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**The Effects of Reward on Employee Satisfaction:  
The Case of ethio telecom**

**A Project Submitted to Addis Ababa University Faculty of  
Business and Economics in Partial Fulfillment of the Requirements  
for Master of Business Leadership**

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**THE EFFECTS OF REWARD ON EMPLOYEE  
SATISFACTION IN ETHIOTELECOM**

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## DECLARATION

I certify that my work has resulted in the project, The Effects of Rewards on Employee Satisfaction in the Case of ethio telecom, and that I have given credit to all the sources of the study's materials. This submission is made in partial fulfillment of the Master of Business Leadership degree.

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## Acronyms

**NPP-** Normal probability plot

**RF** Regression function

**SPSS** Software package for Social science

**Std. Dev.** Standard deviation

## **Abstract**

*The goal of this study was to explore the effect of reward on employee satisfaction in ethio telecom. The research was carried out using a Simple Random Sampling Approach, with 203 ethio telecom personnel from three divisions at Addis Ababa's headquarters. Recognition, Opportunity for Promotion, Training and Development, and Work Condition were the metrics utilized to determine satisfaction. The study employed a descriptive and inferential statistics research design. The investigation was conducted using both primary and secondary data. To achieve the goal, the study used both qualitative and quantitative data sources. Qualitative approaches were utilized to summarize interview replies and narrate open-ended questions in the questionnaire, and quantitative methods were used to show the phenomena.*

*The data subsequently sorted, tabulated, presented, and described in a way that achieves the study's goal. The study discovered that ethio telecom employees' satisfaction levels are average in practically all factors.*

*Finally, the study suggests that non-financial rewards are a motivating component in improving worker fulfillment. The project suggested that the organization do their finest to revise reasonable reward better than the current one to accommodate and fulfill their employees, as well as to enhance and achieve the company's overall objectives and goals.*

**Key Words: Employees' Satisfaction, Non-Financial Reward, Recognition, Opportunity for Promotion, training & Development, Work Environment**

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# CHAPTER ONE

## INTRODUCTION AND BACKGROUND

### 1.1. Introduction

This chapter seeks to provide a grasp of basic reward concepts and theories, as well as their impact on employee's satisfaction at work.

This chapter discusses the study's background, problem statement, objective, significance, scope, limitations, definitions of important words, and organization.

### 1.2. Background of the study

In today's globalized world, businesses work in a constantly changing and demanding setting. Resources are scarce, competition is fierce, and customer preferences are shifting. That is why businesses are efficiently combining various resources to fulfill their strategic objectives.

Human capital is the most important factor in achieving corporate goals, even under difficult circumstances. It is not simply the personnel in the company who contribute to the institution's success. That is why human resources are defined as a combination of an organization's most valuable abilities, expertise, skills, lifetime experiences, and desire (Robert, Jackson, and Mathis 2010).

Reward is a company's investment in its employees in exchange for better employee contributions. As a result, a reward could be anything that gets an employee's attention and stimulates him to work. On the other hand, it is the compensation that an employee receives from an organization in exchange for his or her work and contributions to the company (Aktar et al., 2012).

Whatever it is, staff must be inspired to put forth their best efforts by combining their abilities and expertise. Managers use a range of tactics to motivate employees and improve their performance. But, above all, reward is one of the important ways to

motivate people to do well in their work activities in the firm and to increase their effort to be innovative and productive, which leads to greater business functionality (Aktar, Ali, Serena and Sachu, 2012).

Employee satisfaction is crucial for organizations because contented workers contribute to the company's effectiveness and long term success. The efficacy and productivity of a company are dependent on its employees, and "a happy worker is an effective one" (Başar, 2011).

Satisfaction refers to the level of fulfillment of one's requirements, wants, and desires. Satisfaction is mostly defined by what a person desires from the world and what he gets. Employee satisfaction measures how happy employees are with their jobs and working environment. Employee satisfaction is unquestionably one of the many factors that determine organizational effectiveness. Successful firms should adopt a culture of employee pleasure. Employee satisfaction is one of the most essential aspects that organizations desire for their staff (Oshagbemi, 2003).

If organizations are unable to compensate employees, it has a negative impact on their performance and productivity. An inefficient reward system can demotivate employees by causing low productivity, internal conflicts, absenteeism, high turnover, lack of dedication and loyalty, tardiness, and filing grievances (Kalkidan, 2017).

The goal of this study was to investigate the many aspects that affect employees' satisfaction. Identify the best compensation strategy; establish the extent to which the organization works to fulfill employees' satisfaction; and identify elements that have a significant influence in determining employee satisfaction in ethio telecom headquarter selected departments.

This study is particularly important because it addresses the limitations of previous studies by evaluating the relationship between reward and employee satisfaction using ethio telecom as a case study.

Furthermore, this study provides additional chances for students and experts to evaluate general reward and its effect on employee satisfaction.

### **1.3. Background of the company**

Emperor Menelik II initially launched telecommunications facility in Ethiopia in 1894, when he began production of a telephone line from Harar to the capital city, Addis Ababa. The interurban network was then successfully expanded in all other directions from the capital (Business Profile Magazine, 2013).

Following independence from Italian control, the re-established Ministry of Post, Telegraph, and Telephone (PT&T) took over the operation of telephone, telegraph, and radio communications. As a result, the entire national network has been repaired. The corporation underwent several organizational changes during the imperial and Dergue regimes.

Ethiopia utilized state-owned telecommunications services. From 1953 to 1974, Ethiopian Telecommunications maintained a degree of autonomy. Following the fall of the military dictatorship in May 1991, the telecommunications sector was reformed, with Proclamation No. 49/1996 established two distinct bodies, the Ethiopian Telecommunications Authority (ETA) and the Ethiopian Telecommunications Corporation (ETC) in November 1996.

Following the continuation of the 2005/06-2009/10 five-year plan and after focusing its efforts on education, health, and agriculture, the Ethiopian government has decided to focus on the improvement of telecommunication services, viewing them as a crucial lever in Ethiopia's growth, and ethio telecom was born on Monday, November 29, 2010. (Business Profile magazine, 2013).

### **1.4. Problem Statement**

A reward system is an important instrument used in organization to inspire people in the desired ways. Reward should be employed to keep employees coming to work and motivate them to perform at high levels.

Employees receive rewards for performing successfully. The organization may provide these benefits in the form of money, recognition, or promotions (Bratton, 2003). Feelings

of accomplishment at work are also considered rewards. According to Malhotra and Prowse (2007), rewards are extremely effective motivators for performance.

Employee satisfaction measures how happy employees are with their jobs and working environment. Keeping staff morale high may be tremendously advantageous to any corporation. Happy employees are more likely to produce more, take fewer days off, and remain loyal to the company (Jessica, 2012). Employee satisfaction is also used to determine whether employees are happy, content, and have their wants and needs met at work. Many studies argue that employee satisfaction influences staff motivation, goal achievement, and positive workplace morale (Susan, 2007).

ethio telecom employs a variety of methods to ensure employee satisfaction, including training, bonuses, remuneration, and benefit recognition. Since its inception, ethio telecom has planned and implemented initiatives to promote employee satisfaction. One mechanism was an employee satisfaction survey, which is conducted on a yearly basis and measures parameters such as job satisfaction and remuneration. For the budget year 2017/8, the average satisfaction was 67% (ethio telecom employee's satisfaction survey, 2017/8). The results demonstrate that the degree of satisfaction is significantly lower than the intended aim of 98%.

In this case, ethio telecom employees face a range of issues pertaining to the company's financial and non-financial rewards. Basic wages, transportation allowances, housing allowances, and hardship allowances are insufficient. Taking this into mind, this study attempted to measure the reward and satisfaction of employees at ethio telecom's head office by selecting divisions to fill gaps and providing comments and suggestions to the business.

The study tried to answer the question the effect of reward and employee satisfaction. The efficient implementation of the reward system not only benefits the firm, but also provides a pleasant relationship with the employee, through an attractive salary, a good benefits package, opportunities for promotion and recognition, and a job relatively different and interesting.

## **1.5. Research Objectives**

### **1.5.1. General Objective**

The purpose of this study was to assess the effect of rewards on employee satisfaction in the case of ethio telecom.

### **1.5.2. Specific objectives**

In order to attain the primary goal, the researcher was given the following particular objectives. They are:

- ✓ To find the effect of recognition on employee satisfaction in ethio telecom.
- ✓ To find the effect of opportunity for promotion on employee satisfaction in ethio telecom
- ✓ To find the effect of training and development on employee satisfaction in ethio telecom.
- ✓ To find the effect of work environment on employee satisfaction in ethio telecom.

## **1.6. Research Questions**

The major study topics in the paper attempt to investigate the impact of reward on employee satisfaction. The specific research questions include:

- ✓ What types of recognition are practiced to satisfy employees in ethio telecom?
- ✓ Is the opportunity for promotion has a greater effect on employee satisfaction in ethio telecom?
- ✓ What is the effect of training and development on employee satisfaction?
- ✓ What is the effect work environment on employee satisfaction in ethio telecom?

## **1.7. Significance of the Study**

The study intended to investigate how reward systems in ethio telecom contribute to employee satisfaction to create a stronger reward system, engage employees, and inspire them to work tirelessly towards the organization's ultimate goals.

This research has the following significance.

- ✓ Provides insights for the company on how rewards provided affect their employee's satisfaction.
- ✓ To give insight to the management of the organizations to understand the importance of reward and how it could be effectively delivered to the employee to improve their overall satisfaction.
- ✓ It has practical importance for policymakers of the sector in order to distinguish the most satisfactory factor of employees and to find out which reward system is the best tool in order to gain high employee satisfaction.

Furthermore, the study serves as a foundation for future research on similar topics and difficulties concerning the effect of compensation on employee satisfaction.

### **1.8. Scope of the Study**

The primary goal of this study is to look into the effect of rewards on employee satisfaction in ethio telecom. Despite the fact that many different variables can influence employee satisfaction, the researcher focused on some variables that are more relevant to telecom companies and have previously been used to assess employee satisfaction in other studies conducted in different countries. These variables include recognition, opportunities for promotion, work conditions, and training and development.

Although the Company provides numerous lines of services and operates throughout the country, the scope of this study was constrained to ethio telecom head office some divisions, which include HR, Finance, and Customer service department offices situated in Addis Ababa since it is very difficult to consider other areas and sections due to geographic, financial and time constraint.

Furthermore, the goal of this study was to explore the effect of the reward system on employee satisfaction while taking into account certain types of incentive elements (recognition, opportunity for promotion, work conditions, and training and development) and testing the hypothesis to establish if there is a link between the selected reward system variables and employee satisfaction.

## 1.9. Limitation of the Study

The survey does not include all of the employees of ethio telecom in order to provide a comprehensive understanding of the organization's award practices. As a result, this research was limited to the selected divisions found in the organization's main office: HR, Finance, and Customer Service.

Due to the nature of the proposed title, such information was restricted for the sake of the company's security protocol. Employee satisfaction survey results, for example, were not easily accessed while searching the internet.

Another limitation of this study was that, due to time and resource constraints, it did not incorporate all extra incentive system aspects that potentially influence worker satisfaction.

## 1.10. Definition of Terms

The following operational definitions are provided for the terminology used in this investigation.

**Reward:** - is something given or rewarded for worthy behavior, or remuneration given as an encouragement to cause a desired deed or situation to occur (Armstrong, 2007).

**Employee Satisfaction:** - is a measure of how satisfied employees are with their employment and working environment (Jessica, 2012).

**Intrinsic Reward:** - a favorable emotional reaction and strive to urge employees to continue to improve and make long-term behavioral changes as needed (Ryan and Deci, 2020).

**Extrinsic Reward:** - any financial compensation can be expressed in monetary value offered by the firm to employees for their performance, extra effort, and contribution at work (Armstrong, 2012)

## 1.11. Organization of the Study

The study is separated into five chapters, which organize and contain the complete content. The first chapter discusses the study's introduction, which includes the study's history, organizational structure, issue statement, research question, research objective,

study importance, scope of investigation, study constraints, and study organization. The second chapter provides a review of the relevant literature. The third chapter covered research techniques. The fourth chapter concentrated on data analysis and interpretation, while the fifth chapter included a summary of the findings, conclusions, and suggestions. Finally, the bibliography and annexes are attached.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2. Theoretical Literature Review

##### 2.1. Introduction

This chapter defines key terminology, concepts, and the philosophy of reward, hypotheses, theoretical frameworks, theoretical reviews, comparative studies, and the conceptual framework.

##### 2.2. The Concept Reward

Many authors have well-defined reward and reward management in a variety of ways. Rewards are financial, non-financial rewards, and other reward packages provided by the organization to improve employee performance or to recognize employees' extra effort (Bratton 2000). Friedman and Gross (2004) define reward as the overall remuneration, benefit offerings, and other advantages offered by corporations to incentivize employees to improve their satisfaction.

Reward is a firm investment in its employees in order to improve their contributions to the organization. As a result, a reward could be anything that piques an employee's interest and inspires him to work. Alternatively, it is the salary an employee gets from an organization for his or her work and contribution to the organization (Aktar et al. (2012).

Reward is an endeavor to develop a feeling of being accepted within the workplace, which touches on issues of compensation and features of workers' relationships with one another (Nawawi 2010, p.319).

Reward serves numerous purposes in companies, and it is typically something valued like as money. Traditional, quantifiable factors such as money or salary, variable pay and benefits, and intangible non-cash elements such as the opportunity to achieve and exercise responsibility, learning and development, career opportunities, the intrinsic motivation provided by the work itself, and the organization's quality of working life are

common examples of reward. Rewards assist to establish a better employment contract, retain good workers, and increase revenue. The primary goal is to boost people's willingness to work in your organization and increase their productivity. (Armstrong 2009 cites Thompson, 2002).

The term "reward" refers to any monetary, non-cash, or psychological benefit provided by an organization in exchange for work or contributions to the company. Work incentives are benefits that employees receive at work and are regarded to be drivers of job commitment and enjoyment (Malhotra, Budhwar, & Prowse, 2007).

Reward should comprise remuneration (salary, short and long-term benefits), benefits (health related, work life, and other benefits), and careers (training, professional advancement) (Gross & Friedman 2004).

### **2.3. Types of Reward**

There are two kinds of rewards; intrinsic and extrinsic rewards.

#### **2.3.1. Financial Rewards**

Financial rewards are monetary incentives provided to employees in exchange for their good performance. Financial incentives are the total amount of all financial payments, such as basic salary, contingent compensation, and allowances. The reward system starts with the organization's business plan. This determines the business drivers and sets the company's goals. The drivers are unique to each business; however they usually include items such as high performance (Armstrong 2007).

#### **2.3.2. Non-Financial Rewards**

Non-monetary benefits do not entail direct compensation and are frequently derived from the work itself, such as achievement, recognition, the opportunity to use and develop skills, training, career improvement possibilities, and high-quality leaders (Nelson 1997).

##### **2.3.2.1. Non-financial Reward Variables**

It consists of non monetary compensation packages. Non-financial benefits are forms of remuneration that do not include direct money and instead stem from the job itself. Non-financial benefits typically include intrinsic rewards, which are difficult to quantify in

terms of money value. This involves skill development, career advancement, recognition of job performance and achievement, and raise (Armstrong 2009). For the sake of the study, just four of them are discussed.

### **Employee recognition**

Employee recognition is the admiration and acceptance of employees for their achievements and successes inside the organization. According to (Kibet et al 2013), appreciation expresses appreciation and admiration for employees' good performance within the organization. It also inspires other employees to act in this manner. It is a low-cost method of inspiring people to improve their performance and organizational efforts (Brun and Dugas, 2008).

### **Opportunity for Promotion**

Gohari (2013) defined promotion as a strategy for individual advancement that entails increased duty and rank. It is critical for employee satisfaction since it enables and guides them to be accountable in their activities. According to Robbins (1998), an incentive system that includes promotion contributes significantly to employee performance and organizational productivity.

Promotional opportunities were defined as the opportunity for employees to move to higher levels of an organization's hierarchy by seeking equitable promotion rules and trend. Promotions provide opportunities for staff development, more responsibility, and higher social prestige. They regard promotions as providing an employee with a rise in compensation and a higher prestige. According to the studied literature, promotion has a positive effect on employee performance. On the other hand, for promotion to be operative in increasing employee happiness, it must be perceived as fair and based on meritocracy. According to numerous researchers, promotion is used as an incentive for improving work performance and keeping employees motivated. However, many competent and efficient people may leave a firm if they believe there is no high position for promotion (Nzuve, 2000).

Promoted employees usually assume greater responsibility and authority in exchange for higher pay, benefits, and privileges. A company's promotion procedure should allow management to hire the best professional employee available within the organization (Cascio and Namburdi, 2010).

Employees may be dissatisfied if there is little chance for progress in their organization, as this is highly linked to salary (Negrinandzafir, 2004). Promotion requires that all key workers have a clear understanding of their future part in the organization; otherwise, he or she may choose to quit the organization for occupation elsewhere (Getie, Betre, & Hareri 2013).

### **Work condition**

The entire work environment, including the physical activity setup and organizational structure, is referred to as a condition in the workplace. It is made up of a variety of components that either directly or indirectly impact the work activity (Ruddy, 2007). Not only does it impact employee performance and productivity, but it also has an impact on team member behavior and work culture. According to Karami, Dolatabadi, and Rajaeepour (2013), well-designed working conditions that are based on the nature of the firm are therefore vital for an employee's performance in their role.

Depending on the nature of the workplace, employees' satisfaction levels may potentially be positively or negatively impacted by it. If given a favorable workplace, employees can perform better. An environment that is conducive to work will increase employee satisfaction, which in turn will lower turnover and boost morale (Dole and Schroeder, 2001).

The individual prefers to operate in situations that are more physically comfortable. The absence of such working conditions can have a severe impact on an employee's physical and emotional wellbeing, among other things. Given the mental and physical demands of their employment, workers may believe that unfavorable working circumstances will only result in subpar performance (Baron and Greenberg, 2003).

However, most employees might ignore or take for granted favorable working conditions if they are excessively good. In such a situation, the worker may not be bothered or affected by his favorable working circumstances, or he may not truly appreciate them. Working environments are related to the workplace, employee qualities and job responsibility. It covers job obligations and organizational responsibilities, such as training, capacity, utilization, health, security, and working hours. Employees' requirement for a peaceful and comfortable work environment determines their level of job satisfaction. By creating this environment, the firm can boost employee satisfaction. Low job satisfaction ratings are typically connected to physical work conditions (DeTroyer, 2000).

### **Training & Development**

Training and development aims to provide the optimal culture and environment for people and organizations to learn and grow. It is aware of the organization's current and future capability needs and understands how to establish a learning culture that fosters participation in ongoing professional development. The workforce competences, skills, and competencies that the organization requires are outlined in the learning and development (L&D) strategy, along with strategies for developing them to ensure the business's sustainability and success (CIPD, 2021).

While growth is the process of acquiring awareness, skills, and activities that enhance an employee's capacity to adapt to changing job requirements and customer demands, learning is the deliberate attempt to help employees acquire job-related knowledge, skills, and behavior (Steen, Noe, Hollenbeck, Gerhart & Wright, 2009). However, learning is described as the careful and systematic alteration of behavior through training sessions, curricula, and guidelines that help people reach the levels of capability, ability, and knowledge required to do their jobs well (Armstrong referenced in Nick, 2016). Employers who offer their employees training and development opportunities report high employee satisfaction and low loss (Wagner, 2000).

Workers can improve their knowledge and abilities through training, which will help them develop effectively (Jun et al., 2006). According to Martensen and Gronholdt

(2001), these training packages enhance employees' development in a favorable way, which is beneficial for competences. Through participation in these training programs, staff members can develop their careers, become more confident, and think positively about their organizations (Jun et al., 2006). Management continuously plans for and invests in training and development in order to raise employee capability levels and enhance organizational achievement. Even though the terms can be used interchangeably, there are occasions when they are distinguished from one another. The purpose of training is to provide students with the information and abilities required for their current positions. Examples of training include teaching a worker how to use a lathe or a supervisor how to set up a daily routine. Development, on the other hand, entails learning that extends beyond the current employment and has a longer-term perspective. It prepares personnel to keep up with the organization as the company evolves and grows (Jun et al., 2006).

One of the most significant possible motivators is a training and development program, which can help people and organizations in the short and long term. Employee unhappiness was caused by an inadequate training and development program that did not address the needs of the employees specifically. Employees compelled to quit their company because they didn't receive enough training, regardless of their title or position (Sadra, 2012).

Conducting formal training and development programs gives us the following advantages (Ambler, 2006).

- ✓ Ensures companies have adequate human resources to sustain development and expansion.
- ✓ Training enables small businesses to adopt new technology and adapt to a changing atmosphere of competition.
- ✓ Training can boost staff efficiency and motivation, resulting to higher productivity and job satisfaction.
- ✓ It improves job performance in corporate companies.

## **2.4. Reward Philosophy**

Every corporate strategy has a guiding principle that directs the creation and application of the strategic plan. Incentive philosophy, then, is a school of thought that appropriately directs the implementation and efficacy of incentive administration within the company. Furthermore, it outlines the process for acknowledging workers' efforts and influences to the organization at duty (Armstrong, 2010). Determining how to participate in the organization's personnel is helpful.

### **2.4.1. Equity Theory**

Adams' notion of equity is concerned with the existence of equality and fairness in how employees are treated by their employers or subordinates. The way we treat our employees, and how they perceive it, can have a positive or negative influence on their productivity and level of contribution inside the organization. Adam believed that if employees were not treated correctly, they would choose to do negative things for the organization (Moorhead and Griffin, 2004).

Numerous empirical tests of the theory have revealed that employee insights of fairness regarding job supervision, compensation, and advancement are important forecasters of workplace behavior and job routine (Ndungu, 2017). Equity theory highlights the significance of an employee-perceived fair incentive structure, which is of utmost relevance to managers.

Nevertheless, this approach does not take into consideration individual characteristics that affect equity or forecast overpayment situations or how individuals would respond to them.

Furthermore, Redmond (2009) challenged the theory's ability to provide many approaches to restoring equality while providing no precise forecast for the choice that a person will make. Moreover, Redmond (2009) challenged the theory's lack of applicability, claiming that a variety of variables outside the control of managers, organizations, or administrations might cause inequality.

The main goals of equity theory were twofold. Initially, the idea aimed to elucidate how people evaluate how fair relationships are. Explaining the impact of unequal relationships

was the theory's second goal (Davlembayeva, D. & Alamanos, E. 2023). The key constituents that individuals take into account when evaluating equity were abstracted in order to achieve the goals (Adams, 1963; Adams & Freedman, 1976). The basics that were conceptualized were input, person, output, and others. The terms "input" and "output," which relate to the costs and influences people make as well as the gains and rewards of those relationships, come from the Social Exchange Theory. Input can refer to a variety of things and formats, including work, education, experience, abilities, social standing, and other personal qualities like degree of attraction. What individuals bring into associations is determined by those factors. They were therefore classified as inputs. The contributors see those contributions, which ought to be evaluated in light of their applicability to the specific social exchange scenario and acknowledged by the parties involved in the exchange. Among other things, "outputs" included status, monetary compensation, intangible behavioral results, and social and symbolic advantages. Outputs were classified according to their recognition and significance, much like inputs. The Social Comparison Theory was the source for Person and others. A person is an individual who assesses the fairness of the relationships, but others might be any reference group that equity is measured against. Even the individual may be involved, but only in a different scenario, moment, or set of circumstances.

After determining the factors to be included in evaluating inequality, Adams (1963) defined inequality as an imbalance between an individual's observed input and output and their own input and output. Using supporting data and the cognitive dissonance theory (e.g., Wills, 1981; Festinger, 1962); various authors have discussed the effects of unequal relationships and suggested coping mechanisms (Walster, Berscheid & Walster, 1973; Adams, 1963; Adams & Freedman, 1976).

The theory postulates five basic concepts.

Firstly, according to Adams (1963), interpersonal relationships are based on the equity norm, or the belief that one's contributions would be valued. People are inherently motivated by profit and anticipate equivalent returns less expenses. Fair relationships among group members are assumed to be advantageous to other group members. As a result, group members will penalize individuals who treat others unfairly and reward

those who respect others fairly (Walster, Berscheid & Walster, 1973). People in many societies aspire to just relationships. While individual disparities in the assessment of fairness were not examined in the early writings on equity, It became apparent that many people have varying ideas on what equitable relationships are (Walster, Berscheid & Walster, 1973; Lund, Scheer & Kozlenkova,

Secondly, equity is evaluated by comparing personal inputs/outputs to those of others in social trade connections. Equity is recognized when the input/output ratio equals that of others. To make the connection, individuals can refer to a specific referent person or a broad category of others. The identified person might even be oneself, which indicates that the individual refers to their own previous experience in terms of the benefits earned for their services. A generalized comparison involves comparing one's input/output ratio to universally recognized standards or preset societal norms (Greenberg, 1987). Furthermore, defined or generalized outsiders can be both external (from different social groups) and internal (from the same social group) (Scholl, Cooper, & McKenna, 1987). Employees utilize the company's relevant bonus objectives to evaluate the fairness of bonus payouts, which is an example of generalized internal standards (Voußem, Kramer, & Schäffer, 2016). Specific internal standards are important for organizational leaders, who base their award distribution decisions on personal equity norms (Rus, van Knippenberg, & Wisse, 2010). Specified external standards can play a role when an employee in one business compares his/her remuneration to that of a specific worker working for another organization (Shore, Tashchian, & Jourdan, 2006).

Thirdly, unbalanced reward distribution in relation to contributions creates the feeling of injustice. For example, in the organizational context, inequity occurs when employees' inputs (education, qualification, responsibilities) and outputs (bonuses, salary, and job security) are psychologically opposed to what an employee believes other people receive. In the family environment, imbalance occurs when one partner benefits less or more than another (Sprecher, 2018). Inequity in buying behavior occurs when consumers obtain unexpected perks and services.

Fourth, unfairness causes psychological distress owing to the discrepancy between personal outcomes and the referent others. Negative inequality (the belief that an

individual received less rewards than contributions) and positive inequity (the sense that rewards exceeded contributions) cause pain, primarily in the form of wrath and shame. People experience more anguish when there is higher unfairness (Walster, Berscheid, & Walster, 1973; Adams, 1963). In family relationships, an imbalance in advantages and treatment between the participants leads to psychological stress and discontent (Sprecher, 2018).

Finally, if any of the types of inequality are recognized, the individual strives to restore inequity, either mentally or physically, in order to alleviate the emotional tensions associated with inequity perception. To cope with distress, psychological and physical mechanisms are directed at either redistributing personal or others' input/output to eliminate discrepancy or cognitively changing the perception or attitude toward the input/output (Scholl, Cooper & McKenna, 1987; Walster, Berscheid & Walster, 1973; Adams, 1963).

Although the idea has not been tested for the influence of personality characteristics, it is assumed that the response to inequality would change based on personality traits (Walster, Berscheid, & Walster, 1973). Compensation manifests as an increase in incentives for another party. It is a widespread practice in organizational management to inspire underpaid personnel to enhance inter-organizational connections and performance through pay plans (Shin, 2016). Self-deprivation is the reduction of own benefits to match those of another party. Individuals might seek retribution from others in reaction to undesirable behavior directed at another party. The two psychological tactics used to explain the poor outcome of relationships are devaluation of the other party's contribution and self-affirmation that incentives are inequitable (Walster, Berscheid & Walster, 1973; Davies et al., 2018). These equity restoration reactions have been investigated to explain the perception of gender-based inequality and social prejudices in connection to disadvantaged social groups as a means of justifying the difference in benefits in society (Davies et al., 2018). The rejection of responsibility for the conduct serves to minimize the sense of moral obligation (Walster, Berscheid, & Walster, 1973). It is a common response to unethical behavior, such as noncompliance with business regulations (Harrington, 1996), in-group violence (Iqbal & Bilali, 2018), or bullying behavior (Zhang

& Leidner, 2018). In abusive conduct, retribution strategy refers to a victim's response to unequal relationships by either physical (e.g., a request for compensation) or psychological methods (justification) (Walster, Berscheid, & Walster, 1973).

## **2.5. Employee Satisfaction**

The point of fulfillment of one's requirements, need, and desires is referred to as satisfaction. The primary determinant of contentment is what a person desires and receives from the world. One of the most crucial qualities that companies look for in their employees is happiness (Oshagbemi, 2003).

Satisfaction is defined as the act of satisfying a need, want, or hunger, as well as the emotion that results. When you are content, you have had enough. It is a complicated concept with several definitions and related notions that have been studied for many years in a variety of professions. Because most individuals spend their whole lives at work, managers, social psychologists, and academics are particularly interested in satisfaction ideas and publications. Understanding the components that lead to satisfaction is critical for enhancing people's standard of life in this field (Porter, 1985).

The phrase "employee satisfaction" refers to a broad range of factors, including workers' contentment with their jobs as well as the company's policies, atmosphere, etc. Keeping staff satisfaction high can be tremendously valuable to any business, as satisfied employees are more likely to offer more, take fewer sick days, and remain loyal to the company. Thus, in order to get closer to employee satisfaction, the company should make an effort to meet employee expectations. Additionally, an employee's mental condition may have an impact on how satisfied they are. It is imperative that managers establish and maintain the ideal work environment within their firms as a result. Employee happiness is one of the foundations of organizational citizenship behavior, meaning that well-satisfied workers would work more freely, contributing to the organization's performance (Organ & Ryan 1995).

## **2.6. Empirical Review**

The relationship between rewards and employee satisfaction among employees has been the subject of numerous researches. Predicting, explaining, and examining employee satisfaction inside a business is feasible, based on the majority of research findings.

In the modern, competitive business world, employee satisfaction is a major asset that helps an organization achieves strategic goals by raising employee productivity and performance levels. For this reason, practitioners and academics have been researching this topic for the past few decades. There are several dimensions to employee satisfaction, according to numerous studies. One of the key elements influencing employee satisfaction is reward management approach.

Promotion and employee performance and satisfaction are positively correlated (Schuler & Jackson, 2005). According to Tessema and Soeters (2006), employee satisfaction levels gradually increase when they receive fair promotions within their firm for exceeding performance standards. In addition to monetary compensation, workers also anticipate non-monetary benefits from their employer, such as job recognition, decision-making authority, and appreciation, all of which boost employee morale and raise satisfaction levels (Haider, Aamir, Abdulhamid, & Hashim, 2015).

Regular compensation greatly motivates employees. Employee satisfaction is significantly impacted by acknowledgment, which they view as a way to express their sense of worth and gratitude (Tella and Ibinaiye 2020). Ali and Ahemed (2009) found a statistically significant correlation between employee satisfaction and acknowledgment, and Freedman (1978) found a correlation between recognition and job quality. One of the responsibilities of managers is to successfully influence the behavior of their staff members and encourage them in order to increase organizational efficiency (Galletta, 2011). According to Chepkwony and Oloko (2014), incentives and recognition are essential for enhancing performance and inspiring workers. In a similar vein, all employees base their commitment on rewards and recognition; among academic staff, there is a strong correlation between job satisfaction and compensation, advancement, and perks (Arokiasamy, Tat, & Abdullah 2013).

According to research by Jitendra Prasad Upadhyay and Pitri Raj Adhikari (2021), promotion is a good way to reward management methods for employee satisfaction in colleges. The mean value of promotion spans from a minimum value of 2.22 to a maximum value of 2.51, and the weighted average is 2.39.

Similarly, the weighted average of recognition is 2.31, and its mean value spans from a minimum of 2.21 to a high of 2.51, indicating that recognition is a superior incentive management technique for employee satisfaction. Furthermore, learning opportunities have a mean value that varies from 1.79 to 2.42, with a weighted average of 2.20. These findings suggest that learning opportunities are superior incentive management policies for enhancing employee satisfaction (Jitendra Prasad Upadhyay & Pitri Raj Adhikari 2021).

Adhikari 2021).The data indicates that career development possibilities are superior reward management techniques for employee satisfaction. The mean value of these opportunities spans from a minimum of 1.72 to a maximum of 2.52, with a weighted average of 2.19. In addition, the weighted average of employee satisfaction is 2.38, indicating that employees are happy, with the mean value ranging from a low of 1.87 to a maximum of 2.65 (Jitendra Prasad Upadhyay & Pitri Raj Adhikari 2021).

The findings show a positive correlation between employee satisfaction and all independent variables. This means that higher levels of promotion correspond with higher levels of satisfaction; more employees receive recognition for their superior work, higher levels of satisfaction correspond with higher levels of learning opportunities; and more employees have access to career development opportunities, higher levels of satisfaction correspond with higher levels of career development (Jitendra Prasad Upadhyay & Pitri Raj Adhikari 2021).

## **2.7. Hypothesis of the study**

H1. Employee recognition has a positive effect and significant on employees' satisfaction.

H2. Work environment has a positive effect and significant on employees' satisfaction.

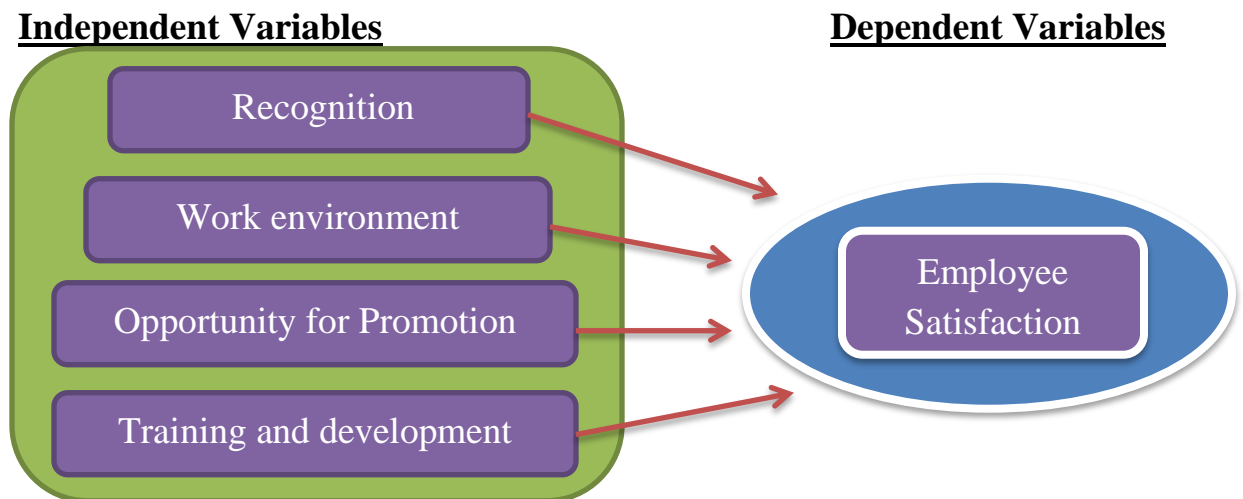
H3. Opportunity for Promotion has a positive effect and significant on employees' satisfaction

H4. Training and development has a positive effect and significant on employees' satisfaction.

## 2.8. Conceptual Framework

The primary focus of this study's independent variables was non-financial rewards. It covers things like acknowledgment, working conditions, chances for advancement, and training and growth. A dependent variable included in the study is employee satisfaction.

According to Mugenda and Mugenda (2003), the conceptual framework illustrates the relationship diagrammatically or visually and reflects the degree to which a researcher acquired a theoretical knowledge of the link between the variables in the study. This relationship describes the link between independent and dependent variables. Numerous independent variables are taken into account because the research focuses on the outcomes of employee incentives satisfaction. Employee satisfaction is characterized as a dependent variable, while recognition, opportunities for advancement, the work environment, and training and development are considered independent variables. The following conceptual framework is developed to show the relationship between the two variables after a thorough analysis of the literature research.



**Figure 2.1 Conceptual framework**

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1. Introduction

This chapter explains the research approach, design, and procedures, as well as the methodologies that were employed in this study. The research's data sources, data collection tool, sampling strategy, study design, and data analysis techniques are all presented in detail, along with the proper justification for each approach and, lastly, the study's ethical considerations.

#### 3.2. Research Approach

In the field of business research, Creswell (2009) identified three often employed methodologies for conducting research projects: mixed, qualitative, and quantitative. Quantitative research is a methodical scientific examination that measures people's ideas and feelings as well as how and why things are done. The primary goal of research academics employing a mixed strategy in their studies is to maximize its benefits and minimize its drawbacks (Johnson & Onwuegbuzie, 2004). In order to benefit from both approaches, the researcher employed a mixed research methodology, using a qualitative method for interviews and a quantitative method for structured questionnaires.

#### 3.3. Research Design

This study's primary goal is to investigate and evaluate how rewards affect ethio telecom employees' satisfaction. This resulted in a description and critical analysis of the study's effects on employees' satisfaction within the organization, as well as its implications for recognition, opportunities for promotion, work conditions, and training and development.

The impact of training and development, work conditions, opportunities for promotion, and recognition on employee satisfaction were all explained and interpreted in the study using an explanatory research design. It is distinguished by the initial step is to collect and analyze quantitative data, followed by qualitative data.

Priority was given to the qualitative data, and both approaches were combined while the study was in its interpretation stage. The outcomes of a largely qualitative investigation were explained and interpreted by the researcher with the help of qualitative results. Additionally, descriptive analysis was performed by evaluating the mean and standard deviation of each variable in order to summarize the respondents' demographic features and determine the degree of employee perspective of independent factors.

To determine the correlations between the dependent and independent variables, the researcher employed the multiple regression technique. The features, direction, and strength of the proposed correlations are ultimately ascertained by this quantitative approach. The study's conclusions and conclusions hinge on making full use of the statistical data that was gathered and examined with SPSS 20.

### **3.4. Population, Target Population, Sample Frame and Sampling Size**

#### **3.4.1. Population**

The population is all of the things that are being studied. Population is defined by mathematicians as the universal set. From a research perspective, the term "population" refers to any case of interest in a study as well as humans (Kamuzora & Adam, 2008).

Total population in ethio telecom Head Quarter department of Human resource, Finance and Customer Service section is 493 employees who are on fulltime basis.

#### **3.4.2. Target Population**

The entire group in whom a researcher is interested or about which the researcher hopes to make conclusions is referred to as the target population (Lwoga, N, B, 2019). 493 employees are the study's target population.

#### **3.4.3. Sample Frame**

A complete items list or components in the population that the sample is taken from is called the sampling frame. A sampling frame, then, is an exhaustive catalog of all units in the universe. When choosing or creating a sample for a study, the issues of the sampling frame's correctness and completeness should come first. A sample that is biased and less

representative can result from an inaccurate or incomplete list (Kamuzora & Adam, 2008).

The sample frame for this study consists of 493 personnel from the customer service, finance, and human resources departments at ethio telecom Head Quarters.

#### 3.4.4. Sampling Size

Sample size is the precise number of objects chosen from a population to make up a sample. Because of the idea that the larger the sample size, the less likely it is that the findings would be incorrectly generalized to the population, it is advised to utilize a large sample size in order to be able to do so (Adam and Kamuzora, 2008, Saunders et al 2001).

The Taro Yamane (1967) sample selection approach will be employed by the researcher. A total of 221 sample members will be used in the study, with 493 members of the target population. In order to determine the sample size,

$$\text{Yamane simplify formula } n = \frac{N}{1+N(e^2)}$$

Where:

N = Total population = 493 (Finance, Human Resource and Customer Service)

e = Error level. This research uses 95% confidence interval therefore level of random

Error is allowed at 5%.

$$\begin{aligned} \text{Sample of customers } n &= \frac{N}{1+N(e^2)} \\ n &= \frac{493}{1+493(0.05^2)} = \underline{\underline{221}} \end{aligned}$$

The target population as a whole will be represented by the sample size. The sample from each division was chosen proportionately based on this percentage. A straightforward random procedure will be used to choose the responses from each area.

### 3.4.5. Sampling Technique

Simple random sampling was utilized in the study to choose the participants. One method of respondent selection that is used to prevent bias is simple random sampling (Mugenda & Mugenda, 2003).

According to Levy and Lemeshow (2008), simple random sampling is a probability sampling strategy wherein the initial sample element is selected at random, and subsequent samples are selected based on a fixed or regular interval until the study's target sample size is achieved. The details of the questionnaire distribution plan are displayed in the following table.

**Table 3.1: Sampling Instrument Administration**

<b>Departments</b>	<b>Number of employees</b>	<b>Sample size</b>
Finance	96	44
Human Resource	132	57
Customer Service	265	120
<b>Total Population</b>	<b>493</b>	<b>221</b>

### 3.4.6. Choice of Study

Based on knowledge and interest in the subject, this study was carried out. Furthermore, the impact of rewards on employee satisfaction is a contemporary issue, and the compensation structure of ethio telecom is a fascinating topic.

### 3.5. Data Sources

Employees now employed in Addis Ababa who worked in departments chosen by the head office provided the data. Both primary and secondary data types will be used in this study.

### 3.6. Data Collection Instruments

This study included management interviews, questionnaires, and document reviews as its data collection methods. Using both main and secondary resources, data was gathered.

### **3.6.1. Primary Data**

In order to gather first-hand information, the primary data sources included questionnaires and interviews. For the first data, primary data was gathered in order to get firsthand knowledge about a particular study questionnaire.

### **3.6.2. Secondary Data**

To support the accuracy of the information, secondary data was gathered from available journal papers, human resource records, organizational handbooks, annual reports, the ethio telecom website, and brochures.

### **3.6.3. Questionnaire**

The primary goal of the questionnaire was to gather information from respondents at the managerial level as well as permanent staff that are currently employed by ethio telecom Head Office. They expressed their thoughts, feelings, and issues regarding the impact of reward policies on worker satisfaction within the company using the questionnaire.

## **3.7. Data Analysis Method**

Both descriptive and inferential statistics were utilized by the researcher to examine the data collected and provide answers to the study topic. In order to create a frequency distribution table, the data collected from the respondents was calculated using basic statistical measures like percentages, ratios, and proportions. Correlation and regression analyses were then performed as inferential statistics to test the developed hypothesis. Lastly, a generalization was created using the study's findings.

### **3.7.1. Descriptive Statistics**

By examining the mean, frequency, and standard deviation for the items of recognition, opportunity for advancement, work conditions, training and development, and employee happiness, this was utilized to characterize and summarize the questionnaire responses.

### **3.7.2. Inferential Statistics**

The results of the computation of inferential statistics were utilized to determine how representative the sample was for the population. Initially, the Pearson product-moment correlation coefficient analysis was used, which focuses on determining the direction and degree of relationships as well as their existence. Second, as employee satisfaction is

thought to be a function of the independent factors related to incentive effects, multiple regression analysis was used to measure the dependent variable. This technique aimed to forecast the dependent variable based on its covariance with all relevant independent variables.

The dependent variable (employee satisfaction) and the independent factors (recognition, opportunity for promotion, training and development, and work environment) formed the foundation of the multiple regression equation used in this project. Regression analysis was used in this study with the primary goal of increasing researcher effectiveness through the description, comprehension, prediction, and management of the variables that were presented. Thus, using such statistical tools, this explanatory type of research was thoroughly addressed.

#### **3.7.2.1. The Pearson Product Moment Correlation**

The Pearson Product Moment Correlation Coefficient was employed to ascertain whether there is a statistically significant association between reward and overall satisfaction. According to Sekaran (2003), it offers an indicator of the direction, strength, and size of the link between the variables.

#### **3.7.2.2. Regression analyses**

A statistical technique for examining the link between the dependent and independent variables is regression(s). It offers a way to forecast how the dependent variable will alter in response to variations in one or more independent variables. As such, it enables the investigator to determine the influence of the independent variables and the relative significance of each predictor (Sekaran, 2003). Thus, employee satisfaction is the dependent variable in this paper, and the four types of rewards are the independent variables.

### **3.8. Validity and Reliability of Research Instrument**

#### **Validity**

The most significant element is validity, which indicates how well an instrument analyzes the variables it is designed to measure. Utility is another method to define validity. Put

differently, validity relates to how effectively variations found by a measurement tool match genuine discrepancies among test individuals (Kothari, 2004).

The primary data was gathered via questionnaire, as shown in the methodology. In the meantime, the questionnaire was taken from several reliable sources. As a result, the adviser verified the questionnaire after the researcher gave experts in the field an opportunity to assess it and ensure the instrument's validity.

### **Reliability**

The dependability test is yet another crucial evaluation of accurate measurement. If a measuring device yields consistent data, it is considered dependable (Kothari, 2004). Furthermore, validity is enhanced by the use of trustworthy measuring equipment. Therefore, in order to demonstrate the instrument's reliability, the researcher distributed a pilot test set of questionnaires and made any necessary revisions in the event that any inconsistencies emerged. Lastly, Cronbach Alpha results were obtained by using SPSS to test the questionnaire's reliability.

### **3.9. Ethical Consideration**

Research participants should not be harmed in any way, and their dignity should be respected above all else. By taking this into account, the researcher was guaranteed the goal of the research paper and the privacy of any data on the questionnaire's introduction (Bryman and Bell 2007). There was no physical harm done to research subjects, and everyone participated in the study had the right to privacy and dignity of treatment. The researcher maintained tight anonymity regarding the information gathered. All help, other people's cooperation, and the information's original sources are acknowledged. Additionally, the researcher demonstrates impartiality, deference, or the persons' integrity by disclosing the participants' readiness to participate voluntarily in the research.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

#### 4.1. Introduction

The analysis and display of data are the subjects covered in this chapter. Simplifying the conversation and advancing a deeper comprehension of the study's conclusions are the goals. The study's data are examined and interpreted in this chapter. The presentation begins by presenting the respondents' personal and demographic data. Following that are the statistical results, both descriptive and inferential.

A total of 221 questionnaires were given in order to gather the data needed for the investigation. 203 (91.85%) of these were viable questionnaires that were gathered.

#### 4.2. Demographic Characteristics of Respondents

The participants' demographic data is presented in the first segment of the questionnaire. This attempted to collect data about the respondents' personal and professional demographics. As a result, table 4.1 provides a summary and description of the characteristics pertaining to the respondents, which include their sex, age, marital status, educational attainment, and years of employment in their organization.

**Table 4.1 Demographic Characteristics of the respondents.**

Item	Classification	No of Response	Present
Sex	Male	106	52.2%
	Female	97	47.8%
		203	100%
Age	22-30	18	8.9%
	31-40	81	39.9%
	41-50	96	47.3%
	51-60	8	3.9%
	>60	0	0.0%
		203	100%
Educational level	Diploma	11	5.4%
	First Degree	111	54.7%
	Master's Degree	81	39.9%
	PHD	0	0.0%

		203	100%
Marital status	Single	42	20.7%
	Married	161	79.3%
	Divorce	0	0.0%
		203	100%
Service year in the organization	< 2 Years	0	0.0%
	2-5 Years	0	0.0%
	5-10 Years	21	10.3%
	10-15 Years	77	37.9%
	15-20 Years	105	51.7%
	> 20 Years	0	0.0%
		203	100%

There were more male respondents in the sample than there were female respondents. 52.2% of the respondents were men (n = 106), while 47.8% of the respondents were women (n = 97). This suggests that there is an imbalance in the numbers of male and female employees across these three departments. In terms of age, the bulk of respondents (87.2%) fall between the ages of 22 and 40, indicating that most of the company's respondents are in their prime working years.

Regarding the respondents' educational backgrounds, most employees of the organizations are sufficiently professional to complete the questionnaires fully comprehending them.

The bulk of employees, or 105 (51.7%), are between the ages of 15 and 20. This suggests that the employee experiences are made up of both younger workers and workers with enough years of experience. For the younger workers, the company tries to manage their energy by offering competitive benefits in an effort to keep them on board.

### **4.3. Results of Descriptive analysis**

For each of the several dimensions of the effects of reward that were investigated over the questionnaires that were obtained from the participants, descriptive statistics were calculated in the form of arithmetical means and standard deviation for the participants. To give an overview of respondents' opinions on the company's employee satisfaction levels and specific reward effects.

### 4.3.1. Cronbach's Alpha Result

**Table 4.1 Cronbach's Alpha Result**

Variables	Cronbach's Alpha	No. of Items
Recognition	0.822	5
Opportunity for promotion	0.827	7
Training & development	0.862	4
Work environment	0.843	4
Employee satisfaction	0.731	5
<b>Total scale</b>	<b>0.817</b>	<b>25</b>

In general, the benefit variable's Cronbach's alpha in the above table suggests Very Good Quality reliability, whereas the variables pertaining to work environment, recognition, employee satisfaction, promotion opportunities, and training and development have good reliability. For every item, the total Cronbach alpha coefficient is 0.817. As a result, the study's predicted scale indicates strong reliability.

### 4.3.2. Descriptive Analysis

<b>Table 4.2 As employee I get recognition for my extra effort</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	90	44%	44%	44%
	Disagree (2)	12	6%	6%	50%
	Neutral (3)	21	10%	10%	60%
	Agree (4)	58	29%	29%	89%
	Strongly Agree (5)	22	11%	11%	100%
N Valid		203	100	100	
Mean		3.0114			
Std. Deviation		0.6991			

As shown in table 4.2, approximately 50% of respondents (frequency 102) do not receive recognition for their extra effort on behalf of the organization, whereas approximately 50% report receiving such recognition. This result shows that employees are neither satisfied nor unsatisfied with the company's strategy of acknowledging employees for their additional effort made.

Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	9	4%	4%	4%
	Disagree (2)	60	30%	30%	34%
	Neutral (3)	66	33%	33%	67%
	Agree (4)	47	23%	23%	90%
	Strongly Agree (5)	21	10%	10%	100%
N Valid		203	100	100	
Mean		3.035			
Std. Deviation		0.6895			

According to the results in Table 4.3, 34% of 203 respondents claimed they did not receive favorable feedback on their activity, 33% agreed to receive positive feedback on their activity, and the remaining 33% were ambivalent. This means that positive feedback in the workplace is medium.

Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	39	19%	19%	19%
	Disagree (2)	48	24%	24%	43%
	Neutral (3)	57	28%	28%	71%
	Agree (4)	47	23%	23%	94%
	Strongly Agree (5)	12	6%	6%	100%
N Valid		203	100	100	
Mean		2.9956			
Std. Deviation		0.69882			

According to the result in Table 4.4, 43% of respondents did not feel that recognition helped them improve their performance, whereas 23% agreed. Based on this, we can conclude that over half of the respondents do not feel that recognition should have an impact on their performance.

<b>Table 4.5 I feel that my job receives enough attention from my company</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	93	46%	46%	46%
	Disagree (2)	48	24%	24%	70%
	Neutral (3)	29	14%	14%	84%
	Agree (4)	33	16%	16%	100%
	Strongly Agree (5)		0%	0%	
	N Valid	203	100	100	
	Mean	3.0728			
	Std. Deviation	0.69978			

As indicated in table 4.5, 70% of respondents (frequency 141) believe their job does not receive adequate attention, whereas the remaining respondents believe the opposite. This result demonstrates that the company didn't give enough attention to the employees' jobs.

<b>Table 4.6 Proper recognition of high performer will encourage low performer to work hard</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	45	22%	22%	22%
	Disagree (2)	21	10%	10%	32%
	Neutral (3)	11	5%	5%	37%
	Agree (4)	66	33%	33%	70%
	Strongly Agree (5)	60	30%	30%	100%
	N Valid	203	100	100	
	Mean	3.0101			
	Std. Deviation	0.69858			

According to table 4.6, around 63% of respondents thought that sufficient recognition of great performers will inspire lower performers. The rest of the group disagreed on the matter. This implies above the average of employees agreed upon when the organization recognizes the top performance, the lowest one also works hard.

<b>Table 4.7 There are chances to get a new position</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	105	52%	52%	52%
	Disagree (2)	15	7%	7%	59%
	Neutral (3)	9	4%	4%	63%
	Agree (4)	50	25%	25%	88%
	Strongly Agree (5)	24	12%	12%	100%
	N Valid	203	100	100	
	Mean	2.8054			
	Std. Deviation	0.9961			

Table 4.7 reveals that above the average (59%) of respondents believe there is no opportunity for a new position, 4% are neutral, and the remaining 37% believe there is a chance for a new position. Generally, many respondents disagreed on the notion of new position opportunity.

<b>Table 4.8 I perceive my promotion and grade as fair</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	36	18%	18%	18%
	Disagree (2)	30	15%	15%	33%
	Neutral (3)	66	33%	33%	66%
	Agree (4)	45	22%	22%	88%
	Strongly Agree (5)	26	13%	13%	100%
	N Valid	203	100	100	
	Mean	3.1005			
	Std. Deviation	0.9655			

Table 4.8 shows that 35% of respondents believe their grade and promotion are fair to all employees, while the remaining respondents are neutral or disagree on fair grade and promotions. In general, many respondents disagreed on the issue of fair promotion and grade distribution among employees.

<b>Table 4.9 There are chances to get a new position from others employee on the same position</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	39	19%	19%	19%
	Disagree (2)	48	24%	24%	43%
	Neutral (3)	57	28%	28%	71%
	Agree (4)	47	23%	23%	94%
	Strongly Agree (5)	12	6%	6%	100%
	N Valid	203	100	100	
	Mean	2.9946			
	Std. Deviation	0.99682			

According to table 4.9, 43% of respondents believe there are no chances of getting a new post within the same positions, 29% believe they can acquire a new position among peers, and the remaining respondents are neutral. This result indicates that employees are not satisfied with the opportunity of transferring to new positions.

<b>Table 4.10 There are chances for advancement on the job</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	93	46%	46%	46%
	Disagree (2)	48	24%	24%	70%
	Neutral (3)	29	14%	14%	84%
	Agree (4)	33	16%	16%	100%
	Strongly Agree (5)		0%	0%	
	N Valid	203	100	100	
	Mean	2.9028			
	Std. Deviation	0.9888			

Among 203 employees, 70% disagreed on the possibility of job advancement, while 16% said there were opportunities for advancement on the job. This shows that many employees' jobs have not advanced and they are continuing to accomplish the same things they did previously.

<b>Table 4.11 Employees who do well on the job have a fair chance of being promoted</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	45	22%	22%	22%
	Disagree (2)	21	10%	10%	32%
	Neutral (3)	11	5%	5%	37%
	Agree (4)	66	33%	33%	70%
	Strongly Agree (5)	60	30%	30%	100%
	N Valid	203	100	100	
	Mean	2.70101			
	Std. Deviation	0.9978			

According to table 4.11, 32% of respondents dispute that well-performing employees were fairly promoted, while the remaining agreed that the best performers were promoted. Based on this, we can conclude that well-performing employees have a decent chance of promotion.

<b>Table 4.12 The company promotes me to develop new skill</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	54	27%	27%	27%
	Disagree (2)	47	23%	23%	50%
	Neutral (3)	30	15%	15%	65%
	Agree (4)	27	13%	13%	78%
	Strongly Agree (5)	45	22%	22%	100%
	N Valid	203	100	100	
	Mean	2.8307			
	Std. Deviation	0.9775			

Based on table 4.12, 35% of respondents agreed on developing new skills within the organization, but more than half opposed and were neutral about new skill development promotion. Given this outcome, employees are not well positioned to gain new abilities.

<b>Table 4.13 Qualification and experience are considering to promotion</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	21	10%	10%	10%
	Disagree (2)	57	28%	28%	38%
	Neutral (3)	27	13%	13%	51%
	Agree (4)	51	25%	25%	76%
	Strongly Agree (5)	47	23%	23%	100%
	N Valid	203	100	100	
	Mean	2.9706			
	Std. Deviation	0.99882			

In the table 4.13, half of the participants agreed, while the other half objected about being promoted based on qualifications and experience. This suggests that qualification and experience play a medium influence in promotion inside the company.

<b>Table 4.14 There is equal access to job-related training opportunities</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	75	37%	37%	37%
	Disagree (2)	24	12%	12%	49%
	Neutral (3)	33	16%	16%	65%
	Agree (4)	60	30%	30%	95%
	Strongly Agree (5)	11	5%	5%	100%
	N Valid	203	100	100	
	Mean	3.9684			
	Std. Deviation	0.8161			

The data from table 4.14 demonstrate that (37%) strongly disagree, (12%) disagree, (16%) neither agree nor disagree, (30%) agree, and 5% strongly agree. This means that the majority of respondents are unsatisfied with equal access to job-related training, and a significant proportion of respondents agree with this question.

<b>Table 4.15 The Company has good training and orientation opportunity</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	Strongly Disagree (1)	30	15%	15%	15%
	Disagree (2)	36	18%	18%	33%
	Neutral (3)	54	27%	27%	60%
	Agree (4)	29	14%	14%	74%
	Strongly Agree (5)	54	27%	27%	100%
	N Valid	203	100	100	
	Mean	3.9975			
	Std. Deviation	0.8425			

On table 4.15, 41% of respondents agree on the company's training and development opportunities, with 27% strongly agreeing on the equation. This implies that the majority of participants are satisfied with the organization's training and development opportunities.

<b>Table 4.16 My organization has a sponsorship programs that assist employees to pursue academic and professional education programs</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	45	22%	22%	22%
	Disagree (2)	21	10%	10%	32%
	Neutral (3)	11	5%	5%	37%
	Agree (4)	66	33%	33%	70%
	Strongly Agree (5)	60	30%	30%	100%
	N Valid	203	100	100	
	Mean	3.9978			
	Std. Deviation	0.8582			

In the case of sponsorship and professional education program assistance, approximately 63% of employees have consented on the support of the organization. This implies that the organization's sponsorship program and professional education program provide appropriate assistance for employees, and they are satisfied.

<b>Table 4.17 There are really high chances of training on my job</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	34	17%	17%	17%
	Disagree (2)	22	11%	11%	28%
	Neutral (3)	36	18%	18%	46%
	Agree (4)	45	22%	22%	68%
	Strongly Agree (5)	66	33%	33%	100%

	N	Valid	203	100	100	
	Mean		3.9879			
	Std. Deviation		0.8621			

Out of the total 203 respondents, 55% agree on the high likelihood of job-related trainings, 28% disagree, and just 18% had a neutral response. Based on this, there is a significant chance of training within the organization, and employees are moderately satisfied with it.

<b>Table 4.18 There are enough input materials to carrying out my job in the company</b>						
Description		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree (1)	57	28%	28%	28%	
	Disagree (2)	51	25%	25%	53%	
	Neutral (3)	36	18%	18%	71%	
	Agree (4)	24	12%	12%	83%	
	Strongly Agree (5)	35	17%	17%	100%	
	N	Valid	203	100	100	
	Mean		3.3984			
	Std. Deviation		0.9561			

In the above table 4.18, 53% of employees disagree on whether there is adequate imputation material for the job inquiry, leaving the remaining 47% neutral and agreed. This means that employees reveal the lack of job-related resources.

<b>Table 4.19 There are suitable working conditions</b>						
Description		Frequency	Percent	Valid Percent	Cumulative Percent	
Valid	Strongly Disagree (1)	36	18%	18%	18%	
	Disagree (2)	30	15%	15%	33%	
	Neutral (3)	66	33%	33%	66%	
	Agree (4)	45	22%	22%	88%	
	Strongly Agree (5)	26	13%	13%	100%	
	N	Valid	203	100	100	
	Mean		3.5975			
	Std. Deviation		0.9815			

Table 4.19 shows that 18% strongly disagree, 15% disagree, 33% neither agree nor disagree, 22% agree, and 13% strongly agree. This indicates that the majority of

respondents are relatively satisfied with the suitability of the work environment, while quite a few disagree with this question.

<b>Table 4.20 The company's rules and regulations are conducive for work</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	21	10%	10%	10%
	Disagree (2)	57	28%	28%	38%
	Neutral (3)	27	13%	13%	51%
	Agree (4)	51	25%	25%	76%
	Strongly Agree (5)	47	24%	24%	100%
	N Valid	203	100	100	
	Mean	3.2995			
	Std. Deviation	0.9522			

In the question about workplace rules and regulations, 38% of respondents claimed it is not conducive, while approximately 49% of employees believe it is conducive, and 13% are neutral. As a result, the company's regulations are relatively favorable and appropriate for employees.

<b>Table 4.21 Facility availability on my work place is adequate</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	66	33%	33%	33%
	Disagree (2)	45	22%	22%	55%
	Neutral (3)	36	18%	18%	73%
	Agree (4)	22	11%	11%	84%
	Strongly Agree (5)	34	16%	16%	100%
	N Valid	203	100	100	
	Mean	3.2995			
	Std. Deviation	0.9522			

Out of 203 respondents, 55% thought there were insufficient workplace facilities available, while 27% agreed that the workplace facilities were enough. This indicates that there are insufficient workspace facilities available.

<b>Table 4.22 There are opportunities of getting appreciation and rewards if the desired targets accomplished</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	64	32%	32%	32%

	Disagree (2)	50	25%	25%	57%
	Neutral (3)	24	12%	12%	69%
	Agree (4)	10	5%	5%	73%
	Strongly Agree (5)	55	27%	27%	100%
	N Valid	203	100	100	
	Mean	3.3095			
	Std. Deviation	0.68961			

As seen in Table 4.22 57% of employees disagree on the potential for appreciation and rewards when the intended aim is met, 12% are neutral, and the remaining 32% are in agreement. Above-average values are unsatisfied with target-related reward and appreciation.

<b>Table 4.23 I receive my promotion as my qualification and skill</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	8	4%	4%	4%
	Disagree (2)	75	37%	37%	41%
	Neutral (3)	33	16%	16%	57%
	Agree (4)	32	16%	16%	73%
	Strongly Agree (5)	55	27%	27%	100%
	N Valid	203	100	100	
	Mean	2.9857			
	Std. Deviation	0.7276			

In this case, the frequency of agreeing and disagreeing on promotion based on qualification and skills is slightly equal, with 16% of respondents responding neutrally. Employees are neither satisfied nor unsatisfied with promotion based on qualification and skill.

<b>Table 4.24 There are adequate training and development programs</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	75	37%	37%	37%
	Disagree (2)	24	12%	12%	49%
	Neutral (3)	33	16%	16%	65%
	Agree (4)	60	30%	30%	95%
	Strongly Agree (5)	11	5%	5%	100%
	N Valid	203	100	100	
	Mean	3.1977			

	Std. Deviation	0.80378
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In the table above, over half of respondents indicated there is no enough training and development programs, while 35% claimed there are adequate training programs and the remaining 16% are neutral. This means more participants are unsatisfied with the training and development program.

<b>Table 4.25 The Company provided welfare facilities for my job</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	90	44%	44%	44%
	Disagree (2)	12	6%	6%	50%
	Neutral (3)	21	10%	10%	60%
	Agree (4)	58	29%	29%	89%
	Strongly Agree (5)	22	11%	11%	100%
	N Valid	203	100	100	
	Mean	3.319			
	Std. Deviation	0.8544			

Table 4.25 shows that 44% strongly disagree, 6% disagree, 10% neither agree nor disagree, 29% agree, and 11% strongly agree. This indicates that the majority of respondents are relatively unsatisfied with the welfare facilities of the company, while quite a few agreed with this question.

<b>Table 4.26 Overall I'm satisfied with my current Company's reward</b>					
Description		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree (1)	21	10%	10%	10%
	Disagree (2)	57	28%	28%	38%
	Neutral (3)	27	13%	13%	41%
	Agree (4)	51	25%	25%	77%
	Strongly Agree (5)	47	23%	23%	100%
	N Valid	203	100	100	
	Mean	3.0731			
	Std. Deviation	0.7654			

As seen in Table 4.26 38% of employees disagree on the satisfaction with the current company's, 13% are neutral, and the remaining 48% are in agreement. Above-average values are moderately satisfied with the company's reward practice.

**Table 4.27 Summary of descriptive Statistics of all variables**

<b>Variables</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>N</b>	<b>Item</b>
<b>Recognition</b>	3.0249	.69749	203	5
<b>Opportunity for promotion</b>	2.9007	.98871	203	7
<b>Training and Development</b>	3.9870	.84492	203	4
<b>Work environment</b>	3.3506	.93608	203	4
<b>Employee satisfaction</b>	3.1779	.76886	203	5

Table 4.27 shows the mean and standard deviations of reward variables assessed by respondents, including recognition, opportunity for promotion, training and development, work environment, and employee satisfaction. Descriptively, the respondents' mean or average response to recognition was 3.0249 (SD=.69749) on a five-point scale. This implies that the value is 3.00, indicating that they are neither satisfied nor unsatisfied with the recognition provided by the organization.

Similarly, the mean scores for the remaining three factors (opportunity for promotion and employee satisfaction) are closer to three (3), indicating that respondents are indifferent or somewhat satisfied with the relevant variables. As a result of the chance for promotion, motivation for employee satisfaction will be provided.

According to the respondent's response about promotions revealed in the above table, the mean value is 2.9007 (SD= .98871, indicates that the majority of respondents are not satisfied and at the same time are not dissatisfied with the existing promotional opportunities in the company.

As for training and development, as it is commonly understood, it makes people more attainable and helps businesses achieve their goals. Employees who gain new information and abilities have a greater chance of advancing in their careers, adding value, becoming more productive, and adding value to their employers. Low employee satisfaction may arise from employees who are neither satisfied nor unsatisfied with the company's present opportunities for training and development. The study result for the training development variable is 3.9870 (SD=.84492), as can be seen in the above table. In a similar vein, the mean scores for training and development are closer to four (4), indicating that respondents are strongly satisfy with the corresponding variables.

The work environment was greater than the three factors, as indicated by the mean and standard deviation of the analyzed variables of 3.3506 (SD=0.993608) in Table 4.2 above. However, the score is still rounded to 3.00, which denotes neutrality and shows that most respondents were neither pleased nor unhappy with the company's current working environment. The value is still closer to three.

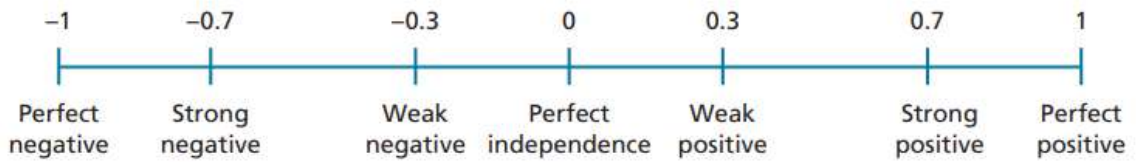
Regarding the mean and standard deviation of employee satisfaction, the results were 3.17 and 0.768, respectively. This denotes neutrality and shows that most respondents were neither satisfied nor unhappy with the reward variables.

#### **4.4. Correlation Matrix**

An association or the link between two variables is referred to as a correlation. It gauges how closely two sets of data are connected to one another. A greater association between the two sets of data is indicated by a higher correlation value (Coetzee, 2003). The direction and intensity of the linear relationship between two variables can be measured mathematically using the correlation coefficient, which provides a number between -1 and 1.

Negative values of "r" denote a negative correlation, meaning that changes in the two variables occur in the opposite directions from those indicated by positive values of "r," which indicate a positive correlation between the two variables (Kothari, 2004).

A zero value of 'r' indicates that there is no association between the two variables. When  $r = (+) 1$ , it indicates a perfect positive correlation and when it is  $(-) 1$ , it indicates a perfect negative correlation.



**Figure 4. 1 Correlation coefficient scale (Saunders, 2009)**

Based on this, the link between the dependent variable (employee satisfaction) and the independent variables (recognition, opportunity for promotion, work environment, and training & development) was calculated using Pearson's correlation.

**Table 4.28 Correlations Table**

		Correlations				
		Recognition	Opportunity	Training	Work	Employee Satisfaction
Recognition	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	203				
Opportunity	Pearson Correlation	.550**	1			
	Sig. (2-tailed)	.001				
	N	203	203			
Training	Pearson Correlation	.169	.294**	1		
	Sig. (2-tailed)	.000	.000			
	N	203	203	203		
Work	Pearson Correlation	.395**	.387**	.270**	1	
	Sig. (2-tailed)	.081	.001	.061		
	N	203	203	203	203	
Employee Satisfaction	Pearson Correlation	.356	.210*	.572*	.417	1
	Sig. (2-tailed)	.031	.008	.007	.080	

	N	203	203	203	203	203
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

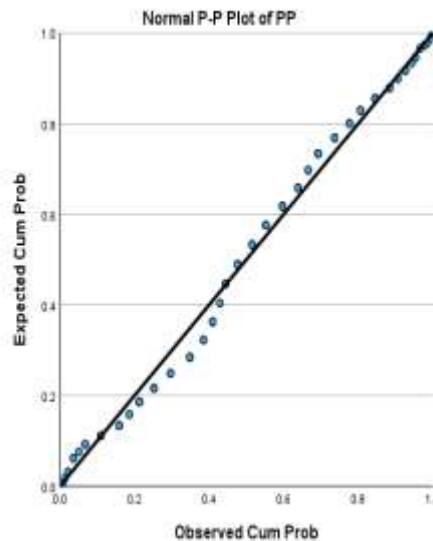
According to the correlation table 4.3 above, recognition has ( $r=0.356$ ,  $p=0.01$ ) among the non-financial variables. This indicates that there is a weak but positive association between employee satisfaction and recognition. Based on the information provided in the correlation matrix, all of these variables (training and work conditions) have a positive correlation ( $0.572^*$  and  $0.417$ , respectively) with employees' satisfaction from the side of non-financial reward independent variables. The opportunity for promotion, on the other hand, shows a less positive connection ( $r=0.210^{**}$ ,  $p=0.008$ ) with employee satisfaction than do recognition, work conditions, and training and development. The most significant influencing reward variable is training and development, according to the aforementioned Pearson correlation matrix.

Generally, the above correlation analysis implies that recognition, opportunity for promotion, training and development, and work condition, are positively associated with employees' satisfaction.

## 4.5. Regression Analysis

### 4.5.1. Linearity Test

According to the linearity assumption, the dependent variable and each of independent variables in the regression function model have a linear relationship (Cook's Distance, 2021).



**Figure 4.2 Linearity Test**

Therefore here in this study the relation between employee satisfactions with non-financial reward variables are linear. Figure 4.2 shows the normality test result of the regression model.

#### 4.5.2. Homoscedasticity Test

In regression analysis, this assumption asserts that the variance of the residuals should be the same in the explanatory variables when executing numerous regression functions (Pedhazur, 1997). Therefore correlations between errors terms are not allowed. This keeps the regression function free from heteroscedasticity problem.

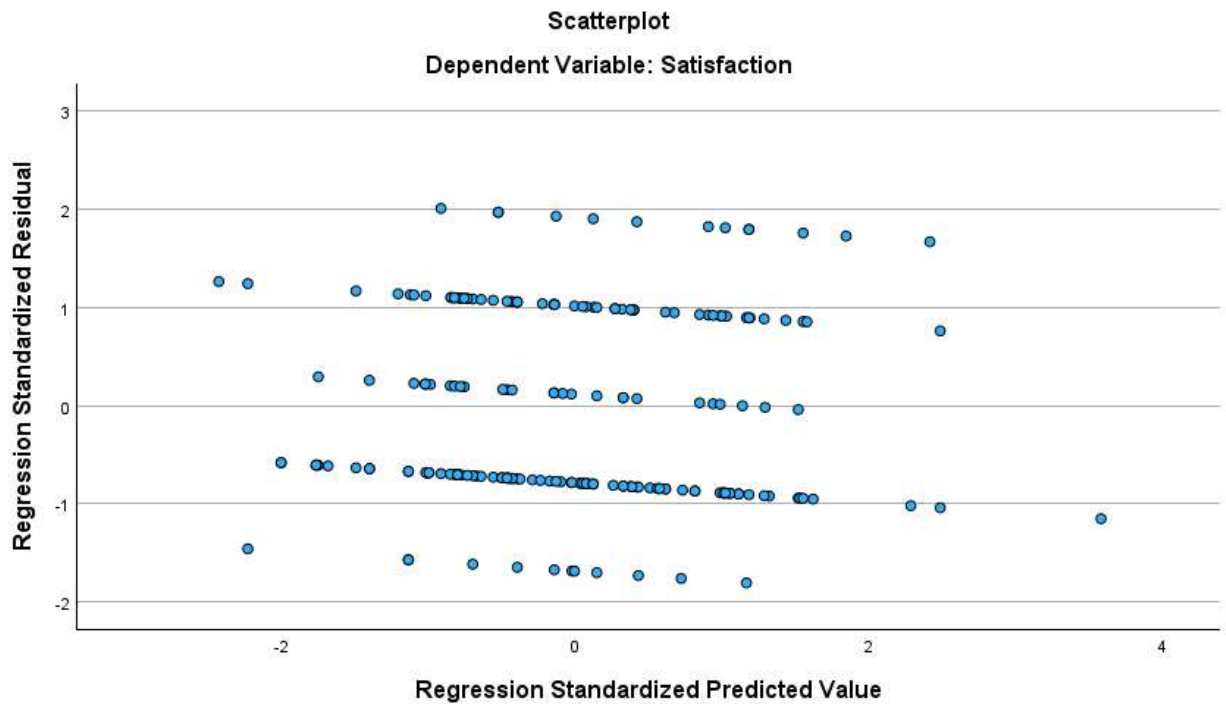


Figure 4.3 Homoscedasticity Test

#### 4.5.3. Multiple regression

Table 4.29 Model Summary

Model Summary <sup>b</sup>
----------------------------

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.762 <sup>a</sup>	.580	.569	.50492	2.216
a. Predictors: (Constant), Work environment, recognition, Opportunity, Training					
b. Dependent Variable: employee satisfaction					

Linear regression is the conventional method for characterizing the relationships in this topic.  $R^2$  is the most widely used metric to assess how well a regression model meets the data. This statistic shows the percentage of the response variance that can be accounted for by the weighted combination of the predictors. The model fits better the closer  $R^2$  is to 1 (SPSS 20 handbook). An  $R^2$  of 0.580 is obtained when Preference is regressed on the four predictors; this means that the predictor variables in the linear regression account for around 58.0% of the variance in the preference rankings.

**Table 4.30 Coefficients'**

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	.557	.197		2.821	.005		
	Recognition	.301	.071	.281	4.335	.040	.671	1.490
	Opportunity	.210	.055	.031	.429	.008	.555	1.800
	Training	.672	.068	.098	1.309	.000	.505	1.981
	Work environment	.456	.060	.490	6.737	.080	.532	1.879
a. Dependent Variable: Employee satisfaction								

The tendency to which each independent variable affects the dependent variable is displayed in Table 4.15. The standardized beta coefficient explains how much the rewards vary in relation to the employees' satisfaction. The stronger the predictor variable's influence on the criteria variable, as measured by the beta value, the higher the predictor variable's influence on the criterion variable.

The following beta values have been determined: work environment (beta=.456, P=0.080), training and development (beta=0.672, P=0.000), opportunity for promotion (beta=0.210, P=0.008), and recognition (beta=.0.301, P=0.040). This indicates a positive

relationship between employee satisfaction and the four explanatory variables of employee satisfaction.

Training and development are the independent variables with higher statistical significance. This may be taken to mean that raising training and development standards will boost worker satisfaction.

Consequently, it has been established that training and development play a crucial role and are the primary element affecting an employee's level of satisfaction with their employer. Therefore, in order to improve employee satisfaction, managers should cortically be conscious of expanding favorable training and development.

#### **4.5.4. Hypothesis Testing**

**Hypothesis No1** Employee recognition has a positive effect and significant on employees' satisfaction.

Recognition has a moderately favorable effect ( $r=0.356$ ,  $p=0.031$ ) on employee satisfaction, according to the correlation data on table 4.3 above. Thus, the outcome is consistent with the premise that recognition has a positive effect on employee satisfaction and it is significant.

**Hypothesis No 2** Opportunity for Promotion has a positive effect and significant on employees' satisfaction.

As predicted, a statistically significant and positive effect ( $r=0.210$ ,  $p=0.008$ ) was also found in the opportunity for promotion and employee satisfaction. As a result, the alternative hypothesis is accepted based on the results.

**Hypothesis No** Training and development has a positive effect and significant with employees' satisfaction.

Additionally, the third hypothesis is also supported by the correlation analysis, which demonstrates that training and development has a positive effect and significant relationship ( $r = 0.572$ ,  $p = 0.007$ ) on employee satisfaction.

**Hypothesis No 4** Work environment has a positive effect and significant with employees' satisfaction.

Regarding the work environment, the results of the hypothesis correlation analysis ( $r=0.417$ ,  $p=0.08$ ) also bolster the hypothesis that the work condition has a moderately positive effect and not significant on employee satisfaction.

#### **4.6. Discussion about Major Findings**

This study's main goal was to investigate how rewards affect employee happiness in the context of ethio telecom. Only 203 of the 221 respondents to the questionnaires that were given to the staff of the ethio telecom Head Quarter's three departments were properly completed and returned.

##### **Distribution of the mean scores on 5-point Likert scale**

- **1.00 – 1.80 (Very Low)**
- **1.81 – 2.60 (Low)**
- **2.61 – 3.40 (Moderate)**
- **3.41 – 4.20 (High)**
- **4.21 – 5.00 (Very High)**

##### **Recognition**

On a 5-point rating system, the mean or average response from the participants about the recognition was 3.0249 ( $SD=.69749$ ). This shows that the value is 3.00, indicating that the organization's recognition has moderate effect on employee satisfaction.

Recognition has a correlation coefficient of  $r=0.356$ ,  $p=0.01$ ). This indicates that employee satisfaction and recognition have a weak but favorable association. Thus, there exists a favorable correlation between employee satisfaction and recognition. Employee satisfaction increases as more employees receive recognition for their superior work (Jitendra Prasad Upadhyay, Pitri Raj Adhikari, 2021).

##### **Opportunity for Promotion**

The table, which displays the respondents' responses on promotions, shows that the mean value is 2.9007 (SD=.98871), which suggests that while most respondents are not satisfied with the company's current promotional opportunities, they are also not dissatisfied. That means opportunity for promotion has a moderate effect on employee satisfaction.

More positively correlated with employee satisfaction is the opportunity for promotion ( $r=0.210^{**}$ ,  $p=0.08$ ) than are recognition, work conditions, and training and development.

According to the findings, there is a positive correlation between employee satisfaction and all independent factors, indicating that a higher degree of promotion corresponds with a higher level of employee satisfaction (Jitendra Prasad Upadhyay, Pitri Raj Adhikari, 2021).

### **Training and Development**

The study result for the training development variable is 3.9870 (SD=.84492), as can be seen in the above table. In a similar vein, the mean scores for training and development are closer to four (4), indicating that respondents are highly satisfy with the corresponding variables and also training and development has high effect on employee satisfaction.

The most significant influencing reward variable is training and development, according to the aforementioned Pearson correlation matrix.

Employee satisfaction rises in direct proportion to the availability of learning chances; the more career development options offered to employees, the better the level of satisfaction (Jitendra Prasad Upadhyay, Pitri Raj Adhikari, 2021).

### **Work Environment**

The work environment was bigger than the three factors, as evidenced by the mean and standard deviation of the variables investigated, which are 3.3506 (SD=0.993608). However, the score is still rounded to 3.00, which denotes neutrality and shows that most respondents were neither pleased nor unhappy with the company's current working

environment. The value indicates work environment has a moderate effect on employee satisfaction.

Based on the information provided in the correlation matrix, the two independent variables related to non-financial reward training and work conditions have a positive correlation (0.572\* and 0.417, respectively) with employees' satisfaction.

### **Employee Satisfaction**

Regarding the mean and standard deviation of employee satisfaction, the results were 3.17 and 0.768, respectively. This denotes neutrality and shows that most respondents were neither happy nor unhappy with the reward variables.

The following beta values have been determined: work environment (beta=.456, P=0.080), training and development (beta=0.672, P=0.000), opportunity for advancement (beta=0.210, P=0.008), and recognition (beta=.0.301, P=0.040). This indicates a positive effect on employee satisfaction and the four explanatory variables of employee satisfaction.

Similar to the findings of Tessema and Soeters (2006), the beta coefficients for promotion and employee satisfaction are positive and significant, indicating that promotion has a beneficial influence on employee satisfaction. Likewise, the work environment's positive beta indicates that it positively affects employee satisfaction, which is in line with Kelly and Hoffman's (1997) findings. Similarly, a positive beta for recognition indicates that it has a favorable effect on employee satisfaction; this result is in line with Andrew's (2004) findings. Additionally, learning opportunities' beta coefficients are positive with employee satisfaction, indicating that they have a positive effect on employee satisfaction. These results are consistent with (Gilbert and Ivancevich's, 2000) findings.

Training and development are the independent variables with the highest statistical significance. This may be taken to mean that raising training and development standards will boost worker satisfaction.

As a result, it has been established that training and development play a crucial role and are the main element affecting employees' satisfaction within the organization. Therefore,

in order to improve employee happiness, management should be cognizant of the fact that more training and development opportunities are necessary.

The correlation research presented above primarily suggests that work conditions, recognition, training and development opportunities, and opportunities for advancement are all positively correlated with employee satisfaction.

The study's primary goal was to learn more about the company's incentive program. According to one of the managers at ethio telecom, the organization recognizes top performers for their exceptional work and provides them with solutions for certain issues, such as creating a system that replaces manual labor through individual initiative and invention. The other manager, however, clarifies that recognition is always based on the best performance, and while there may occasionally be a chance to promote the best performer, it is not done at all since recognition is more common than fairly choosing employees for promotions based on their suitability for the role. Every employee is always provided with training, either in-person or online, depending on their needs.

The management enumerates the company's efforts in an attempt to appease the employee. As he notes, incentives come in many forms from time to time. The primary initiatives are cash prizes for smartphones, airline tickets combined with vacation packages, or sponsors who purchase groceries products.

Adams' equity hypothesis states that when there is a discrepancy between an employee's personal results and those of the referent others, it leads to psychological discomfort among the employees. Both positive and negative inequalities cause misery, which is primarily linked to guilt and rage sentiments. People's distress increases with the degree of inequality (Walster, Berscheid & Walster, 1973; Adams, 1963).

Adams offers particular coping strategies as a means of overcoming this kind of injustice. The first is compensation, which takes the form of giving another party more incentive. In order to increase performance and inter-organizational interactions, pay schemes are frequently used in organizational management to incentivize underpaid personnel (Shin, 2016). Self-deprivation is another coping strategy that involves reducing one's own benefits in order to match those of another person. An individual may look to others for

retribution when they engage in unfavorable behavior toward another party (Walster, Berscheid & Walster, 1973).

In general, a company's incentive program should prioritize raising employee satisfaction in addition to attracting and retaining staff, per the qualitative findings from the interview. It is well known that an institution's productivity and effectiveness are mostly determined by its people resources. Consequently, creating a productive and effective reward system is a need rather than a choice for a business that wants to have motivated and contented workers.

The organization feels that its compensation system has been created to improve employee satisfaction, based on the manager's opinions. The company's experts recognized that inspired employees outperform disgruntled ones in terms of efficiency.

The company reward system is designed and operated for purposes other than the company, as the expert pointed out. Its goal is to enhance employees' safety, well-being, and working circumstances. Furthermore, he says that giving staff rewards for extra work they do for the company has raised employee satisfaction levels and given employee initiatives more weight, particularly in the customer service department.

According to the results of the correlation and regression analyses, the executive clarified that although the company's reward system still primarily consists of financial incentives, it also includes non-financial incentives. More recently, however, the company has begun to incorporate both financial and non-financial benefits into its reward programs.

Regarding the satisfaction survey, one of the managers notes that even in cases when there is no improvement based on employee feedback and suggestions for development areas, the organization conducts an employee satisfaction survey once or twice a year.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1. Introduction

The goal of this chapter was to look into how employee satisfaction in ethio telecom is affected by rewards. The research was carried out using questionnaires to gather information from 203 respondents. The study's overall conclusions are presented within the framework of the main concepts that support the study's goals. This chapter's viewpoint offers suggestions for fixes in addition to the results of its investigation on employee satisfaction. The conclusion, recommendations, and summary of findings are the chapter's main elements.

#### 5.2. Summary of Major Findings

Male respondents outnumbered female respondents in the sample, which was typical of both genders. 52.2% of the respondents were men (n = 106), while 47.8% of the respondents were women (n = 97).

When it comes to the age range of the respondents, 18 (8.9%) are between the ages of 22 and 30, 81 (39.9%) are between the ages of 31 and 40, 96 (47.3%) are between the ages of 41 and 50, 8 (3.9%) are between the ages of 51 and 60, and none of the respondents are older than 60.

With regards to the respondents' educational backgrounds, 81 (39.9%) have a Master's degree, 111 (54.7%) have a first degree, and 11 (5.4%) have a diploma and no PHD educational history.

In terms of respondents' marital status, 161 (79.3%) are married, 42 (20.7%) are single, no respondent is divorced, and the researcher was unable to locate any respondents falling into the category of others.

When it comes to the final piece of demographic data regarding the respondents' years of service, most employees fall into the 15-20, 10-15, above 5-10, and less than 2 years of

experience categories, whereas 105 (51.7%), 77 (37.9%), 21 (10.3%), 0 (0.0%), and 0 (0.0%) years fall into these categories, respectively.

On a 5-point rating, the respondents' mean or average reaction about the recognition was 3.0249 (SD=.69749), according to descriptive data.

In a similar vein, respondents' neutral or moderate levels of satisfaction with the remaining three variables opportunity for promotion and employee satisfaction are indicated by mean scores that are closer to three (3).

Regarding the research outcome for the training development variable, the mean value, as displayed in the table above, is 3.9870 (SD=.84492).

The mean and standard deviation of items related to the work environment are 3.3506 (SD=0.993608), as indicated in Table 4.2 above.

According to correlation table 4.3 above, recognition has a  $r=0.356$ ,  $p=0.01$ ). Based on the aforementioned information in the correlation matrix, training and working conditions show a positive association with employees' satisfaction of 0.572\* and 0.417, respectively. The possibility of promotion, on the other hand, shows a less positive association ( $r=0.210^{**}$ ,  $p=0.08$ ) with employee satisfaction than do recognition, work conditions, and training and development.

The following beta values have been determined: work environment (beta=.456,  $P=0.080$ ), training and development (beta=0.672,  $P=0.000$ ), opportunity for promotion (beta=0.210,  $P=0.008$ ), and recognition (beta=.0.301,  $P=0.040$ ).

### **5.3. Conclusion**

This study set out to investigate how rewards affect worker satisfaction. In order to investigate employee satisfaction, the following independent variables were included in the study: training and development, work environment, opportunity for promotion, and recognition. As a result, the majority of participants are dissatisfied with the organizations recognition policy and promotion opportunities, but they are somewhat content with the workspace, training and development opportunities, and facilities.

- ✓ The descriptive statistics on reward factors of recognition, opportunity for advancement, work environment and training and development, and overall employee satisfaction of ethio telecom were calculated using the arithmetic means and standard deviations for the participants. Results that are rather positive are found based on the value result. This indicates that while workers are satisfy with their work environment, training, and advancement opportunities, they are not as happy with recognition and promotion opportunities. The low employee satisfaction mean indicates that the employee's dissatisfaction stems from other reasons.
- ✓ To ascertain the linkages, the correlation coefficient analysis result was produced. The link between the various reward items and employee satisfaction is statistically significant. Work environments and training and development have a statistically strong and significant relationship, and recognition and promotion opportunities have a statistically weak but significant relationship.
- ✓ Training and development as like as the work environment play an important part in explaining the variance in employee satisfaction when it comes to regression analysis, which compares rewards, an independent variable, to employee satisfaction, a dependent variable. Therefore, the survey found that the two most important aspects influencing employee satisfaction are the work environment and training and development.
- ✓ Conversely, the variance in employee satisfaction is significantly explained by regressing the independent variables of recognition and opportunity for promotion against the dependent variable of employee satisfaction. Thus, this study indicates that opportunities for development and recognition have a significant impact on employee satisfaction.

#### **5.4. Recommendations**

The researcher concluded that the ethio telecom should implement the following measures to raise employee satisfaction, since these will have an effect on both individual growth and the accomplishment of organizational objectives. These are: -

- Based on these results, executive should concentrate on this incentive impact to produce highly satisfied employees. To do this, they should regularly review the organization's reward program and make any necessary improvements. As a result, the business is able to take advantage of employee potential, which is essential for maintaining human capital.
- According to the respondents' demographics, ethio telecom boasts a professional group that falls among the most vibrant and active age groups potentially aiding the company in accomplishing its objectives. Thus, the business should make every effort to maintain their satisfaction by offering sensible compensation plans that take into account the age distribution of its workers.
- Training and development, with the work environment, are the main predictor elements of employee satisfaction, according to the research. Many employees want to work in environments that are adequate and accommodating to their needs, and they believe that their training qualifies them for high positions. Therefore, the management should make every effort to preserve the workplace favorable, even improving it above the current state, and maintain the culture of employee training.
- To increase employee satisfaction, ethio telecom should establish a transparent and equitable promotion procedure that is based on worker performance and abilities. The management should therefore create a system that lives up to the expectations of its staff. The company can accomplish its objectives by doing this and raising employee satisfaction.

- The acknowledgment indicates that ethio telecom does not receive a favorable and robust reaction to employee recognition. As a result, the business ought to make an effort to create new recognition reward and please its staff.
- Lastly, additional study should be conducted to determine the elements that influence employee satisfaction, as shown by the regression analysis's results.

The primary emphasis of the study was on personnel of specific head office divisions in Addis Ababa belonging to ethio telecom. In order to draw broader conclusions about the relationship between the items (Recognition, Opportunity for promotion, Work Condition, Training and Development, and Employee Satisfaction) and other Reward system components, future researchers can therefore examine a larger sample.

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## Appendix I



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!



### **Addis Ababa University Faculty of Business and Economics in Partial Fulfillment of the Requirements for Master of Business Leadership**

Dear Respondents

The purpose of this questioner is to collect primary data for the study on “**Effects of Reward on Employees’ Satisfaction**” in the case of ethio telecom as partial fulfillment of the requirements for the degree in Master of Business Leadership. The study is required for academic purpose only. Your cooperation in filling the questioner is crucial and makes the paper very much valuable. So, kindly take a few minute to fill the questioner and be objective while completing your answers. I would like to assure that the information you give would strictly kept confidential.

General Instruction

- No Need to write your name
- Please put a tick mark (√) in the box.

If you have any question to be clarified contact me through the following address.

Tel:+251911727927, Email: fastzpoly@gmail.com

#### **PART I. PERSONAL DATA**

- |                                     |           |                          |              |                          |           |                          |        |                          |          |                          |
|-------------------------------------|-----------|--------------------------|--------------|--------------------------|-----------|--------------------------|--------|--------------------------|----------|--------------------------|
| 1. Sex                              | M         | <input type="checkbox"/> | F            | <input type="checkbox"/> |           |                          |        |                          |          |                          |
| 2. Age                              | 22-30     | <input type="checkbox"/> | 31-40        | <input type="checkbox"/> | 41-50     | <input type="checkbox"/> | 51-60  | <input type="checkbox"/> | Above 60 | <input type="checkbox"/> |
| 3. Educational level                | Diploma   | <input type="checkbox"/> | First Degree | <input type="checkbox"/> | Master’s  | <input type="checkbox"/> | PHD    | <input type="checkbox"/> |          |                          |
| 4. Marital status                   | Single    | <input type="checkbox"/> | Married      | <input type="checkbox"/> | Divorce   | <input type="checkbox"/> | Others | <input type="checkbox"/> |          |                          |
| 5. Service year in the organization | ◀ 2 years | <input type="checkbox"/> | 2- 5         | <input type="checkbox"/> | 5-10 Year | <input type="checkbox"/> | 10-15  | <input type="checkbox"/> | 15-20    | <input type="checkbox"/> |

**PART II QUESTION RELATED TO REWARD PRACTICES IN THE COMPANY**

Please put a tick mark (√) in front of the following items indicating the level of your agreement or disagreement that best expresses your opinion based on the below scale

Scale: 1-Strongly disagree 2- Disagree, 3- Neutral 4 – Agree 5- Strongly Agree

<b>I</b>	<b>Recognition</b>	1	2	3	4	5
1	As employee I get recognition for my extra effort.					
2	Employees receive a positive feedback about their activity.					
3	Having recognition for my work helped me to improve my performance.					
4	I feel that my job receives enough attention from my company.					
5	Proper recognition of high performer will encourage low performer to work hard.					
<b>II</b>	<b>Opportunity for promotion</b>					
6	There are chances to get a new position.					
7	I perceive my promotion and grade as fair.					
8	There are chances to get a new position from others employee on the same position.					
9	There are chances for advancement on the job.					
10	Employees who do well on the job have a fair chance of being promoted.					
11	The company promotes me to develop new skill.					
12	Qualification and experience are considering to promotion.					
<b>III</b>	<b>Training and Development</b>					
13	There is equal access to job-related training opportunities.					
14	The company has good training and orientation opportunity.					

15	My organization has a sponsorship programs that assist employees to pursue academic and professional education programs.					
16	There are really high chances of training on my job.					
<b>IV</b>	<b>Work Environment</b>					
17	There are enough input materials to carrying out my job in the company.					
18	There are suitable working conditions.					
19	The company's rules and regulations are conducive for work.					
20	Facility availability on my work place is adequate.					
<b>IV</b>	<b>Employee Satisfaction</b>					
21	There are opportunities of getting appreciation and rewards if the desired targets accomplished.					
22	I receive my promotion as my qualification and skill.					
23	There are adequate training and development programs.					
24	The company provided welfare facilities for my job.					
25	Overall I'm satisfied with my current Company's reward.					

## **Appendix II**

### **Interview Questions' (Only for manager)**

- 1) Does the organization have employee satisfaction survey? How often?
- 2) Have you conducted a survey with your organization employee about their feeling or attitude toward reward practice and how significant for them, If you do how often?
- 3) How does the reward in your organization affecting your employee satisfaction level?
- 4) How does your organization determine recognition, opportunity for promotion, work condition and training and development?
- 5) Does the employee aware about reward packages?

**Thank you for your support and Time in completing the questionnaire!!!!**

**Fasika Tadele Derese**