomy

Autonomy exists when an individual has freedom to make decisions and act independently without reference to higher authority. It enhances self-belief, gives people more opportunity to achieve and provides an opportunity to develop skills. This increases the motivation of workers to a greater extent (Kalleburg, 1977; Bokeimeretal, 1987; Fahr, 2011)

Influence

Jobs are more fulfilling if people can influence what they do or exert wider influence on policy operational and decisions (Linz, 2003; Zhou, et al, 2011; Armstrong, 2010)

Opportunity to grow

Alderfer(1972) as cited in Armstrong(2010),emphasized the importance of providing people with opportunities for personal growth as a means of rewarding and therefore motivating them. He believed that satisfaction of growth needs take place when individuals have the opportunity to be what they are most fully and to become what they can. Most learning and development opportunities take place in the course of every day work, and the organization can encourage this through coaching, mentoring, and support in the implementation of personal development created as part of the performance management process. Zhou,et al(2011) found that Intrinsic rewards (including setting innovation objectives, assessing and recognizing innovation, performance improvement feedback, providing extensive learning opportunities, job rotation, work flexibility, and maintaining harmonious interpersonal relationships) have a positive impact on the innovative behavior of employees.

2.5.2 Extrinsic reward

All monetary rewards are included in this category (Martocchio, 2011). The non-monetary ones are included here under work-life balance policies reward people by recognizing their needs outside work by, for example, adopting family-friendly policies, including the provisions of more flexible working arrangements (Bogler et al, 2010)

Employee wellbeing services can be provided for individuals to help them deal with their problems. This may involve counseling or personal casework where the aim is as far as possible to get individuals to help themselves (Kalleberg, 1997) Concierge services provide employees with help by undertaking mundane personal tasks such as getting their car serviced, home repairs or waiting at home for deliveries (Martocchio, 2011). Voluntary benefit schemes provide opportunities for employees to buy goods services at discounted prices. The employer negotiates deals with suppliers (Martocchio, 2011). Learning and development programmes give employees the chance to develop their skills and careers. All these, non-financial extrinsic reward are required to be included in the reward systems of those companies which need to retain talent and satisfy their employees (Armstrong et al, 2004). Allen et al (1999) found in their research that including Profit sharing that links organizational performance with individual rewards, gain sharing which rewards work groups with bonuses for improvements they make in quality, productivity, or cost reduction., Pay-for-performance plans in which pay is based on achievement of quantifiable goals that are linked to the organization's quality strategy.

Strong assurances of employment security so that in employees do not fear losing their jobs as a result of making their work processes more efficient. All these extrinsic reward components are worth including in the company's reward strategy for they have positive correlation with company performance and in bringing quality in the organization.

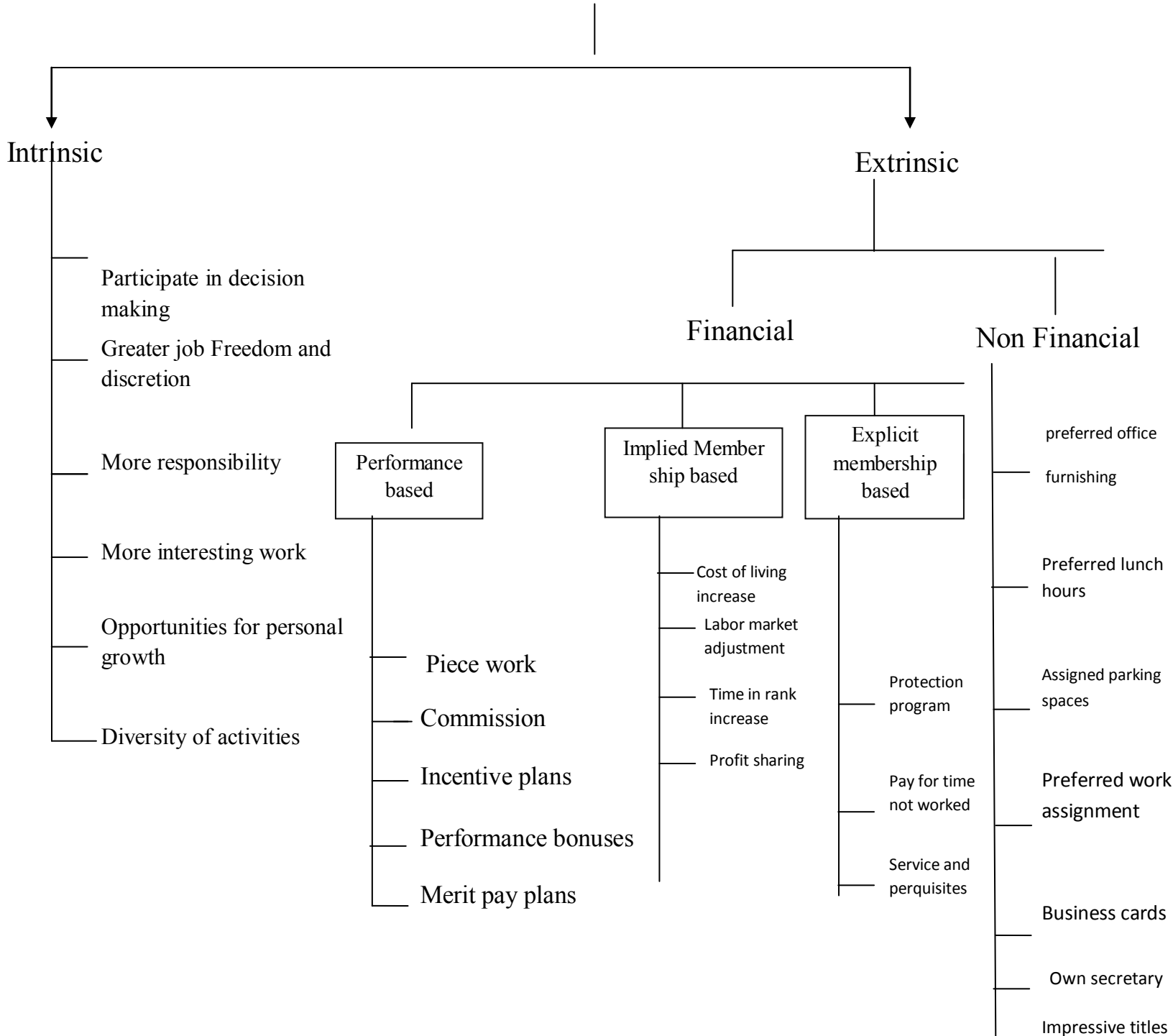
working condition- it includes the following aspects: working hours, relationship with co-workers, quantity of works and availability of resources.

2.6 Intrinsic verses Extrinsic reward

As David (2010) identified the difference between intrinsic and extrinsic reward that, intrinsic rewards are the personal satisfactions one derives from doing the job. These are self-initiated rewards: pride in one's work, a sense of accomplishment, or enjoying being part of a work team.

Job enrichment, for instance, can offer employees intrinsic rewards by making work seem more meaningful. Extrinsic rewards, on the other hand, include money, promotions, and benefits. They are external to the job and come from an outside source, mainly management. Consequently, if an employee experiences a sense of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives a salary increase or a write-up in the company magazine, we would label these rewards as extrinsic. The general structure of rewards is summarized as follows:-

Rewards



Adopted from: Dvid A. Decenzo, Stephen P.Robbins (2010). Fundamental of human resource management. Costal carolina university and San Diago stste univeristy. Tenth Edition pg. 263

2.7) Total Remuneration

Total remuneration is the value of all cash payments (total earnings) and benefits received by employees. Pay includes base pay plus additional compensation in the form of incentives or bonus awards, stock options, and stock grants. Many HR professionals believe that higher pay helps attract talent and reduce turnover.

Base or Basic Pay

The basic compensation that an employee receives, usually as a wage or salary, is called base pay (Mathis & Jackson, 2000). The major part of most employees' reward is their basic remuneration. Basic pay is the hourly wage or weekly/monthly salary which is guaranteed to be paid (Stredwick, 2005).

Contingent Pay

One of the tests of a salary scale's adequacy is its efficiency in matching ability, potential and current performance with satisfactory rewards (Tyson, 2006). Additional financial rewards may be provided that are related to performance, competence, contribution, skill or service in the grade. These are referred to as contingent pay' (Armstrong, 2009). Pay for performance is the pay that can vary depending on the performance of the individual, group or organization as a whole (Stredwick, 2005).

Overtime Payments

Overtime is most frequently paid to hourly rated employees; the premium may be full time and a quarter, time and a half or double time. Overtime is yet **another** pulsing-up' tendency that needs careful control. The concept of overtime is usually seen as a means of overcoming a short-term requirement for longer hours (Tyson, 2006). It is customary for employees working more hours than are normal for the working week to be paid for those hours at an enhanced rate, usually between 10 and 50 per cent more than the normal rate according to how many hours are involved (Torrington et al., 2009).

Profit Share

The intention behind profit share schemes is to make the employee feel involved and to give him or her sense of participating in the company's future growth (Tyson, 2006).

Sales Commissions

There are some groups of employees for whom commission payments represent their main earnings, such as sales staff, sales managers and various kinds of representatives (Tyson, 2006).

Incentive

According to Torrington et al. (2009), incentive is here described as an element of payment linked to the working performance of an individual or working group, as a result of prior arrangement. This includes most of the payment-by-results schemes that have been produced by work study, as well as commission payments to salespeople, skills-based pay schemes and performance-related pay schemes based on the achievement of agreed objectives. The distinguishing feature is that the employee knows what has to be done to earn the payment, though he or she may feel very dependent on other people, or on external circumstances, to receive it (Ibid).

2.8) The Aims of Reward Management

Armstrong (2009) identified the following aims of reward management.

- ✓ Reward people according to what the organization values and wants to pay for.
- ✓ Reward people for the value they create.
- ✓ Reward the right things to convey the right message about what is important in terms of behaviours and outcomes.
- ✓ Develop a performance culture.
- ✓ Motivate people and obtain their commitment and engagement.
- ✓ Help to attract and retain the high quality (talented) people the organization needs.
- ✓ Develop a positive employment relationship and psychological contract.
- ✓ Align reward practices with both business goals and employee values;
- ✓ Operate fairly -people feel that they are treated justly in accordance with what is due to them because of their value to the organization (the ‘felt-fair’ principle).

- ✓ Apply equitably-people are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.
- ✓ Function consistently-decisions on pay do not vary arbitrarily and without due cause between different people or at different times.
- ✓ Operate transparently-people understand how reward processes operate and how they are

2.9) Career advancement opportunities

This element is clearly linked to the learning and development part of the talent management process. ‘Will there be opportunities for me to progress?’ is one of the commonest questions on recruitment. New graduates and MBAs very legitimately ask about how the organization manages and progresses talent, especially in an environment that is likely to have many fewer promotion opportunities than in the past. They want reassurance that processes are in place for identifying talent, for succession planning and for fair and reasonably transparent means of making promotion decisions Armstrong (2005). To apply this element of reward well, organizations need to be clear what the career paths are and what the criteria are for making lateral and diagonal moves as well as promotions. Competency frameworks can help a lot here since they should provide additional and welcome clarity about what matters to their organization (ibid).

According to David (2010) to have competent and motivated people to fill the organization’s future needs, HRM representatives should be concerned with matching employee career needs with the organization’s requirements. Furthermore, career success is defined not only objectively, in terms of promotion, but also subjectively, in terms of satisfaction (ibid).

2.10) Job enrichment, Job enlargement and Job rotation

Job enrichment:- the most popular structural technique for increasing an employee’s reward potential is job enrichment. To enrich a job, management allows the workers to assume some of the tasks executed by his on her supervisor. Enrichment requires that workers increase work planning and control, usually with less supervision and more self evaluation. Job enrichment

offer great potential from increasing the internal motivation from doing a job. Motivation grows through increased responsibility, increased employee freedom and independence tasks organized to allow individuals to complete activities and feedback. With which they can correct their own performance. These factors lead, in part to a better quality of work life. Furthermore job enrichment efforts only if employee find the “enrichment” rewarding (Decenzo & Robbins, 2005).

Job enrichment applies Herzberg’s motivation factors to a job, thus allowing those interested to satisfy some of their psychological needs. Herzberg refers to job enrichment as vertical job loading. In developing job enrichment, there are some specific areas to concentrate on:

1. Variety of tasks. Introduce new and more difficult tasks not previously handled.
2. Task importance. Give a person a complete natural unit of work. Also assign individuals specific or specialized tasks that enable them to become experts.
3. Task responsibility. Increase the accountability of individuals for their own work. Additionally, grant the employees additional authority in their activities.
4. Feedback. Make periodic or specialized reports directly available to the worker himself or herself rather than to a supervisor (Plunkett/ Attner,1984)

Job enlargement:

Job enlargement increases the variety or the number of tasks a job includes, not the quality or the challenge of those tasks. Often referred to as job loading, job enlargement may attempt to demand “more of the same” from an employee or to add other tasks containing an equal or lesser amount of meaning or challenge. While some people need and want job enlargement, others do not. It can add to a person’s individual job satisfaction and commitment to the job where people are suffering from under load and the boredom that usually goes with it. Some people need to be kept constantly busy and occupied with routine that they understand and have mastered. Their “sense of competence” improves as their volume of output does. Some people simply seek more variety, not more challenge (Ibid).

Job rotation.

Job rotation can help stimulate people to higher levels of contributions and renew people's interests and enthusiasm. But once the novelty wears off and the new tasks are mastered, boredom and lack of interest can return. Not everyone is suited for job rotation. Some fear the upset in the routine that it represents. Others may feel that they are being used, especially if they are asked to do more demanding, less desirable, or more time – consuming work for the same amount pay. The manager must keep in mind that individual perception of the nature, status, and desirability to tasks will vary with each person. Also additional time and money may be required to keep rotation programs going. Production, along with morale, may suffer Plunkett (1984).

2.11) Impact of reward on job satisfaction and motivation.

Rewards provide recognition to people for their achievements and contribution. If rewards are worth having and attainable and people know how they can attain them, they can act as motivators. Human resource is the most important among all the resources on organization own. To retain efficient and experienced work force in an organization is very crucial in overall performance of an organization. Motivated employees and what is the relationship among reward, recognition and motivation while working within an organization.

<http://www.ccsenet.org/journal/index.ppp/ijbm/article/view/4061>

Ask workers what makes them unhappy at work and you will hear about an annoying boss, a low salary, un comfortable work space, or company's rules managed badly, environmental factors make people miserable, and they can certainly be demotivating. But even if managed brilliantly they don't motivate anybody to work much harder or smarter. People are motivated, instead by interesting work, challenge and increasing responsibility. These intrinsic Factors answer people deep seated need for growth and achievement. <http://www.emeraldinsight.com>, <http://hor.org/203/01>

The things that make people satisfied and motivated on the job are different in kind from the things that make them dissatisfied (by frederik Herzberg)

2.12) The intrinsic reward in Today's work:-

To identify the intrinsic rewards we began by analyzing the nature of today's work. Basically most of today's workers are asked to self manage to a significant degree to use their intelligence and experience to their direct work activities to accomplish important organizational purpose. This is how today's employees add value – innovating, problem solving and improving to meet the conditions they encounter to meet customers' needs. In turn we found that self management process involves four key steps:-

1. Committing to a meaningful purpose.
2. Choosing the best way of fulfilling the purpose.
3. Making sure that one is performing activities competently and
4. Making sure that one is making progress to achieving the purpose

When positive, each of these judgments is accompanied by positive emotional charge. These positive charges are the intrinsic reward that employees get from work, ranging in size from quiet satisfaction to an exuberant 'YES!' They are the reinforcements that keep employees actively self managing and engaged their work. (Business journal.com, Nov /Dec, 2009)

2.13 Motivation

“Motivation is the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement”. (Torrington, Hall, Taylor & Atkinson, 2009). Motivation is also defined as a process governing choices made by persons or lower organisms among alternative forms of voluntary activity (Wilson, 2010). One way for an organization to gain competitive advantage over its rivals is to generate a more motivated work force. Motivation refers to the energy a person is willing to devote to a task. A person who is highly motivated will start work sooner and leave work later relative to someone who is unmotivated, and may come in on weekends to finish up tasks that were left undone during the week. While engaged at work, a highly motivated person will work faster, take fewer breaks, and be less easily distracted relative to someone who is unmotivated. A person who is highly motivated will go out of his or her way to learn new things to improve future performance and help co-workers when the workloads within the group gets unbalanced (Wagner et al).

2.14 Theories of Motivation

There are a lot of motivation theories and research findings that attempt to provide explanations of the behavior-outcome relationship. These theories can be classified in to Content approach and Process approach. What distinguish between content and process motivation theories are Content theories focus on what factors within a person that energize, direct, sustain and stop behaviour, while process theories focus on how behavior is energized, directed, sustained and stopped. The main classification of Content theory and process theory of motivation presented as follows.

2.14.1 Content theory or need theory of motivation

2.14.1.1 The Hierarchy of Needs

Abraham Maslow's hierarchy of needs. He hypothesized that within every human being there exists a hierarchy of five needs. These needs are:

- 1. Physiological:** Includes hunger, thirst, shelter, sex, and other bodily needs
- 2. Safety:** Includes security and protection from physical and emotional harm
- 3. Social:** Includes affection, belongingness, acceptance, and friendship
- 4. Esteem:** Includes internal esteem factors such as self-respect, autonomy, and achievement; and external esteem factors such as status, recognition, and attention
- 5. Self-actualization:** The drive to become what one is capable of becoming; includes growth, achieving one's potential, and self-fulfillment .As each of these needs becomes substantially satisfied, the next need becomes dominant (Wagner et al, 2010; Bratton et al, 2007 Robbins,1998;Wilson,2010)

2.14.1.2 Herzberg's two factor theory

Herzberg's theory of motivation starts with the premise that the factors involved in producing job satisfaction and motivation are separate and distinct from the factors that lead to job dissatisfaction. These two feelings are not opposite of each other; rather the opposite of job satisfaction is no job satisfaction, while the opposite of job dissatisfaction is no job dissatisfaction. Motivator factors which are intrinsic to work are achievement, recognition for achievement, the work itself, responsibility, and growth or advancement. Motivators, according to Herzberg are primary cause of job satisfaction (Wilson, 2010).

Hygienic factors stand in contrast to motivators. These factors are primary source of happiness in work. Included in this category are company policy, administration, supervision, interpersonal relationship, working conditions, salary, status, and security. Herzberg recommends enriching work by vertical loading. This can be achieved by removing some controls while retaining accountability (Wilson, 2010).

Motivation factors: - motivation (or growth) factors are the primary cause of job satisfaction and motivation. They are intrinsic to a job because they relate directly to the real nature (job content) of the work people perform. When an employer fails to provide these factors in sufficient quality to employees, they will experience no job satisfaction. When they are provided in sufficient quality, they affect and provide job satisfaction and high performance. People require different kinds and degrees of motivation factors. What will be stimulating to one may not be to another. To individuals who desire them, motivation factors with the right amount of quality act as stimuli for psychological and personal growth (Ibid). These factors include:

1. Achievement – opportunity for accomplishment and for contributing something of value when presented with a challenge.
2. Recognition – acknowledgement that contributions have been worth the effort and that the effort has been noted and appreciated
3. Responsibility – acquisition of new duties and responsibilities, either through the expansion of a job or by delegation.
4. Advancement – opportunity to improve one’s organizational position as a result of job performance.
5. The work itself – opportunity for self – expression, personal satisfaction, and challenge (Griffin, 2012).

2.14.1.3 ERG Theory

Alderfer in his theory published in 1972 argues that there are three groups of core need—existence, relatedness, and growth. In contrast to the hierarchy of needs theory, the ERG theory demonstrates that (1) more than one need may be operative at the same time, and (2) if the gratification of a higher level need is stifled, the desire to satisfy a lower-level need increases. Maslow’s need hierarchy follows a rigid, step like progression (Robbins, 1998). Maslow’s

physiological and safety needs belong together to existence needs. Relatedness can be harmonised to belongingness and esteem of others. Growth is the same as Maslow's self-esteem plus self-actualization. Both Maslow and Alderfer tried to describe how these needs, these stages of needs become more or less important to individuals

2.14.1.4 McClelland's theory of needs

This was developed by David McClelland and his associates. In the early 1960s McClelland – built on Maslow's work – described three human motivators. McClelland claimed that humans acquire, learn their motivators over time that is the reason why this theory is sometimes called the 'Learned Needs Theory'. He affirms that we all have three motivating drivers, and it does not depend on our gender or age. One of these drives or needs will be dominant in our behaviour.

The theory focuses on three needs: achievement, power, and affiliation. They are defined as follows:

Need for achievement: The drive to excel, to achieve in relation to a set of standards, to strive to succeed

Need for power: The need to make others behave in a way that they would not have behaved otherwise

.Need for affiliation: The desire for friendly and close interpersonal relationships (Robbins, 1998; Wilson, 2010)

2.14.2 Process theory of motivation

2.14.2.1 Goal-Setting Theory

Latham and Locke (1979) argue that setting goals are a fundamental aspect in achieving motivational effectiveness. In addition, the authors emphasize that those goals, which are unrealistic and arbitrary, could become a demotivating aspect for the organization's employees. According to their analysis, goals that are designed to a slightly difficult approach are the ones that to a greater extent are motivating the employees to greater productivity. On the other hand, goals that are too hard to achieve or too easy to reach is resulting in a less productive action by the employees. According to Locke and Latham (2002) goals are mainly serving four different mechanisms. Firstly, the goals serves as a distinct directive function, which allows the employee to, at a greater extent, focus on goal-oriented activities, instead of focusing on activities that is

beyond the goals. This mechanism provides the fact that the firm can align the employees with the organization's overall targets, when well-designed goals are used. The second aspect that Locke and Latham points out is that goals allow employees to take on greater effort and is functioned as a stimulating function. If the organization had tougher goals, the employees would to a larger extent put more effort in comparison with low-setting goals, which provide less effort by the employees. Thirdly, goals are providing persistence affection to the employees, which imply that employees that control their own time to reach the goal increase their effort Goal setting theory states that specific and difficult goals lead to higher performance. Whereas reinforcement theory says behaviour is a function of its consequences .on the other hand expectancy theory asserts that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual (Robbins, 1998)

2.14.2.2 Reinforcement theory

The Reinforcement theory, based on Skinner's operant conditioning theory, says that behaviour can be formed by its consequences. It is another approach to motivation that argues that the behaviour that results in rewarding consequences is likely to be repeated, whereas behaviour that results in punishing consequences is less likely to be repeated. There are four types of reinforcement that can result from behaviour .i.e. positive reinforcement, avoidance, punishment and extinction.

2.14.2.3 Expectancy theory

Victor Vroom's (1964) expectancy theory aims to explain how people choose from the available actions. Vroom defines motivation as a process that governs our choices among alternative forms of voluntary behaviour. The basic rationale of this theory is that motivation stems from the belief that decisions will have their desired outcomes. The motivation to engage in an activity is determined by appraising three factors. These three factors are:-

- **Expectancy** – a person's belief that more effort will result in success. If you work harder, it will result in better performance.

- Instrumentality – the person’s belief that there is a connection between activity and goal. If you perform well, you will get reward.
- **Valence** – the degree to which a person values the reward, the results of success.

2.14.2.4 Equity Theory.

The theory was suggested by Adams (1965) and is based on Social Exchange theory. The equity theory states that people are motivated if they are treated equitably, and receive what they consider fair for their effort and costs. Equity is achieved when people are rewarded appropriately in relation to others within the organization. Equitable reward processes ensure that relativities between jobs are measured as objectively as possible and that equal pay is provided for work of equal value(Armstrong et al.2004).

According to equity theory, an employee evaluates the adequacy of his or her rewards by comparing them with his or her inputs. Rewards might include items such as pay, recognition, fringe benefits and promotions while inputs might include time, education, experience, effort and seniority (Livingstone et al, 1995). Results of Livingstone et al (1995), indicated that internal promotion equity, internal salary equity, external recognition equity, external incentive equity and external raise equity were the facets of internal and external equity related to job satisfaction and motivation for outside salespeople. Individuals who are underpaid should not only be less productive, but they should also be less motivated than their equitably paid co-workers. Those who are overpaid should be more productive but still less motivated than equitably paid workers (Greenberg, 1982). Lawler (1971) indicates that employees who believe their pay is equitable in comparison to others should have higher job satisfaction than those where equity is not perceived to exist. Thus, any sense of inequity should lead to a negative affective state for workers.

Internal equity is concerned with individual's perceptions of the fairness of their rewards relative to their co-workers. Within organization comparisons of rewards have been found to be important to individuals in a number of studies (Mello, 2011)

External equity refers to the perceived fairness of one's rewards relative to other individuals' rewards in other organizations. According to Mello (2011), norms of fair pay exist and organizational members frequently compare their rewards with the rewards of those in other

organizations based on those norms. The importance of internal and external equity exists in part because of the way pay structures are set in organizations. Pay is generally based on three types of information, 1) the organization's present pay structure, 2) market surveys of jobs in other organizations, and 3) results of job evaluations done within the organization. Market surveys are designed to reflect the external worth of jobs while job evaluations help determine the internal worth of jobs (Mello, 2011). Equity theory suggests that employees develop perceptions of how fairly they are treated by comparing themselves with relevant others (Shore.2004).

2.15 Types of Motivation

2.15.1 Intrinsic motivation

It refers to the motivation that comes from inside an individual. The motivation is generated through satisfaction or pleasure that one gets in completing or even working on a task. Factors that influence on intrinsic motivation include responsibility, freedom to act, scope to use and develop skills and abilities, interesting work and opportunities for advancement. These motivators, which are concerned with the quality of work life, tend to have a long-term effect since they are inherent in individuals and not imposed from outside. (Armstrong 1988, p. 109-110).

2.15.2 Extrinsic motivation

It is something that is done to or for people to motivate them. It arises from factors outside an individual, such as money, grades, criticism or punishments. These rewards provide satisfaction and pleasure that the task itself might not provide. An extrinsically motivated person might work on a task even when they have little interest in it. This type of motivation usually has an immediate and powerful effect, however it does not tend to last for long. (Armstrong, 1988)

2.16 The role manager in facilitating in employees motivation.

The contribution of a manager is one of the factors that help to facilitate employee's motivation. If a manager is skill full, trained and has some basic qualification in the field of management he or she plays a great role in enhancing employees moral and satisfaction. According to Dean (1985), a good head is one who has special skills and knowledge in assisting and guiding followers work, development, and problems. A manager can be regarded as good whenever he is keen enough at identifying and solving problems of employees, when he let them to participate in some decision making affairs like provision of reward, performance appraisal process and the

like. These opportunities help them to think and develop positive attitude towards the development of the institution and the employees themselves. In general the organization's success or failure depends on the manager's strategy in motivating employees. Thus, according to Glatter et.al,(1988), the head's key role in an organization is just exemplified as the spider's activity that —without a spider the web is dead, if the spider is weak, corrupt, inept, or picks the wrong people the organization is also weak , corrupt, and inept and badly staffed“. Managers must get insight of the different motivational requirements of the various authorities and should be able to select and match with employee's interests and needs. They should be competent enough to analyze situations and be able to energize or motivate employees as far as possible. Allowing employees to participate in some decision making affairs will facilitate employees' motivation.

2.17 Intrinsic, Extrinsic Rewards and organizational Commitment

Intrinsic rewards are those which are non-cash rewards or not having any physical existence. For example, employee recognition, acknowledgement, professional growth, authority to immediate tasks, respect and appreciation are intrinsic rewards. On other side, extrinsic rewards are those which have physical existence and cash based rewards are lie under the category of extrinsic rewards. Examples office pay, salary, bonuses and such indirect forms of payment as flexibility in time. According to Agimal, Bashir and Abrar (2015) quoted porter, commitment is a belief and perception of employee about the receiving of organizational values and goals as their own goals and values, employees shows acceptance to organizational policies and values to keep themselves attach with organization. Extrinsic compensation includes wages, promotion at job, social climate of organization, and job security, bonuses, increments, and overtime payments also comes under the domain of extrinsic rewards Agimal et al (2015).The organizational commitment positive relation with the organizational performance. Lack of committed employees could decrease the performance of organizational and make less productive outcomes. Commitment could be raised by different types of incentives. The definition of the commitment as a relation with rewards system that the intrinsic rewards had the great importance to integrate the commitment in employees (ibid).

Organization provided the opportunities to employees by their performance for the recognition and acknowledgement as rewards and in result the employee emotionally attached with

organization due to being recognized. The intrinsic rewards and social rewards found more helpful for employers to develop and construct the emotional attachment among employees towards organization goals and objectives. The supportive nature of employers has more committed employees because of social recognition given to them. According to Agimal et al (2015) description if management are connected to employees in well-organized manner and paid them recognition and acknowledgement in return of their effective performance the employees are found more emotionally integrated in work and released more trust towards their job and remain loyal to organization.

2.18 Empirical research related to the topic of the effect of reward management on employee motivation.

Extensive research has been conducted on the factors that affect on employees' work motivation. According to a case study conducted on Kenyan deposit taking micro finance institution, career development management and coaching/mentoring is the greatest component of employee motivation, that good work environment is the most important component of employee motivation. The study also concluded that a good work environment is the most important component of intrinsic reward affecting employee motivation and that many organizations offer intrinsic reward to appreciate employees in form of self-esteem and appreciation for work done and to ensure there is a favorable working environment for employees in the organization. The management need to ensure they maintain effective communication among the employees. Employees should be sometimes left to work on their own under minimal supervision Nyandema (2014) .

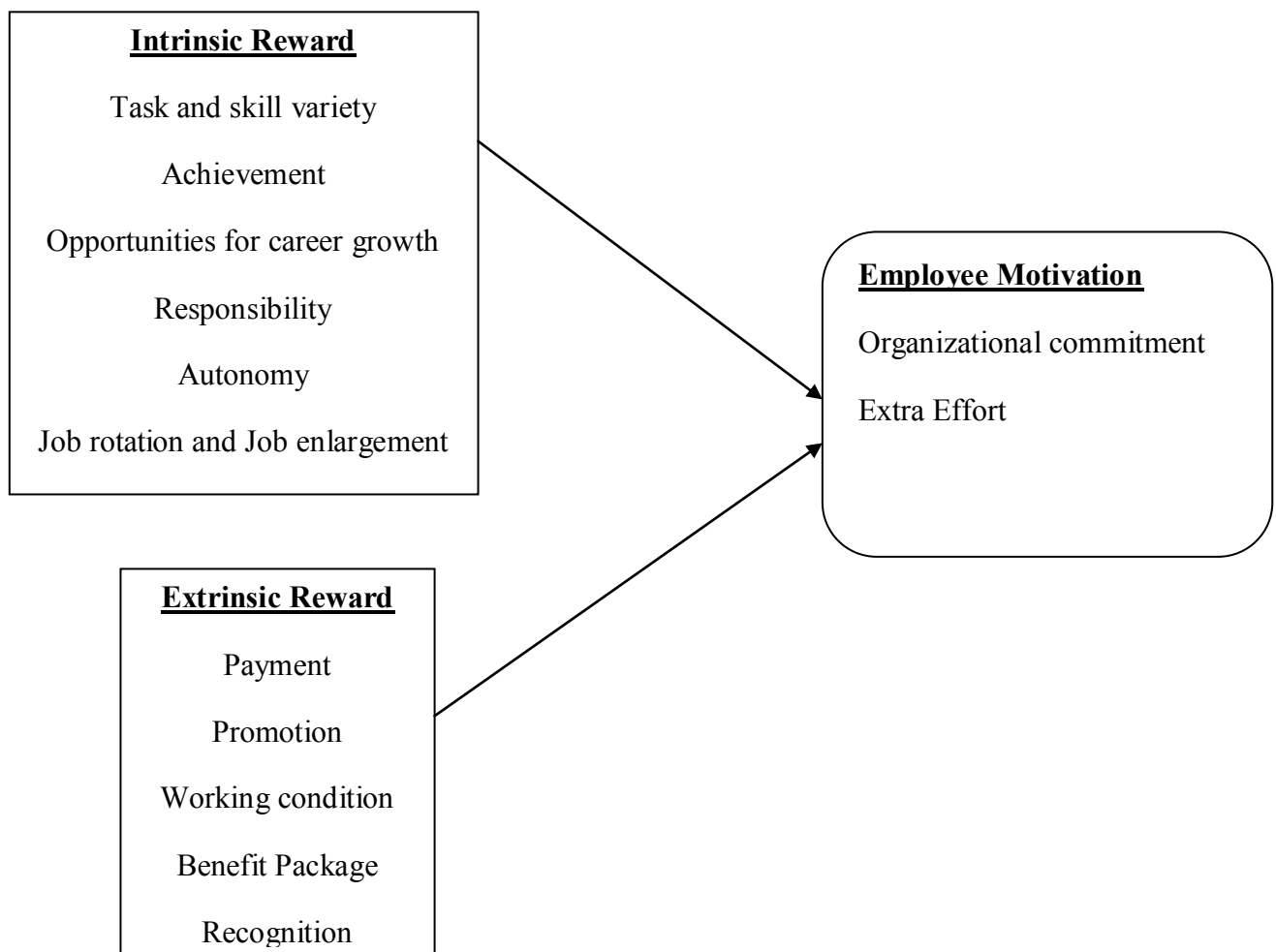
Another case study conducted on the impact of financial and non financial reward on employees motivation in Turku University of Applied Sciences, the rewards which were impacting employee motivation the most are salary, meaningful and valuable job and positive work atmosphere. This supports the current stage of knowledge which states that rewards which motivate the employees the most are the presence of both financial and non-financial rewards. All in all what was concluded that both financial and non-financial rewards have impact on employee motivation. The impact which rewards have on motivation can be enforcing or hindering one's motivation. It is considered that the organization x has well managed to reward its employees as none of the employees felt that they are not motivated at all. For this case study

organization what can be concluded is that the total rewards which they have in use are positively impacting the employee motivation Lotta (2012)

To summarize, the key practical messages of effect of reward on employees' motivation as Armstrong (2007) described that, Extrinsic rewards provided by employers in the form of pay will help to attract and retain employees and, for limited periods, may increase effort and minimize dissatisfaction. Intrinsic non-financial rewards related to responsibility, achievement and the work itself may have a longer-term and deeper impact on motivation. Reward systems should therefore include a mix of extrinsic and intrinsic rewards.

2.19 Conceptual frame work

The conceptual frame work reveals how rewired system affects motivation:-



Source: Self constructed based on Deaber (1987) theory.

CHAPTER THREE:- Methodology

3.1)Research Design

Since the purpose of this research is to identify what reward system causes of employee motivation and to explain the most important employee motivating factors and analyze the effects of different reward system up on employee motivation in Ethio Telecom, employee motivation was taken as dependent variable and reward was taken as independent variable. The research is framed in such a way as to produce a final result that would go in line with the design.

The design of the study is both descriptive and explanatory research type because, the objective of the study identified was to see the cause and effect relationship of intrinsic and extrinsic rewards of the company up on employee motivation. Analysis was done to the large extent was quantitative data and to some extent qualitative data. To measure this, some statistical tools or techniques applied on data like descriptive statistics, Pearson correlation and multiple regression analysis through SPSS software. The study used with Survey data collection method and the nature of survey is cross sectional that the data collected at one point in time (In the year 2105/2016 G.C).

3.2. Data Type and sources.

Data were classified as quantitative and qualitative data which was composed of independent and dependent variables. The independent variables of this study are the intrinsic and extrinsic rewards used in reward management practices. Intrinsic reward included the following items for its measurement: Task and skill variety, achievement, responsibility, autonomy, opportunity for career growth (Armstrong, 2010) .Extrinsic reward is measured using items which specifically address constructs such as: compensation and benefit, working conditions, recognition and promotion. The dependent variable of the research is employee motivation.

As far as data source is concerned, both primary and secondary data sources were used. The use of primary data for the research is rationalized by the fact that they are firsthand (original) and

are created for the purpose of the study, unlike the secondary data which were created for purposes other than the research Adams,etal (2007). As primary data to be originated by the researchers for the purpose of the investigation at hand, they reasonably fitted the problem defined. Also, they can maintain the objectivity and accuracy of the study results. Parallel to the primary data, secondary data included in the study in order to capitalize from their advantages. Thus, the study used both primary and secondary data for its consumption.

3.3) Sampling Design

The population utilized for the study was Ethio- telecom employees residing in the six zone offices and Head quarter in Addis Ababa .Sample for the study was taken from all these offices. Since the employees of the company categorized like managers, and non managers which have some sort of homogeneity in each group and differences one compared to other category, the specific sampling technique used was stratified random sampling then from each stratum simple random sampling was applied. By doing so, all members from each stratum would have equal chance to be included for the study. This design has support from the scholar affirming the situation as “Stratified random sampling is appropriate to reach in to precise conclusions and recommendations for populations at large which have heterogeneous character." To determine the appropriate no of sample size, the study adopted Carvalho (1984) sample size determination as presented below.

Table 3.1 Sample size determination

| Population | Sample Size | | |
|------------|-------------|--------|------|
| | Low | Medium | High |
| 51-90 | 5 | 13 | 20 |
| 91-150 | 8 | 20 | 32 |
| 151-280 | 13 | 32 | 50 |
| 281-500 | 20 | 50 | 80 |
| 501-1200 | 32 | 80 | 125 |
| 1201-3200 | 50 | 125 | 200 |
| 3201-10000 | 80 | 200 | 315 |

(Source: Carvalho (1984)

As of 9Jan2016 Ethio telecom has 7052 permanent employees in Addis Ababa. From this total population, 254 new employees that have one year and four month work experience were excluded from the sample due to the fact that they didn't get a chance salary increment, bonus and even they didn't master the work itself. Therefore the total population of the sample size was 6798.

According to the above sample size determination the sample to be taken from each stratum from the two strata is presented as follows.

| Types of Employees | No o employees | Sample to be taken |
|----------------------|----------------|--------------------|
| Non Management group | 6798 | 315 |
| Management group | 273 | 50 |

3.4) Data collection Method

Questionnaires were primarily chosen because the sample to be taken is large; Therefore, gathering information for such relatively large sample through other techniques such as interview would be practically impossible considering time constraint. The situation dictated to use questionnaires. The primary data that were collected through questionnaires, designed into four parts. The first part of the questionnaire contained questions regarding employee profile. The questions designed with multiple-choice selections for convenience. The second part contained questions regarding the effect reward up on employee motivation. Here, a five point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) used to measure responses. The third and the forth part deals with giving rank for the reward variables and open ended question respectively. The secondary data collected through books, journals, published and unpublished research, internet, company's website and through contacting HR people of the organization which are valuable sources to carry out the research. Most of the questions in the instrument was close ended and some open ended where validity and reliability tested by such prior studies . The questionnaire designed to determine employee motivation to wards reward practice and to identify whether intrinsic or extrinsic rewards are more motivational to them. Standard questionnaires, concepts in Herzberg's two factor theory and Armstrong (2010) were used to develop questionnaire.

3.5 Data analysis

The procedure followed used in data analysis have significant impact on the accuracy and relevance of the findings for data analysis. The instrument used for data collection is structured questionnaire which is the primary source of data collection. After compiling the output of questionnaires the variables were entered in software and the data was also entered. There were some statistical techniques are applied on data to find out the results. These are :-

3.5.1 Descriptive statistics

It was used to describe and summarize the response of the questionnaires by checking the mean, frequency and standard deviation for the variables of intrinsic rewards, extrinsic reward and employee motivation.

3.5.2 Inferential statistics

Inferential statistics was computed and used to come up with conclusion on how representative was the sample to tale about the population. First, Pearson product- Moment Correlation Coefficient analysis was applied which is primarily concerned with the finding out whether a relationship exist or not and determine magnitude and direction. Second, multiple regression analysis was applied to measure the dependent variable i.e. motivation which is presumed to be a function of the independent variables of reward management. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all concerned independent variables.

The equation of multiple regressions on this study is generally built around two sets of variable, namely dependent variables (employee motivation) and independent variables Task and skill variety, Achievement, Opportunities for career growth, Responsibility, Autonomy Job rotation and Job enlargement, Payment, Promotion, Working condition, Benefit Package and Recognition. The basic objective of using regression equation on this study is to make the researcher more effective by describing, understanding, predicting, and controlling the stated variables.

Employee motivation= f (Intrinsic and extrinsic reward variables)

3.6 Data Quality Assurance

3.6.1 Validity

Validity refers to the extent to which measurement of instrument actually measure what is intended to measure. Thus Effect of reward measurements are adopted from various scholar works. Items in the questionnaire are prepared using a five point-Likert scale except the demographic items and open ended. Maximum effort was exerted to create logical link between the items in the questionnaire and the objectives of the study.

3.6.2 Reliability

Reliability refers to internal consistency or dependability of a measuring instrument. Internal consistency of items incorporated in the instrument checked by using Cronbach Alpha. The following table shows the SPSS result on the Cronbach Alpha.

i) Reliability statistics of intrinsic reward questionnaires items

Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .828 | 17 |

Acceptable internal consistency since cronbach's alpha is greater than acceptable percentage .7

ii) Reliability statistics of extrinsic reward questionnaires items

Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .891 | 24 |

Acceptable internal consistency since cronbach's alpha is greater than acceptable percentage .7

iii) Reliability statistics of motivation questionnaires items

Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .924 | 19 |

Acceptable internal consistency since cronbach's alpha is greater than acceptable percentage .7

iv) Reliability statistics of intrinsic reward, extrinsic reward and motivation questionnaires items

Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .946 | 60 |

Acceptable internal consistency since cronbach's alpha is greater than acceptable percentage .7

Generally as Cronbach's alpha is shown in the above table for intrinsic reward, extrinsic reward, motivation and merged reward and motivation questionnaires which were .828, .891 and .924 and .946 respectively, that reflects satisfactory and acceptable internal consistency reliability for all three variables as greater than the acceptable percentage (.7).

3.7 METHODOLOGICAL NORMS/ ETHICAL CONSIDERATIONS

A policy of anonymity of the employees adhered to, as various confidential data might be accessed by the researcher. Moreover, a statement confirming the prohibition of including any identity details or personal references of the respondents in the questionnaire forms were included. This is to avoid any biased response or unauthentic data provided by the employees or managers. Also requests for names and employee's identification number or position was prohibited at any part of the data collection so that participants were certain that he/she could not be traced by employers. This would offer them enough room to express their ideas and point out their responses freely and safely. Data gathered in process of the study was kept confidential and would not be used for any personnel interest and the whole process of the study controlled to be within acceptable professional ethics.

Chapter Four:- Data presentation Analysis and Interpretation

4.1. Introduction

This chapter will present a discussion of the final results and the process through which the results were obtained. In addition to this, background information of respondents will be presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis through SPSS version 16.

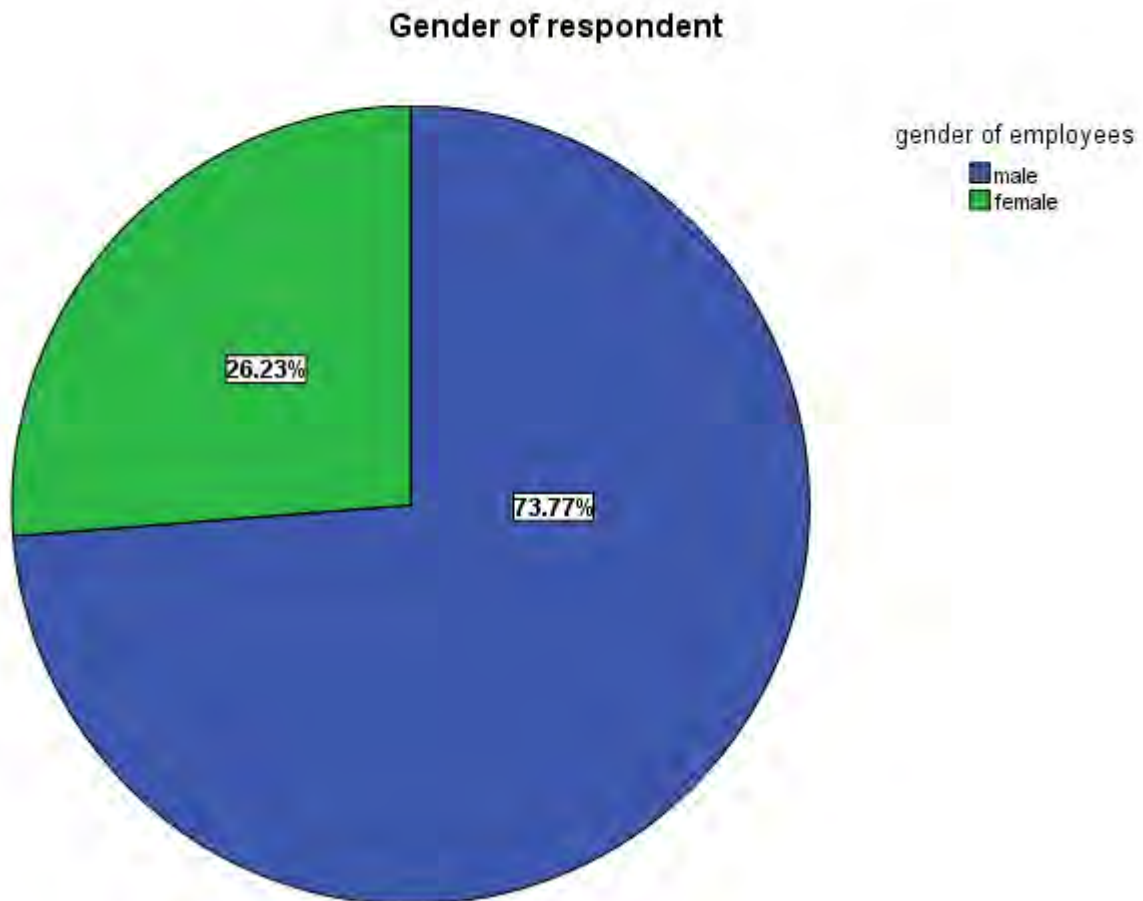
4.2. Quantitative Data Analysis and Interpretation

To facilitate ease in conducting the empirical analysis, the results of the descriptive analysis were presented first, followed by the inferential analysis. The first phase involved editing, coding and the tabulation of data. This assisted in identifying any anomalies in the responses and the assignment of numerical values to the responses in order to continue with the analysis. The data was then checked for possible erroneous entries and corrections made appropriately. The statistical program used for the analyses and presentation of data in this study is the Statistical Package for the Social Sciences (SPSS) version 16.

The descriptive statistics utilized were based on frequency tables to provide information on the demographic variables. Through tables, summary statistics such as means, standard deviations, minimum and maximum are computed for each reward system dimensions and employee motivation in this study. This is followed by presentation of inferential statistics based on each hypothesis formulated for the study. The designed questionnaires were distributed by the researcher to ET employees. Out of the total 365 questionnaires distributed, 324 respondents filled and returned which accounts to 89 %. Accordingly, the analysis of this study was based on the number of questionnaires collected.

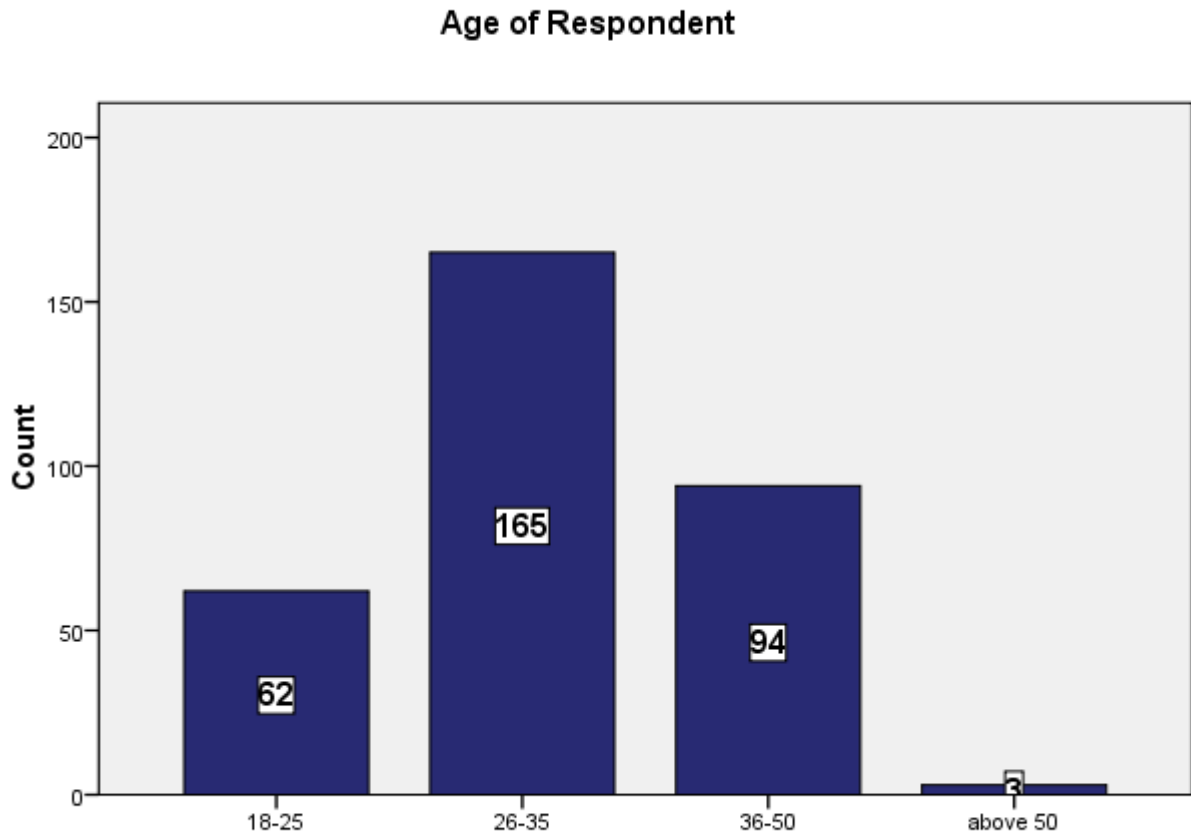
4.2.1 Demographic Information

4.2.1.1 Gender



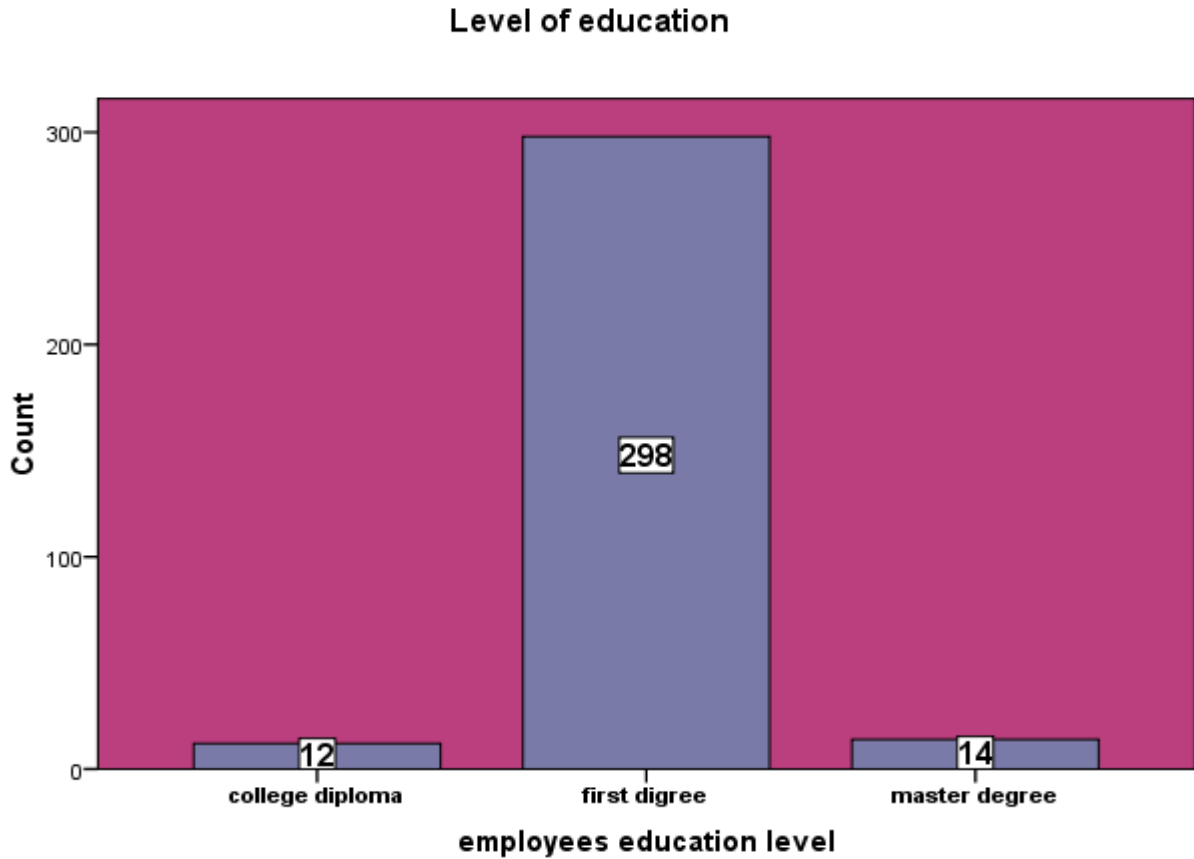
The gender diversity in the sample population is 73.77% male and 26.23% female which is nearly comparable to the total gender diversity of the company which is composed of 71.07% male and 28.93% females. This implies that gender population is fairly distributed in the sample

4.2.1.2 Age



As far as age of respondents is concerned, 62 (19.13%) of the respondents are in the range of 18-25 years, 165 (50.93%) of the respondents are in the range of 26-35 years, 94 (29.01%) are in the range of 36-50 years and 3 (0.93%) are above 50 years. This indicates that majority of respondents in the company are youngsters. Therefore, the company's reward package design should accommodate its workforce age composition. Since, youngsters are more volatile for turnover for cash and other differentials.

4.2.1.3 Education



The graph shows that 12 (3.4%) of the respondents are diploma holders, 298(92%) of the respondents are degree holders and 14 (4.3%) of the respondents are Masters. Since most of the respondents are Degree and above holders, therefore, they would have the ability to fill the questionnaire by having know-how about reward management and employees motivation.

Table 4.1**Employees service year**

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid 0-5 | 121 | 37.3 | 37.3 | 37.3 |
| 6-10 | 55 | 17.0 | 17.0 | 54.3 |
| 10-15 | 109 | 33.6 | 33.6 | 88.0 |
| 15-20 | 33 | 10.2 | 10.2 | 98.1 |
| over 20 | 6 | 1.9 | 1.9 | 100.0 |
| Total | 324 | 100.0 | 100.0 | |

The above table shows that 37.3% of the respondents served the company less than five years. Those who worked above five years are 62.7%. With this reference one can say that Ethio telecom poses significant percent of experienced worker. More over staffs in this category are able to compare and contrast the reward management practice of the company with the former ETC.

4.2.2 Result of Descriptive Statistics Analysis Factor**Table 4.2****Descriptive statistics result of intrinsic reward**

| Intrinsic reward variable | Mean | Standard Deviation |
|-------------------------------|------|--------------------|
| Task and skill variety | 3.45 | 0.75 |
| Achievement | 3.72 | 0.85 |
| Opportunity for career growth | 2.63 | 0.74 |
| Responsibility | 3.76 | 0.85 |
| Autonomy | 3.3 | 0.90 |
| Job rotation and enlargement | 2.68 | 0.88 |
| Total | 3.26 | 0.56 |

As indicated in the above table, the mean values of task and skill variety, achievement, responsibility and autonomy are slightly above the average (i.e. 3) this means the reward system of the company with the mentioned variable is satisfactory. But the mean value of opportunity for career growth and job rotation and enlargement are below average this indicate that the company reward system with this regard it is not satisfactory. When the aggregate mean result (3.26) seen the intrinsic reward system of the company is satisfactory.

Table 4.3

Descriptive statistics result of Extrinsic reward

| Extrinsic reward variable | Mean | Standard Deviation |
|---------------------------|------|--------------------|
| Payment | 3.34 | 0.76 |
| Promotion | 2.55 | 0.79 |
| Working condition | 3.56 | 0.67 |
| Benefit Package | 3.41 | 0.1 |
| Recognition | 3.4 | 0.86 |
| Total | 3.25 | 0.58 |

According to the above table, the company reward system of promotion is not satisfactory because the mean result is below average. But all other extrinsic reward variable (payment, working condition, benefit package and recognition) are satisfactory since the mean result slightly above average. when it is also seen aggregate result the extrinsic reward system of the company is satisfactory

Table 4.4

Descriptive statistics result of Motivation

| Descriptive Statistics | | | | | |
|------------------------|-----|---------|---------|--------|----------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Motivation | 324 | 1.63 | 4.89 | 3.5400 | .66950 |
| Valid N (list wise) | 324 | | | | |

The response of the respondent for those dependent variable of motivation questionnaires is slightly above average. This implies that the employees of the company are moderately motivated.

4.2.3 Result of coefficient of correlation analysis

Table4.5

Correlation coefficient analysis of Extrinsic reward variables with motivation

| | | Payment | Promotion | Working condition | Benefit package | Recognition | Motivation |
|-------------------|---------------------|---------|-----------|-------------------|-----------------|-------------|------------|
| Payment | Pearson Correlation | 1 | .624** | .567** | .181** | .349** | .448** |
| | Sig. (2-tailed) | | .000 | .000 | .001 | .000 | .000 |
| | N | 324 | 324 | 324 | 324 | 324 | 323 |
| Promotion | Pearson Correlation | .624** | 1 | .560** | .072 | .508** | .539** |
| | Sig. (2-tailed) | .000 | | .000 | .195 | .000 | .000 |
| | N | 324 | 324 | 324 | 324 | 324 | 323 |
| Working condition | Pearson Correlation | .567** | .560** | 1 | .239** | .541** | .577** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 324 | 324 | 324 | 324 | 324 | 323 |
| Benefit package | Pearson Correlation | .181** | .072 | .239** | 1 | .191** | .186** |
| | Sig. (2-tailed) | .001 | .195 | .000 | | .001 | .001 |
| | N | 324 | 324 | 324 | 324 | 324 | 323 |
| Recognition | Pearson Correlation | .349** | .508** | .541** | .191** | 1 | .614** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .001 | | .000 |
| | N | 324 | 324 | 324 | 324 | 324 | 323 |
| Motivation | Pearson Correlation | .448** | .539** | .577** | .186** | .614** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .001 | .000 | |
| | N | 323 | 323 | 323 | 323 | 323 | 323 |

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

- ❖ The results show that the correlation coefficient between Recognition and Employee Motivation is 0.614 which is high associated with each other at one per cent level of significance ($r = 0.614, p < 0.01$)

- ❖ There is substantial and, statistically significant relationship between Promotion and Working condition with motivation ($r = 0.539$, $p < 0.01$ and $r = 0.577$, $p < 0.01$ respectively).
- ❖ There is moderate and, statistically significant relationship between Payment with motivation $r = 0.448$, $p < 0.01$

Table 4:6

Correlation coefficient analysis of Intrinsic reward variables with motivation

| | Task and skill variety | Achievement | Opportunity for career growth | Responsibility | Autonomy | Job rot. & enlargement | Motivation |
|-------------------------------|------------------------|-------------|-------------------------------|----------------|----------|------------------------|------------|
| Task and skill variety | 1 | | | | | | |
| Achievement | .388** | 1 | | | | | |
| Opportunity for career growth | .127* | -.014 | 1 | | | | |
| Responsibility | .055 | -.167** | .717** | 1 | | | |
| Autonomy | .267** | .513** | .178** | -.156** | 1 | | |
| Job rot & enl | .423** | .392** | .354** | .187** | .582** | 1 | |
| Motivation | .357** | .439** | .466** | .194** | .462** | .441* | 1 |

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

* . Correlation is significant at the 0.05 level (2-tailed).

- ❖ There is moderate and, statistically significant relationship between Achievement, Opportunity for career growth, Autonomy, Job rotation and enlargement with work motivation ($r = 0.439, p < 0.01$; $r = 0.466, p < 0.01$; $r = 0.468, p < 0.01$ and $r = 0.441, p < 0.01$ respectively).
- ❖ There is low and statistically significant relationship between Task and skill variety with motivation ($r = 0.357, p < 0.01$).
- ❖ There is very low and statistically significant relationship between Autonomy and benefit package with motivation ($r = 0.194, p < 0.0$ and $r = 0.186, p < 0.01$ respectively).

Table 4.7

**Correlation coefficient analysis of opportunity for career growth v
With motivation**

| | | Opportunity for career growth | Motivatio n |
|----------------------------------|------------------------|-------------------------------------|----------------|
| Opportunity for career growth | Pearson Correlation | 1 | .466** |
| | Sig. (2-tailed) | | .000 |
| | N | 324 | 323 |
| Motivation | Pearson Correlation | .466** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 323 | 323 |

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

- ❖ There is moderate and statistically significant relationship between opportunity for career growth with motivation ($r = 0.466, p < 0.01$).

4.2.4 Result of Regression Analysis

In order to determine the extent to which the explanatory variables explain the variance in the explained variable, multiple regression analysis was performed. Table 4.6 below shows that Regress intrinsic and extrinsic reward variable as independent variable on employee motivation as dependent variable.

Model Summary

Table 4.8

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .775 ^a | .600 | .586 | 8.19417 |

Table 4:6 a. Predictors: (Constant), Recognition, Benefit package, Task skill variety, Responsibility, Payment, Job rotation and enlargement, Achievement, Working condition, Autonomy, Promotion, Opportunity for career growth

The model analysis includes the independent variable (Intrinsic and extrinsic reward) and dependent variable (motivation). As indicated in the above model summary and below ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable,

ANOVA^b

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 31317.858 | 11 | 2847.078 | 42.402 | .000 ^a |
| | Residual | 20881.938 | 311 | 67.144 | | |
| | Total | 52199.796 | 322 | | | |

a. Predictors: (Constant), Recognition, Benefit package, Tasks kill variety, Responsibility, Payment, Job rotation and enlargement, Achievement, Working condition, Autonomy, Promotion, Opportunity for career growth.

b. Dependent Variable: Motivation

Individual factors affecting employee motivation

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|-------------------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .646 | 4.060 | | .159 | .874 |
| | Task skill variety | .955 | .246 | .170 | 3.879 | .000 |
| | Achievement | 1.127 | .238 | .227 | 4.745 | .000 |
| | Opportunity for career growth | 1.262 | .478 | .181 | 2.639 | .009 |
| | Responsibility | -.485 | .456 | -.063 | -1.064 | .288 |
| | Autonomy | -.281 | .279 | -.059 | -1.007 | .315 |
| | Job 3rotation and enlargement | .374 | .271 | .071 | 1.381 | .168 |
| | Payment | .391 | .147 | .140 | 2.652 | .008 |
| | Promotion | .260 | .205 | .080 | 1.265 | .207 |
| | Working condition | .488 | .143 | .176 | 3.421 | .001 |
| | Benefit package | .346 | .173 | .081 | 2.002 | .046 |
| | Recognition | .898 | .196 | .230 | 4.573 | .000 |

a. Dependent Variable: Motivation

R=.775, adjusted R square=.6, F=42.402 (p=0.000). The R S square of the model 0.6 shows that approximately 60% of total variation in the dependent variable i.e. employee motivation is explained by the linear combination of the independent variables pr, i.e., recognition, benefit package, tasks and skill variety, responsibility, payment, job rotation and enlargement, achievement, promotion, opportunity for career growth.

Regression Analysis of opportunity for opportunity growth

Table4.9

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .466 ^a | .217 | .215 | 11.28367 |

a. Predictors: (Constant), Opportunity for career growth

The regression of $r=0.466$ and r square 0.217 which implies that opportunity for career growth moderate effect on employee motivation because 21.7 percent of employee motivation can be explained or predicted by opportunity for career growth

4.3 Rank order analysis of reward Management Tools

As per the respondent were requested to rank the most preferred reward tools to the least preferred tools in order to identify their favorite reward tools, the following findings are drawn.

Table 4:10

| Reward management tool | 1st rank | | 2nd rank | | 3rd rank | | 4th | 5th | 6th | 7th rank | |
|--------------------------------------|----------|--------|----------|--------|----------|-----|-------|-------|--------|----------|--------|
| | Freq | % | Freq | % | Freq | % | | | | Freq | % |
| Salary | 56 | 38.62% | | | | | | | | | |
| Recognition | | | 24 | 16.55% | | | | | | | |
| Responsibility | | | | | | | | | 22.06% | | |
| Bonus | | | | | | | | | | 72 | 49.65% |
| Promotion | | | | | | | 19.31 | | | | |
| Opportunities of professional growth | | | | | 48 | 33% | | | | | |
| Benefit Package | | | | | | | | 27.5% | | | |

According to the table, the respondent ranked motivational factor from their most to least of preference: Salary, Recognition, opportunities of career growth, promotion, Benefit package , responsibility and bonus respectively. These indicate that ET employees mostly motivated by extrinsic reward like salary and recognition and least motivated by intrinsic responsibility and extrinsic bonus.

4.4) Qualitative analysis

This analysis section used to analyze the open ended questions provided to respondent to write their preference on the reward package, to provide their suggestion on what to be done to

enhance their level of motivation concerning total reward package and what has to be done by the company to increase work motivation.

The first open ended question used to ask respondent to determine what the company should do in order to motivate them at work place. Accordingly most of them replied that the company should design the career path for all profession and communicate to its employees and also if the company provides housing allowance to non management employees their work motivation will increase

The second open ended question used to ask respondent to choose which type of reward (financial or non financial) that motivate them most. Among the respondent 72% are motivated by salary increase and 58% are motivated by opportunities of career growth.

Third open ended question used to ask whether the respondent satisfied by their career path in the company or not. accordingly 91% of respondent revealed that the company doesn't have its employees career path plan and they were dissatisfied by that due to they do not know or estimate their professional growth in the future.

The forth open ended question used to ask about respondent suggestion, comment, appreciation or question about the reward system of Ethio Telecom. Accordingly most of respondents gave their suggestion about career path that the company to speed up and finalize employees' career path study that is currently under progress. Some other respondent gave their suggestion about the company to afford master program education fee and to provide housing allowance for non managerial level. Appreciation was also given by some respondent was the medical benefit scheme.

4.5 Descusion of the result.

Analysis of the research was done in light of research questions and hypothesis proposed in the plan of the paper. Accordingly, all the four hypotheses results presented as follows.

Hypothesis 1: Motivation of employees highly influenced by intrinsic reward like task and skill variety, achievement, opportunity for career advancement, responsibility, autonomy and job rotation and enlargement.

Since the correlation coefficient of intrinsic reward, $r=0.638$, $p < 0.01$ and the regression of $r=0.683$ and r square 0.456 which implies that high relationship and effect on employee motivation, the hypothesis is accepted.

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .683 ^a | .466 | .456 | 9.38913 |

a. Predictors: (Constant), Job rotation and enlargement, Responsibility, Task skill variety, Achievement, Autonomy, Opportunity for career growth

Hypothesis 2 Providing career growth opportunities to the employees yield motivating impact up on employees.

As presented in the analysis part, correlation coefficient of opportunity for career growth , $r=0.466$ $p < 0.01$ and the regression of $r=0.466$ and r square 0.217 which implies that moderate relationship and effect on employee motivation. Therefore, the hypothesis is accepted.

Hypothesis 3 Total reward system affects employee work motivation.

As it presented Table 4.6 the correlation coefficient of intrinsic reward and extrinsic reward $r=0.775$, $p < 0.01$ and the regression of $r=0.775$, r square = $.6$, and adjusted r square = 0.586 r square 0.586 which implies that high relationship and substantial effect on employee motivation. Therefore the hypothesis is accepted.

Chapter Five : Summary of findings, Conclusions and Recommendations

5.1 Summary of the findings

This study was aimed at investigating the effect of reward management on employee motivation in Ethio Telecom. Four demographic factors were among the questions forwarded to respondents, these were regarding: gender, age, education and service year in the company. All were not the intent of the study in driving relationships with employee motivation. Based on the findings, 26.23 % and 73.77 % from the total population of 324 respondents were females and males respectively. With regard to age distribution, 19.3%; 50.9%; 29.01% and 0.3% were in the ages between: 18-35, 26-35, 36-50 and over 50 years respectively. According to descriptive statistics mean result, the mean value of Motivation is 3.54 this shows that employees in ethio telecom moderately motivated.

Results from Pearson's Product Moment Correlation Coefficient revealed that, there is moderately strong and statistically significant relationship between total reward and employee motivation. The model summary of multiple regression analysis also showed that the proportion of the variation in employee motivation explained by the liner combination of intrinsic and extrinsic reward is 60% (from R² value) which is statistically significant at 99% confidence level, as indicated from F-statistic. more over providing career growth opportunities to the employees yield moderate motivating effect up on employee motivations as it was 46.6% positive and significant relationship and can make 21.7% variance on employee motivation.

From ranking question, respondent revealed that among the reward package that the company provides from the most motivating factor to the least motivating factor accordingly. 1=Salary, 2= Recognition, 3= Opportunity for career growth, 4=Promotion, 5= Benefit package 6= Responsibility 7= Bonus. From open ended question, most respondent raveled that since the company doesn't have a design of career path for its employees, their motivation is significantly affected. More over they express that both intrinsic and extrinsic reward package affect their motivation.

5.2 Conclusion

The purpose of the study to examine the effect reward management on employees motivation and based on the findings of the research and the literature discussed, the following conclusions can be drawn:-

- ✓ According to the result of descriptive mean analysis, regression analysis and literature proved that total reward system which means the intrinsic and extrinsic reward factors are valuable predictors and have an impact on employee's motivation. More over when each variable is seen based on computation of means of the different intrinsic and extrinsic factors in relation to employee motivation, opportunity for career growth, job rotation and enlargement and promotion showed that they are not satisfactory and ET employees motivation is affected by the mentioned factor because the mean value the mentioned variables are below average 3.0
- ✓ The value of correlation and discreptive mean for intrinsic and extrinsic reward factors proved that there is positive relation and almost equal contribution to employee motivation.
- ✓ The reward management practice with regard to benefit package and bonus is attractive according to descriptive analysis but they were the least preference of respondent from ranking questions. Based on the result and literature (Herzberg motivation theory), it can be concluded that these extrinsic reward are not motivation factor rather they create job dissatisfaction if they are not as expected or absent.
- ✓ According to the result showed and the literature opportunity for career growth has an impact on employee motivation.
- ✓ Reward can be regarded as the fundamental expression of the employment relationship, commitment, engagement and company performance development.

5.3 Recommendation.

- As per the findings of the descriptive research result are concerned, the overall reward system of Ethio-telecom has been found to bring motivation of employees slightly above the neutral point this implies that employees are moderately motivated. This calls for a work to be done in the HR policy makers of the company. Those in a responsible position to amend reward policies have to see best practices of internationally and locally acknowledged

- The HR people of Ethio-telecom should consider that both intrinsic and extrinsic reward factors are valuable predictors of employee motivation and also ensure them if they want to improve employees motivation
- Payment (salary) is important but it is not the single most important factor for motivating employees. There are some other important factors that could motivate employee motivation should be taken in to consideration. Besides, it should be fair enough and transparent.
- The company should create opportunities for employee career growth and development by providing Cross-border job opportunities that should be provided to boost up employee motivation
- Based on the rank order question:- salary, recognition, opportunity for professional growth and promotion were selected by respondents from first rank up to fourth rank compared to other reward tools. Therefore the company should give priorities for the aforementioned reward package in order to ensure employee motivation