

ASSESSMENT ON REWARDS AND EMPLOYEE PERFORMANCE: THE CASE
STUDY OF TWO PRIVATE SCHOOLS IN ADDIS ABABA



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DECLARATION

I hereby declare that this thesis is my own work towards in Partial Fulfillment of the Requirements for the Degree of Masters of Arts in Human Resource Management and that, to the best of my knowledge, it contains no material previously published by another person or material which has been accepted for the award of any other degree by any university or academic institutions, except where due acknowledgment has been made in the context.

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Signature

Letter of Certification

This is to certify that Asrat Girma Tilahun has done this study on the topic, “**Assessment on rewards and employee performance: The case study of two private schools in Addis Ababa**” under my supervision. This work is original and suitable for the submission in partial fulfillment of the requirement for the award of Degree of Masters of Arts in Human Resource Management.

Worku Mekonene (PhD)

Signature

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ABSTRACT

The purpose of this study was to assess the rewards and teachers' performance in private schools. Data were collected from two private secondary Schools in Addis Ababa, Ethiopia. The researcher used the entire two high schools academic full time staffs as respondents and the second respondent groups are the two selected high schools students. To determine the second respondents group sample size, Yamane's a simplified formula for proportion is applied. The collected data analyzed by means of descriptive statistics such as frequencies, percentage, and mean. Pearson Correlation Coefficient was used to establish the relationship between motivational practices and teachers' performance in these private secondary schools. The study revealed that the teachers' are motivated highly by Non-Transactional rewards rather than Transactional rewards in both Schools. In conclusion, the results of the study indicated that there is positive relationship between Non-Transactional rewards motivational practices and teachers' performance in Deborah private secondary schools and Future Talent Academy in Addis Ababa, Ethiopia. Limitations and future directions had also been discussed.

Keywords

Intrinsic Rewards, Extrinsic Rewards and Teachers' performance

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ACCRONYMS

AAU - Addis Ababa University

FINTR- Future Talent Intrinsic Reward

FTEX- Future Talent Extrinsic Reward

Chapter One: Introduction

1.1. Background of the Study

Education is the foundation of any nation development and it is the agent of change of ideas and life styles of the society. Kusumaningtyas, (2015) argue that Teacher is the very determinant education component in the shape of education face. The concept of Teachers' high performance is a critically important determinant of student development and achievement as well as later life outcomes (Chetty et al., 2011). So schools managements are highly responsible on improving teachers' performance because one of the most important aspects of management is that of monitoring and improving employees' performance. Performance is understood as achievement of the organization in relation with its set goals. Employee motivation is one of the policies of managers to increase effectual job management amongst employees in organizations (Shadare et al., 2009). A motivated employee is responsive of the definite goals and objectives individuals must achieve, therefore individuals direct its efforts in that direction.

Reward management is also one of the strategies used by human resource managers to attract and retain competent employees and also to help them to improve their performance through motivating and complying with employment laws and regulations. As a result of these pressures, human resource managers seek to design reward structures facilitating the strategic objectives and goals of organizations and individual employees. Reward systems are vital for an organization (Maund, 2001).

Harrison &Liska, (2008) in their study affirm that reward is the center pieces of the employment contract-after all it is the main reason why people work. This includes all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the employee. Intrinsic rewards include rewards within the job such as responsibility, autonomy appreciation from the boss and feelings of accomplishment among others. Extrinsic rewards are tangible rewards like base pay and fringe benefits. When employees feel their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance (Hanushek 1992; Sanders & Rivers 1996; and Rivkin et al 2001; and Robbins, 2001).

In this regard, many factors are available that change employees performance such as worker and employer relationship, working conditions, job security, training and opportunity of development, and overall rewarding policies of the company. In addition, among the factors which impact employee performance, motivation, as a result of rewards, is the most important aspect. Motivation is defined as the growth of different processes which express and control peoples' behavior to achieve some specific goals (Baron, 1983).

Therefore, understanding its importance is very necessary for all organizations' managers. The maximum level of workers performance happens when they feel their endeavor is rewarded and compensated completely. Some other successful elements on employees' performance include work conditions, the connection between employee and employer, process of training and improvement opportunities, job security and complete policies of firm rewarding. In addition, motivation, as the result of rewarding, affects the staffs' behavior and their performance directly. Actually, among all effective elements on employees' performance, motivation, which is the consequence of rewarding, is the most important and essential element. This concept consists of different processes which affect employees' behavior to achieve some definite goals (Baron, 1983). Existing researches emphasize on relationships between reward and employee performance but such assertions regarding private schools are largely hypothetical, not supported by empirical evidence so that the intention of this research is examining the mediating role of motivation in the relationship between reward and teachers' performance in private schools in Addis Ababa and to support with empirical evidence.

1.2. Statement of the Problem

The benefit of human resource is measured to be one of the most important advantages of any organization; and in order to acquire the results with the highest efficiency and effectiveness from human resource, motivation of employee is very essential. Motivation as the result of rewarding, affects the staffs' performance directly (Baron, 1983). Several studies regarding the impact of intrinsic and extrinsic rewards in a reward system have been conducted, but with a wide range of different conclusions. Most of the recent studies have indicated that extrinsic rewards are old-fashioned in developed countries (Pink, 2011; Kohn, 2009; Bhattacharya & Mukherjee, 2009). Pink (2011) argues that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards, which according to Pink would lead to

greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. Currently, there is an on-going discussion about different rewards and if extrinsic rewards are out-dated in developed economies, employees are searching for other ways to be stimulated and motivated in work (Pink, 2011).

Understanding what motivates employees is a complex process, and to inspire and guide them to perform in alignment with the interest of the organization, managers should pay great attention to examine how and which rewards that perceives as motivating. (Pink, 2011)

Designing an optimal reward scheme is almost impossible due the fact that all individuals have different personal drivers, and hence behave differently. So, managers should carefully consider which factors and elements that should be included in the reward system to enhance desirable employee motivation. Most of private schools in Addis Ababa usually announce with pride every year that their students' academic achievement because of their qualified teachers' performance (Girum, 2017). They use teachers' educational attainment as input for their advertisement and say most of our teachers have MA degrees and above, they have many years teaching experience in different universities, and colleges so that all our eighth grade students 100% pass to the next level and some of them got free scholarships and joined the "International community schools" (Cruise, 2016). "We are successful as school" (Cruise, 2016) and then in the past academic year such number of students have taken university entrance examination and joined different universities in Ethiopia and abroad. The question is how these teachers who have good educational attainment and many years' experience in universities and colleges attracted by these private schools and boost these schools students' performance? Extensive research has been conducted concerning how rewards are effecting employees' motivation, although there is lack of studies that examines to which extent teachers receive the rewards that motivates and enhance them for good performance in private schools in Addis Ababa. There is perhaps a relationship between private schools reward systems and teachers' performance in Addis Ababa. This study therefore examines the Impact of Rewards on teachers' Performance in private schools in Addis Ababa.

1.3. Research Questions

To achieve the purposes of the study, the following questions are formulated: -

- A. To what extent does intrinsic reward motivate these private school teachers?

- B. To what extent does an extrinsic reward motivate these private school teachers?
- C. Which types of reward system have more impact with these teachers' performance?

1.4. General Research Objective

- To assess the relationship between rewards and teachers' performance in private schools.

1.5. Specific Research Objectives

- A. To examine what extent those intrinsic rewards motivate the private school teachers.
- B. To examine what extent those extrinsic rewards motivate the private school teachers.
- C. Identify the most motivating factor among different rewarding systems for private school teachers and its relation with their performance

1.6. Significance of the Study

Several studies have been conducted concerning how rewards are effecting employees' motivation, although there is lack of studies that examine to which extent private school teachers' receive the rewards that motivates them. Higher motivation will lead to increase teachers' performance, and by getting aware of what motivates these teachers to work more efficient and schools also will be more profitable and perform better.

Therefore, the significance of this study is to describe and explain private school teachers' perception of extrinsic and intrinsic rewards and its relationship on their performance. The study explored the extent of rewards' role to motivate them and gave suggestion on how private schools management could maximize the use of reward systems. In addition to that, there is lack such type of studies on private school teachers in Ethiopia so that this research is relevant in both terms of research and practice.

1.7. Scope of the Study

According to Addis Ababa city education Bureau (2009), more than 461 private schools (from grade 1 to 12) are available in the city but this study conducted only on two of among these private schools which are "*Future Talent Academy*" and "*Deborah School*". These schools have also classes from Kindergartens to high schools but the study encompasses only their high school teachers and students from Grade 9th-12th.

1.8. Operational Definition of Terms

Motivation: Motivation refers to what activates, directs human behavior and how this behavior is sustained to achieve a particular goal. Also it can be defined as the set of processes that arouse, direct and maintain human behavior towards attaining some goals.

Intrinsic Rewards - These are derived from the work environment, which are valued internally by an individual, like quality of work life, job satisfaction, challenge, personal and professional growth opportunities, feeling of belonging, freedom to act, visionary leadership, and the like.

Extrinsic Rewards– These comprise all compensation benefits, both monetary and non-monetary, and received directly or indirectly by the employee.

Direct Compensation - These are cash compensation items which are either fixed or variable and are paid to an employee for the performance of work. These include basic pay, cash allowances and fringe benefits.

Indirect Compensation - These are usually non-cash or in-kind benefit items that contribute to the employee's welfare, standard of living and personal development. These include protection programs such as insurances, paid leaves, perquisites and training programs.

1.9. Organization of the Study

The study organized into five main chapters. Chapter one highlights the introduction which includes, Background of the Study, Statement of the Problem, Research Question, Research Objectives, Significance of the Study, Scope of the Study, Limitation of the Study, Operational definition of Terms, Organization of the Study. Chapter two also describes the Methodology of the study which includes, Description of the Study Area, Research Approach, Research Design, Population and Sample, Data Sources and Types, Data Collection Procedures, Ethical Consideration, Data Analysis. The third chapter also reviews related literature on the relationship between rewards and employee performance as well as a mediating role of motivation. Chapter four presents the research findings. Chapter five of the study gives the summary of the findings, conclusions, recommendations and the suggestions for further studies. This follows by a list of chronologically organized reference materials utilize in the study and attach appendices.

Chapter Two: Literature Review

This chapter deals with review of various literatures relevant to the study. Particularly four major issues regarding overview of total Rewards. These included extrinsic rewards and employees’ performance and intrinsic rewards and employees’ performance, concepts of motivation, some theories of motivation, and the empirical literature on relationships between rewards and performance and the motivational role of reward on employees’ performance.

2.1. Overview of Total Rewards

“Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility.” (Colin, 1995) Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable.

Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments. The components of the total rearward can be described as in the following figure (*Armstrong & Brown, 2006*).

Transactional rewards	Base pay	Total Remuneration [Extrinsic Rewards]	Total Reward
	Contingent pay		
	Employee Benefits		
Relational Rewards	Learning and Development	Non-Financial/ Intrinsic rewards	
	The work Experience		

Table-2.1: The components of total reward (Armstrong and Brown)

Source: Armstrong & Brown, 2006, p. 23.

The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies (*Armstrong & Brown, 2006*). The benefits of a total reward system are described by Armstrong and Brown, 2006:

- Greater impact – when different types of rewards are combined, they will have a deep and long-lasting effect on the motivation, commitment and engagement of employees.
- Enhancing the employment relationship – total reward appeals more to employees due to the fact that it makes the maximum use of relational as well as transactional rewards.
- Enhancing cost-effectiveness – because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages.
- Flexibility to meet individual needs – due to the variety of rewards, the total reward is able to answer the individual needs of the employees and hence bind them more strongly to the organization.
- Winning the war for talent – because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract and retain talented employees by differentiating their recruitment process and hence becoming “a great place to work”(Armstrong & Brown, 2006).

2.2. Extrinsic Rewards and Employees' Performance

Extrinsic rewards are those that are external to the task of the job, such as pay, work condition, fringe benefits, security, promotion, contract of service, the work environment and conditions of work. Such tangible rewards are often determined at the organizational level, and may be largely outside the control of individual managers (Irshad A. 2016).

2.2.1. Money and Employees' Performance

Good remuneration has been found over the years to be one of the policies the organization can adopt to increase their workers performance and thereby increase the organizations productivity. The most common financial reward is either a cash bonus or a salary raise. More than half the employees surveyed by the Society for Human Resources Management in 2009 said that benefits and compensation are important ("2009 Employee Job Satisfaction").

However, financial rewards are short-term motivators to employees and are forgotten about later in the employee's careers. This method may not take as long for management, but it also does not have as long as a lasting effect on employees (Burton, 2012).

2.2.2. Training and Employees' Performance

The managers may decide to sponsor employees for further training at the expense of the company. This can work as a way of motivating and retaining qualified employees. People can be taught to become more motivated showing them how to deconstruct tasks and challenges, and how to feel less intimidated by their job roles. Demonstrating to them how to cope in the workplace can lead directly to improved motivation (Daniel, 2001).

2.2.3. Social Climate and Employees' Performance

The concept of social climate is closely related to classroom climate, school climate and school ethos, and refers to characteristics of the psychosocial environment of educational settings. Interpersonal relationships, student-teacher relationship, peer relationships, teachers' beliefs and behaviors, teachers' communication style, classroom management and group processes are themes that can be considered to be included in the concept of the social climate of learning environments. Other concepts relevant for the study of social climate in learning environments are self-efficacy, self-concept, trust, goal structures and values, cooperation and competition, participation and exclusion, hierarchy and democracy. The quality, quantity and directions of these relationships further affect pupils' self-concept, motivation and performance (Fraser 1986).

2.3. Intrinsic Rewards and Employees' Performance

Intrinsic rewards are that which are inbuilt in the job itself as a result of successfully completing the task or attaining his goals. Intrinsic rewards also relate to satisfaction that is derived from actually performing the job such as personal fulfillment, and a sense of contributing something to society. Many people who work for charities, for example, work for much lower salaries than they might achieve if they worked for commercial organizations (ACCA, 2013).

2.3.1. Recognition and Employees' Performance

The academic literature provides surprisingly many evidence for the effects of employee recognition on work performance. Most existing studies rely on correlations between the provision of recognition and employee performance (e.g. Rhoades and Eisenberger 2002, Cropanzano and Mitchell 2005, and Wagner and Harter, 2006). Babbie (2004) highlighted that,

recognition of a job well-done is a great way to inspire employees. Recognition costs managers nothing and, to employees that feel under-appreciated, can mean everything. Babbie (2004) added that, praise doesn't need to be lavish or excessive, but one should keep track of employee achievement and publicly recognize it.

2.3.2. Leading Resources and Employees' Performance

Riel (2010) indicated that, if organizations cannot offer raises to top-performing employees, they can still give them compensation in the form of leadership opportunities. He added that, promoting best employees to positions of higher authority can inspire them to continue their excellent work. Riel (2010) stated again that, this could help retain great employees by presenting them with new challenges. Those who get bored in their current positions might soon look elsewhere for more dynamic work opportunities (Riel, 2010).

2.3.3. Achievement and Employees' Performance

Achievement is the motivation of a person to attain goals (Bouma, 2003). The longing for achievement is inherent in every man, but not all persons look to achievement as their motivation. They are motivated by a goal. In order to attain that goal, they are willing to go as far as possible (Bouma, 2003). The complexity of the goal is determined by a person's perception. What one person thinks is an easy goal to accomplish may seem to be impossible to another person. However, if your motivation is achievement, you will find that your goals will grow increasingly complex as time goes by (Bouma, 2003).

2.4. Concept of Motivation

Motivation is the complex of forces starting and keeping a person at work in an organization. Motivation is something that puts the person to action, and continues him in the course of action already initiated (Dubrin, 2004). So, several social scientists define motivation in various ways. Bright (2000) defined motivation in the context of a business and indicated that, motivation can be said to be about "the will to work". It can come from the enjoyment of the work itself and/or from the desire to achieve certain goals e.g. earn more money or achieve promotion. It can also come from the sense of satisfaction that we gain from completing something, or achieving a successful outcome after a difficult project or problem solved. Motivation is a complex phenomenon, which is influenced by individual, cultural, ethnic and historical factors. Employee motivation is one of the most essential parts of a company's success, performance, development and survival (Mason, 2001). Motivation is important both to the individual and the organizations.

Individuals benefit from being motivated because it helps them in self-development in order to ultimately achieve personal goals. Businesses on the other hand benefit because motivated employees ensure a team that is empowered, optimistic, adaptable, creative and successful, all of which potentially improve the effectiveness and success of an organization (Manns, 2007).

Urichuck (2002) stated that motivated employee will increase the capability of the organization to achieve its mission, goals and objectives. It will also engage all to build a strong organizational culture. According to Dominic N., (2011), people who are motivated use a greater effort to perform a job than those who are not motivated. So, it is a good indicator that motivation is a psychological factor which is affected by the workers' mental attitude and health. Therefore, in order to be motivated, a person needs to have certain basic needs fulfilled. If these needs are lacking, a person's self-esteem and self-actualization cannot develop. This could result in lack of interest to progress and develop, both professionally and personally. There are several theories of human needs, which are the foundation of motivation. Some of them are discussed here after.

2.4.1. Theories of Motivation

Motivational theories have been categorized into two main groups: content theories and process theories. The content theories tend to focus on the needs of the individual, trying to explain the different factors that contribute to either encouraging or halting a behavior within that individual. These theories are also appropriately known as "need-based theories." Some of the more famous theories within this category include Maslow's Hierarchy of Needs Theory (1954), McClelland's Needs Theory (1961), and Herzberg's Two-Factor Theory (1959). The process theories seem to be much more complex and dig deeply into the thinking process of the individual, trying to explain the "why" or "how" of motivation. These theories explain "why workers select behaviors and how they determine whether their choices were successful" (Hunsaker, 2005). Hence, this literature review is focused only on "need-based theories" which are relevant with work settings and are mentioned earlier.

2.4.2. Abraham Maslow: Hierarchy of Needs (1954)

Psychologist Abraham Maslow identified five categories of peoples' basic needs. Maslow represented these needs as a hierarchy in the shape of a pyramid. A hierarchy is an arrangement that ranks people or concepts from lowest to highest. According to Maslow, individuals must

meet the needs at the lower levels of the pyramid before they can successfully be motivated to tackle the next levels.

This five stage model can be divided into deficiency needs and growth needs. The first four levels are often referred to as deficiency needs (*D-needs*) and the top level is known as growth or being needs (*B-needs*). The deficiency needs are said to motivate people when they are unmet. Also, the need to fulfill such needs will become stronger the longer the duration they are denied. For example, the longer a person goes without food the more hungry they will become.

One must satisfy lower level deficit needs before progressing on to meet higher level growth needs. When a deficit need has been satisfied it will go away. Our activities become habitually directed towards meeting the next set of needs that we have yet to satisfy. These then become our salient needs. However, growth needs continue to be felt and may even become stronger once they have been engaged. Once this growth needs have been reasonably satisfied, one may be able to reach the highest level called self-actualization (Saul, 2007).



Figure- 2.1, Maslow's Hierarchy of Needs

Source: McLeod, S. A. (2016). *Maslow's Hierarchy of Needs*; Retrieved from www.simplypsychology.org/maslow.html on Jan. 12, 2017

2.4.3. Frederick Herzberg: Motivation-Hygiene(1959)

Herzberg's motivation-hygiene theory, also known as the two-factor theory, has received widespread attention as having a practical approach toward motivating employees. In 1959, Herzberg published his analysis of the feelings of 200 engineers and accountants from over nine companies in the United States. Responses about good feelings are generally related to job content (motivators), whereas responses about bad feelings are associated with job context (hygiene factor). Motivators involve factors built into the job itself, such as achievement, recognition, responsibility and advancement. Hygiene factors are extrinsic to the job, such as interpersonal relationships, salary, supervision and company policy (Herzberg, 1966).

Herzberg perceived motivational and hygiene factors to be separated into two dimensions affecting separate aspects of job satisfaction.

Factors Affecting Job Attitudes

Leading to Dissatisfaction	Leading to Satisfaction
<ul style="list-style-type: none">• Company policy	<ul style="list-style-type: none">• Achievement
<ul style="list-style-type: none">• Supervision	<ul style="list-style-type: none">• Recognition
<ul style="list-style-type: none">• Relationship [with] Boss	<ul style="list-style-type: none">• Work itself
<ul style="list-style-type: none">• Work conditions	<ul style="list-style-type: none">• Responsibility
<ul style="list-style-type: none">• Salary	<ul style="list-style-type: none">• Advancement
<ul style="list-style-type: none">• Relationship [with] Peers	<ul style="list-style-type: none">• Growth

Table-2.1: Herzberg's Factors Affecting Job Attitudes

Source: From Arab British Academy for Higher Education journal, Retrieved from www.abahe.co.uk on 23 Jan. 2017.

2.4.4. McClelland's Needs Theory (1961)

McClelland (1961) proposed that an individual's specific needs are acquired over time and are shaped by one's life experiences. A person's motivation and effectiveness in certain job functions are influenced by these three needs.

1. Achievement Motivation

Achievement motivation person is 'achievement motivated' and therefore seeks achievement, attainment of realistic but challenging goals, and advancement in the job. There is a strong need for feedback about achievement and progress, and a need for a sense of accomplishment. People with a high need for achievement seek to excel and thus tend to avoid both low risk and high risk situations. Achievers avoid low risk situations because the easily attained success is not a genuine achievement. In high risk projects, achievers see the outcome as one of chance rather than one's own effort. High need achievement individuals prefer work that has a moderate probability of success ideally a 50% chance. They prefer either to work alone or with other high achievers (Ball, 2016).

2. Authority/Power Motivation

The Authority/power motivation person is 'authority motivated'. This driver produces a need to be influential, effective and to make an impact. There is a strong need to lead and for their ideas to prevail. There is also motivation and need towards increasing personal status and prestige. A person's need for power can be one of two types - personal and institutional. Those who need personal power want to direct others, and this need often is perceived as undesirable.

Persons who need institutional power (also known as social power) want to organize the efforts of others to further the goals of the organization. Managers with a high need for institutional power tend to be more effective than those with a high need for personal power (Ball, 2016).

3. Affiliation Motivation

The Affiliation motivation person is 'affiliation motivated', and has a need for friendly relationships and is motivated towards interaction with other people. They need harmonious relationships with other people and need to feel accepted by other people. The affiliation driver produces motivation and need to be liked and held in popular regard. These people are team players. High Affiliation motivation individuals tend to conform to the norms of their work group. They prefer work that provides significant personal interaction. They perform well in customer service and client interaction situations (Ball, 2016).

2.5. Empirical literature on relationships between rewards and performance

Organizations are under constant pressure to enhance and improve their performance and are realizing that an interdependent relationship exists between organizational performance and employee performance (Baskar & Rajkumar, 2015). Reward management is also concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance.

The conclusion of Baskar & Rajkumar (2015) study in an Aloft Hotels in India, It is evident from the study that a variety of factors influence employee motivation and satisfaction. It was also significant to discover that there is a direct and positive relationship between rewards and recognition and job satisfaction and motivation. Hence, if rewards and recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. The direct translation of this could be that the better the rewards and recognition, the higher the levels of motivation and satisfaction, and possibly therefore, the greater the levels of performance and productivity. According to Fryer (2013) in his study “Teacher Incentives and Student Achievement,” One potential method to increase student achievement and improve the quality of individuals selecting teaching as a profession is to provide teachers with financial incentives based on student achievement ... If teachers lack motivation or incentive to put effort into important inputs to the education production function (e.g., lesson planning, parental engagement), financial incentives for student achievement may have a positive impact by motivating teachers to increase their effort. Therefore, reward system is very important in any organization as the process that is in command of human behavior within an organization. It helps to verify not only performance in relation to current goals but also influences the possibility of people joining and remaining in an organization. It also shapes the degree to which effort is directed in the development of the organization future capabilities. If correctly designed or administered reward systems can lead to attractive behavior for a firm. On the other hand, if incorrectly designed or administered, reward systems can lead to the steady deterioration of an organization and why not its immediate demise (Flamholtz, 1996; William, 2010).

2.5.1. Overview of Employees' Performance

Performance is an effort along with the ability to put efforts supported with the organizational policies in order to achieve certain objectives. According to Aguinis (2009), performance is about behavior or what employees do, and not what employees produce or the outcomes of their work. Campbell (1990) also defines performance as behavior. It is something done by the employee. This concept differentiates performance from outcomes. Outcomes are the result of an individual's performance, but they are also the result of other influences. There are several variables that determine performance.

Campbell (1990) and Aguinis (2009) have provided their version of performance determinants to complement the general determinants. They suggested that individual differences on performance are a function of three main determinants: declarative knowledge, procedural knowledge, and motivation. Declarative knowledge refers to knowledge about facts, principles, and objects among others. It represents the knowledge of a given task's requirements. Procedural Knowledge is having certain skills in knowing what to do and how to do it. That is, the employee requires certain technical skills to be able to accomplish a task. Procedural knowledge also relates to one's intelligence level and physical ability. The third predictor of performance is motivation, the driving force behind every human activity. Motivation, which refers to "a combined effect from three choice behaviors - choice to expend effort, choice of level of effort to expend, and choice to persist in the expenditure of that level of effort" (Campbell, 1990). All three determinants of performance must be present for performance to reach high levels.

2.5.2. The Motivational Role of Reward on Employees' Performance

Rewards is one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and improving the company performance. Armstrong (1993) suggests that incentives and rewards are indeed a most effective source of motivation. Motivated employees are needed in our rapidly changing workplaces. Motivated employees help organizations survive. Motivated employees are more productive. To be effective, managers need to understand what motivates employees within the context of the roles they perform (Bowen and Radhakrishna, 1991). Therefore if the roles of managers are assumed to successfully guide employees towards the organizational agenda of achieving its objectives, then it is very important for them to educate and understand those psychological

processes and undertakings that root cause the stimulation, direction of destination, determination and persistence of voluntary actions (Roberts, 2005).

2.6. Theoretical Framework

Staff members of an organization are one of the most valuable assets. Especially, motivated employees are more likely to stay and help build organizations’ business. So, managers need to establish proper reward system and motivate their employees. According to Mullins (2005) effectively motivating employees are one of the most important functions of a manager. In this study relationship of rewards will be analyzed on employees’ performance. Intrinsic & Extrinsic rewards are variables so that the study variable dimensions are autonomy, Recognition, Achievement, Work content & Challenge, organizational Administration and physical environment; Health insurance, Paid Vacations, Pension / Provident Fund, Pay and benefits.

2.7. Conceptual Framework

The study guided by the following conceptual framework.

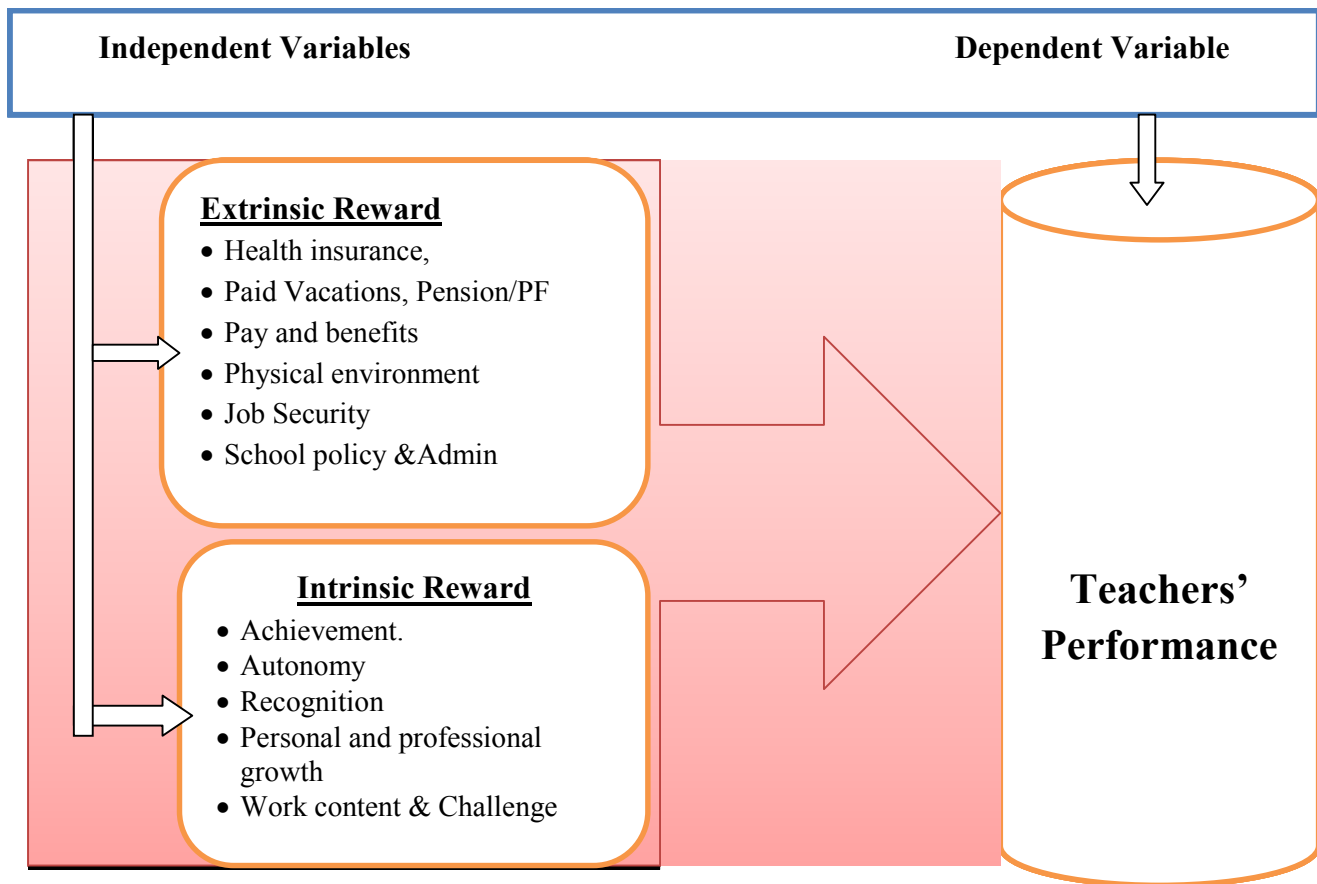


Figure-2.2: The motivational role of Rewards and its relation with performance
Source: The researcher (2016)

Chapter Three: Methodology

3.1. Description of the Study Area

Two private schools which run in Addis Ababa are selected for the purpose of this study. One of these schools was established in the year 2001 by two people and its former name was “Kebede Michael Academy”. It was reestablished again in the year 2004 by parents as Share Company and the name also changed into “*Future Talent Academy*” to run the School located at Bole sub city in the area called “*wollee sefer*” in Addis Ababa. As a school deputy director explained, ‘The share company has focused on contributing its part to the development of the country through the provision of quality education to children and youth.’ Currently the school has 228 share holder parents, 76 teachers, 13 assistant teachers, 911 students who are attending their class from Grade 1-12 and 37 managing staffs. (Source: From the school HR, December, 2016)

The second selected school for this study is “*Deborah School*”. The school is located in Bole sub-city, *Woreda* 8 of Addis Ababa. The school is opened in 1991 upon the deep interest of two couples, Mr. Demmelash Ayesheshim Birilie and Mrs. Sefigeta Minishre Asfiha. As they stated on the school history, the couples’ keen interest in being engaged in child care center in their villa which they had to first dedicate it for this purpose. Due to the founders’ relentless effort, the students’ number boosted from 20 to 100 in only three months after its inauguration. Currently there are 1260 students learning from Grade 1 up to college preparatory grades in these Campuses. The number of academic staff has increased to more than 23 and 16 management staffs. The school is accredited by Bole sub city Education Bureau for running all levels of precollege education. (Source: From the school unprinted documents, April, 2016)

These two schools (“*Future Talent Academy*” and “*Deborah School*”) had 50 students and 42 students respectively who took the National university entrance examination in the academic year 2015/16. As the result, all of them were passed the exam with great achievement and the students joined different universities.

3.2. Research Approach

This study follows quantitative data collection methods. The quantitative approaches used because it is highly structured and which allows for the cost efficient and less tedious data analysis' Schutt (2006). In addition to descriptive nature of this study, it will have comparative

analysis because there is intent to compare the relationship between various reward systems and employee performance as mediating role of motivation as well as two private schools results.

3.3. Research Design

The study conducted through descriptive-correlation design; information on the relationship of rewards and teachers performance and the motivational role of rewards presented as received from the respondents. Descriptive survey is a process of collecting data in order to answer questions concerning the current status of the subject in the study (Mugenda and Mugenda, 2003). So, the intrinsic and extrinsic rewards being experienced by both private schools teachers are described as they naturally be revealed within their respective schools. To enable such a description of rewards, frequency and percentage distributions, along with means and standard deviations have been used (Teddie & Tashakkori 2008). In addition to being descriptive, the study is also correlation in design because there was intent to establish the relationship between intrinsic and extrinsic rewards on one hand, and the performance of teachers on the other. Correlation research aims to ascertain if there are significant associations between two variables (Reid 1987). Finally, the study is comparative because there was intent to statistically compare the means of Future Talent School vs. Deborah School teachers on intrinsic and extrinsic rewards and interpreted as follows,

Mean Range	Scale	Interpretation
4.50-5.00	5	Very high
3.50-4.49	4	High
2.50-3.49	3	Moderate
1.50-2.49	2	Low
1.00-1.49	1	Very low

Source: Nairuba (2011)

3.3.1. Validity of Instruments

Robinson (2002) as defines Validity as the degree to which result obtained from the analysis of the data actually represents the phenomenon under study. The accuracy of data collection largely depends on the data collection instruments in terms of validity. So, the validity of this study

instruments ascertained by conducting pilot test. The first data collection instrument is a questionnaire which is provided to teachers. The researcher conducted a pilot test by presenting for ten teachers in different school from the research areas and then improved the questionnaires. Finally, this instrument checked and approved by the academic supervisor who is assigned from the university. The second type of questionnaire is adapted and modified by the researcher from the researches of Zhicheng Zhang & Judith A. Burry-Stock, (1994).

3.3.2. Reliability of Instruments

Reliability is a measure of the degree to which a research instrument yields consistent results or data after a repeated trial (Mugenda & Mugenda, 1999). So, the questionnaires which has 5 intrinsic questions and 11 extrinsic questions administered to the pilot sample to ten respondents into two groups and then a correlation has been taken between the two tests to estimate the reliability of the questionnaire. Research instrument with correlation coefficient between 0.70 and 1.00 is also accepted as reliable enough (Gay, 1992). Hence, the Pearson correlation coefficient used to estimate correlation coefficient of the two pilot tests and the results show the reliability results were greater than 0.7 indicating reliable value for all the dimensions of the instruments. The results also exhibited mean values 3.39 and 3.59 for the dimensions that were measured.

Besides that, the reliability results indicated the overall Cronbach's alpha values for extrinsic rewards were 0.717 and intrinsic rewards were 0.731. This demonstrates that the variables under study have good reliability coefficient values, which are above the lower limit of acceptability of 0.7. In addition to that, it is understood that respondents agreed all the 5 items of intrinsic rewards and 11 items of extrinsic rewards. They are, Challenge comes from the work mean=3.4 Recognition mean=3.7, Autonomy mean=3.6, Job itself mean 3.3, Achievements mean 3.8, Training mean=3.6, Policy mean=3.4, Administration mean=3.6, Job security mean=3.5, Environment mean 3.2, Bonus mean=3.7, Free gift mean=3.2, Health Insurance mean=3.0, Paid Vacation mean=3.7, Salary & benefit mean=3.4, Pension/Provident Fund mean=3.3. Therefore, the averages mean of intrinsic rewards and extrinsic rewards are 3.5 and 3.42 respectively constitute acceptance of the questionnaires' items.

3.4. Population and Sample

To determine the appropriate sample size, in addition to the purpose of the study and population size, three criteria usually need to be specified, the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured (Miaoulis and Michener, 1976). There are also several approaches to determining the sample size. One approach is to use the entire population as the sample. Although cost considerations make this impossible for large populations, a census is attractive for small populations e.g., 200 or less (Israel, 1992). A census eliminates sampling error and provides data on all the individuals in the population. In addition, some costs such as questionnaire design and developing the sampling frame are "fixed," that is, they will be the same for samples of 50 or 200. Finally, virtually the entire population would have to be sampled in small populations to achieve a desirable level of precision (Israel,1992). A population size of these two high schools academic full time staff is too small and its total populations are 49. Hence, a census sampling technique is used which mean the entire academic full time staff have incorporated as sample as indicates in the following chart:

Table 3.1: Future Talent Academy and Deborah High school Academic Staffs

Future Talent Academy High school Academic Staffs			
Grade	Population		
	Male	Female	Total
9-12	31	1	32
Deborah high School Academic Staffs			
Grade	Population		
	Male	Female	Total
9-12	17	-	17
Grand Total	48	1	49

Source: From the schools HR, Dec. 2016

The second respondent groups are the two selected high schools students. To determine these respondents sample size, Yamane’s a simplified formula for proportion is applied. Yamane (1967:886) provides a simplified formulato calculate sample sizes. A 95% confidence level and P = .5 are assumed for Equation.

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

Where n is the sample size, N is the population size, and e is the level of precision. When this formula is applied to determine the students’ respondent sample, we get the result which depicts in the following chart.

Table 3.4: Future Talent Academy and Deborah High school Students

Future Talent Academy High school students						
Grade	Population			Sample		
	Male	Female	Total	Male	Female	Total
9-12	172	174	346	92	93	185
Deborah high School students						
Grade	Population			Sample		
	Male	Female	Total	Male	Female	Total
9-12	226	192	418	110	94	204
Grand Total	398	366	730	202	187	<u>389</u>

Source: From the schoolsHR, April. 2016

3.5. Data Sources and Types

The data collected from primary and secondary sources. To access employees and encourage them to participate in the study, the researcher rely on some senior staffs and cooperation of the management staffs of the selected schools. Hence, the “Deborah school” management teams and the deputy director of “Future Talent Academy” have promised to cooperate in data collection process and giving the necessary information.

The sampling frame consists of teachers and students of these two private high schools in Addis Ababa. The data collected without any third body intervention by the researcher and his two assistances from both schools. The researcher and his assistants went to in each school and collected the data by introducing about the research purpose for respondents within two days’ time. The questionnaire consists of three sections. First part includes five socio demographic questions including; gender, age, education attainment, teaching work experience and work period in the current school. The reason for asking socio demographic questions as explained earlier to analyze the average response rate of employees according to their age, education level etc. Besides, the education level and work period of the respondents are necessary for the validity of the answers.

At the second part, there are 16 statements which determine the choices of teachers’ about reward system tools, motivation and their performance. These statements graded by using a 5-point Likert scale. These points in the scale are 1= Very low; 2= Low; 3= Uncertain; 4= High; 5= Very high. This first questionnaire statements used in this study is developed by the researcher and checked by two university professors and approved and then again tested in pilot testing.

The second questionnaire used for this study which includes four major parts and 32 statements. The three major parts of these questionnaire 25 statements is adapted and modified by the researcher from the researches of Zhicheng Zhang & Judith A. Burry-Stock, (1994). The remaining 7 questions developed by the researcher and approved by the university professors. The secondary sources were obtained from text books, journals, online references, published and unpublished researches and reports.

3.6. Data Collection Procedures

The researcher has made preliminary contacts with the Schools principals to explain the rationale for the study and then with all the respondents before starting the data collection process. To ensure maximum response rate, the researcher fixed a time to collect questionnaires. So, the first questionnaire administered to elicit the views and opinions of two private high schools teachers about the impact of intrinsic and extrinsic reward on their teaching performance and the second questionnaire delivered to these high schools students to rank (likert scale) their teachers performance in five major points such as teaching skill, teaching strategies, class room management, interpersonal relationship and assessment practices of their teaching subjects. Therefore, the data collected concurrently within two consecutive dates from both high schools.

3.7. Ethical Consideration

The respondents (teachers and students) informed that the survey is primarily for academic purposes and that confidentially assured and nobody is a victim because of any adverse findings in connection with their professional duties and learning processes. It encourages them to give their responses without reservation. The participants also encouraged to ask any questions if they have at any point during the entire process of the study, and the researcher gave them contact information of him. The data gathered from different medium is cited properly with appropriate reference style. The collected data through these questionnaires never changed or modified at all. The research policy and guidelines of Addis Ababa University (AAU) is applicable in the execution of this research.

CHAPTER FOUR

Presentation and Analysis, Interpretation and Discussion

4.1. Presentation and Analysis

The demographic characteristics of the respondents analyzed such as, age, level of education, gender, and work experience. These entered into a Statistical Package for Social Sciences (SPSS) spread sheet software version 20 program in which they are processed to have their respective frequency on what they represent within the study institutions.

Table 4.1: Frequency Distributions of Teachers' Respondent Demographic Characteristics

Demographic characteristics		Deborah School	Future Talent Academy	Total
Gender	Female	0(0%)	1(3.1%)	1
	Male	17(100%)	31(96.9%)	48
	Total	17 (100%)	32(100%)	49
Age	28-37	1 (5.9%)	29(90.6%)	30
	38-47	13 (76.5%)	1(3.1%)	14
	48-57	3 (17.6%)	1(3.1%)	4
	Above 57	0 (0%)	1(3.1%)	1
	Total	17 (100%)	32(100%)	49
Educational Attainment	Associate Degree	1(5.9%)	2(6.3%)	3
	Bachelor Degree	15(88.2%)	24(75%)	39
	MA degree	1(5.9%)	6(18.8%)	7
	Total	17(100%)	32(100%)	49
Work Experience	4-6 Years	5(29.4)	12(37.5%)	17
	7-10 Years	7(41.2%)	11(34.4%)	18
	Over 10 Years	5(29.4%)	9(28.1%)	14
	Total	17(100%)	100(100%)	49
Working years in current school	less 1 year	5(29.4%)	7(21.9%)	12
	1-3 Year	7(41.2%)	16(50%)	23
	4-6 Year	4(23.5%)	7(21.9%)	11
	7-10 Year	1(5.9%)	2(6.3%)	3
	Total	17(100%)	32(100%)	49

Source: Field Survey (2017)

Table 4.1: as indicated, the majority of teachers respondents were males with a percentage of 98 per cent and the rest were females with a percentage of 2 per cent.

The highest number of respondents came from 28-37 years old group comprising of 85.7 per cent. This is followed by those in 38-47 age groups who were 4 a percentage of 8.2 per cent.

Additionally, bachelor degree holders also recorded the highest number of respondents at 79.6 per cent (n=39), followed by MA holders who were 7 with a percentage of 14.3 per cent, and Associate Degree holders were 3 a percentage of 6.1 per cent.

Majority of the respondents have teaching work experience of 7 to 10 years (36.7 per cent) and then who had worked for 4 to 6 year (34.7 per cent) and others those who had worked for more than 10 years were 14 a percentage of 28.6 per cent. The highest numbers of respondents who have been working in the current schools were 23 a percentage of 46.9 per cent and 4 to 6 years, and less than 1 year work experience respectively have 24.5 per cent and 22.4 per cent portions while lower working experience in their current schools were from 7 to 10 years with a percentage of 6.1 per cent.

The second respondents were the two selected high schools students'biographical information presented here after (N=389)

Table 4.2: Frequency Distribution of Respondent Students Demographic Characteristics

Demographic characteristics		Deborah School	Future Talent Academy	Total
Gender	Female	94(46.1%)	85(45.9%)	179
	Male	110(53.9)	98(53.0%)	208
	Missing	0	2(1.1%)	2
	Total	204(100%)	185(100%)	389
Grades	Grade9	51(25%)	43(23.2%)	94
	Grade10	51(25%)	51(27.6%)	102
	Grade11	51(25%)	41(22.2%)	92
	Grade12	51(25%)	48(25.9%)	99
	Missing	0	2(1.1%)	2
	Total	204(100%)	185(100%)	389
Learning Years in their current respective Schools	1year	59 (28.9%)	29(15.7%)	88
	2year	49(24%)	20(10.8%)	69
	3year	49(24%)	13(7%)	62
	4year	27(13.2%)	10(5.4%)	37
	Over 5 Years	20(9.8%)	113(61.1%)	133
	Total	204(100%)	185(100%)	389

Source: Field Survey (2017)

Table 4.2 as indicated Frequency distribution of respondent Students with respect to their Gender, the majority of the sample (n=207) or 53.2% were male respondents, while the remaining 46.3% (n=180) covered of female respondents.

The Frequency distribution of respondent Students with respect to their Grades, the majority of the sample (n=102) or 26.2%wereGrade 9th and 10th respondents, while the remaining 25.4%

(n=99) and 21.6% (n=84) respectively covered of Grade 12th and 11th respondents. Finally, 0.5% (n=2) are missing or never fill it their grade.

The Frequency distribution of respondent Students with respect to Learning Years in their current respective Schools, 141 of them or 36.2% have been learning in their respective current schools for more than 5 years; 86 of them or 22.1% have been learning in their respective current school only for one year. The remaining respondents 67 or 17.2% of them, 59 or 15.2% of them and 36 or 9.3% of them have been learning in their current schools for 2 years, 3 years and 4 years respectively.

4.2. Interpretation and Discussion

In this research 49 and 389 questionnaires issued for teachers and high school students respectively for two private schools in Addis Ababa, the researcher got back all of the questionnaires.

4.2.1. The Extent of Intrinsic Rewards that Motivates Respondent Teachers

Table 4.3 as indicates, the respondents who participated in the study were asked to rank what extent intrinsic rewards such as challenge from work, Recognition, Autonomy, Job itself and Achievements contributed to their job performance. Out of 17 respondents who participated in the study 8(47.1%) and 6 (35.3%) ranked that very high extent and high extent respectively on sense of achievements which mean totally 82.4% Deborah private school teachers perceived that they are highly motivated by sense of achievement of their professional goal as a teacher and it has contributed to their teaching performance while 6 (35.3%) and 4 (23.5%) of the respondents ranked very low and low extent respectively on challenge from the work which mean totally 58.8% of them responded that the lessons they teach do not challenge and motivate them so that it doesn't have significant contribution to their teaching performance.

The respondent of Future Talent Academy Teachers who participated in the study were also asked to rank what extent intrinsic rewards such as challenge from work, Recognition, Autonomy, Job itself and Achievements contributed to their job performance. Out of 32 respondents in the study 21(65.6%), 19 (59.4%), 18 (56.3%) and again18 (56.3%) ranked that very high and high extent on Recognition, sense of achievements, Autonomy and Job itself respectively which mean Future Talent Academy Teachers perceived that they are highly

motivated by intrinsic Rewards and it has great contribution for their teaching performance while 17 (53.1%) of the respondents ranked very low and low extent on challenge from the work which mean that the lessons they teach do not challenge and motivate them so that it doesn't have significant contribution to their teaching performance.

Table 4.3: Frequency Distribution of Respondent Teachers towards Intrinsic Rewards

Intrinsic Rewards	Deborah School						Future Talent Academy					
	Very Low	Low	Uncertain	High	Very high	Total	Very Low	Low	Uncertain	High	Very high	Total
Challenge	3(17.6%)	4(23.5%)	6(35.3%)	2(11.8%)	2(11.8%)	17	5(15.6%)	8(25%)	9(28.1%)	7(21.9%)	3(9.4%)	32
Recognition	0	2(11.8%)	1(5.9%)	8(47.1%)	6(35.3%)	17	1(3.1%)	5(15.6%)	5(15.6%)	12(37.5%)	9(28.1%)	32
Autonomy	0	2(11.8%)	3(17.6%)	5(29.4%)	7(41.2%)	17	1(3.1%)	7(21.9%)	6(18.8%)	10(31.3%)	8(25%)	32
Job itself	0	3(17.6%)	0	6(35.3%)	8(47.1%)	17	0	8(25%)	6(18.8%)	8(25%)	10(31.3%)	32
Achievement	2(11.8%)	1(5.9%)	3(17.6%)	5(29.4%)	6(35.3%)	17	2(6.3%)	4(12.5%)	7(21.9%)	10(31.3%)	9(28.1%)	32

Source: Field survey (2017)

The mean range as exhibited in Table 4.4; the state of Deborah School and Future Talent Academy Teachers' motivation towards intrinsic Rewards highly increased by Recognition, Autonomy, the teaching job itself, and by sense of achievement of their professional goal as a teacher. However, the lesson they teach motivate and increases their teaching performance moderately.

Even though Chris and Awonusi (2004) argue that, extrinsic rewards have a significant impact on employee motivation while intrinsic rewards don't have any significant impact on employee motivation, the findings of this study show against their conclusion and reveals that the Intrinsic Rewards have more relationship towards their teaching performance.

Table 4.4: The state of Respondent Teachers' Motivation towards Intrinsic Rewards

	Deborah School			Future Talent Academy		
	Mean Range	N	Interpretation	Mean Range	N	Interpretation
Challenge	2.76	17	Moderate	2.84	32	Moderate
Recognition	4.06	17	High	3.72	32	High
Autonomy	4.00	17	High	3.53	32	High
Job itself	4.12	17	High	3.63	32	High

Achievements	3.71	17	High	3.63	32	High
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Source: Field survey (2017)

4.2.2. The Extent of Extrinsic Rewards that Motivates Respondent Teachers

Table 4.5 as depicts here after the Deborah private school teachers respondents who participated in the study were also asked to rank what extent extrinsic rewards such as training, School policy, School administration, Job security, School environment, Bonus, free gifts, Health insurance, Salary and benefits, Pension and provident fund contributed to their teaching performance. Out of 17 respondents who participated in the study 8(47.1%) ranked that very large extent and large extent on School environment and School policy which mean some of Deborah private school teachers perceived that they are motivated by School environment and School policy so that it has contributed to their teaching performance while 10 (58.8%) of the respondents ranked no extent and little extent on Training provided by the school and 9 (53%) and 8 (47.1%) of them ranked in similar way on School Administration, School Policy and Bonus so that majority of Deborah private school teachers perceived that all these extrinsic rewards don't have significant contribution to their teaching performance.

Table 4.5: Frequency Distribution of Respondent Teachers towards Extrinsic Rewards

Extrinsic Rewards	Deborah School						Future Talent Academy					
	Very Low	Low	Uncertain	High	Very high	Total	Very Low	Low	Uncertain	High	Very high	Total
Training	5(29.4%)	5(29.4%)	4(23.5%)	1(5.9%)	2(11.8%)	17	7(21.9%)	11(34.4%)	8(25%)	4(12.5%)	2(6.3%)	32
School Policy	2(11.8%)	6(35.3%)	1(5.9%)	5(29.4%)	3(17.6%)	17	4(12.5%)	12(37.5%)	5(15.6%)	8(25%)	3(9.4%)	32
School Admin.	2(11.8%)	7(41.2%)	3(17.6%)	2(11.8%)	3(17.6%)	17	3(9.4%)	15(46.9%)	7(21.9%)	3(9.4%)	4(12.5%)	32
Job Security	4(23.5%)	6(35.3%)	3(17.6%)	3(17.6%)	1(5.9%)	17	9(28.1%)	8(25%)	10(31.3%)	4(12.5%)	1(3.1%)	32
School Environment	1(5.9%)	6(35.3%)	2(11.8%)	5(29.4%)	3(17.6%)	17	4(12.5%)	9(28.1%)	5(15.6%)	9(28.1%)	5(15.6%)	32
Bonus	6(35.3%)	2(11.8%)	6(35.3%)	2(11.8%)	1(5.9%)	17	11(34.4%)	4(12.5%)	11(34.4%)	5(15.6%)	1(3.1%)	32
Free Gift	4(23.5%)	1(5.9%)	9(52.9%)	2(11.8%)	1(5.9%)	17	11(34.4%)	1(3.1%)	15(46.9%)	4(12.5%)	1(3.1%)	32
Health Insurance	6(35.3%)	1(5.9%)	8(47.1%)	1(5.9%)	1(5.9%)	17	6(18.8%)	3(9.4%)	13(40.6%)	7(21.9%)	3(9.4%)	32
Paid Vacation ⁴	2(11.8%)	2(11.8%)	9(52.9%)	2(11.8%)	2(11.8%)	17	5(15.6%)	2(6.3%)	15(46.9%)	7(21.9%)	3(9.4%)	32
Salary Benefit	4(23.5%)	4(23.5%)	4(23.5%)	2(11.8%)	3(17.6%)	17	6(18.8%)	6(18.8%)	12(37.5%)	4(12.5%)	4(12.5%)	32
Pension Provident Fund	4(23.5%)	2(11.8%)	7(41.2%)	2(11.8%)	2(11.8%)	17	7(21.9%)	5(15.6%)	15(46.9%)	3(9.4%)	2(6.3%)	32

Source: Field survey (2017)

The Future Talent Academy Teachers who participated in the study were also asked to rank what extent extrinsic rewards such as training, School policy, School administration, Job security, School environment, Bonus, free gifts, Health insurance, Salary and benefits, Pension and provident fund contributed to their teaching performance. Out of 32 respondents who participated in the study 14(43.7%) and 11(34.4%) ranked that very large extent and large extent

on School environment and School policy respectively which mean Future Talent Academy Teachers perceived that they are motivated by School environment and School policy respectively and these variables have moderate contribution to their teaching performance while 27 (84.4%) ranked on Job security, free gifts provided by the school, Pension and provident fund, 26(81.3%) of them ranked on Training and Bonus, 25(78.2%) of the respondents also ranked on School Administration and 24(75.1%) of the respondents ranked on Salary and benefits that by saying no extent and little extent contributed to their teaching performance. Hence, the majority of Future Talent Academy Teachers perceived that all these extrinsic rewards (Job security, free gifts provided by the school, Pension and provident fund, Training, Bonus, School Administration, salary and benefit) don't have significant contribution to their teaching performance.

Table 4.6: The state of Respondent Teachers' Motivation towards Extrinsic Rewards

		Training	Policy	Admin	Job security	Environment	Bonus	Free gifts	Health Insurance	Paid Vacation	Salary & benefit	Pension/ provident Fund
Deborah School	N	17	17	17	17	17	17	17	17	17	17	17
	Mean Range	2.41	3.06	2.82	2.47	3.18	2.41	2.71	2.41	3.00	2.76	2.76
	Interpretation	Low	Moderate	Moderate	Low	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
Future Talent Academy	N	32	32	32	32	32	32	32	32	32	32	32
	Mean Range	2.47	2.81	2.69	2.38	3.06	2.41	2.47	2.94	3.03	2.81	2.63
	Interpretation	Low	Moderate	Moderate	Low	Moderate	Low	Low	Moderate	Moderate	Moderate	Moderate

Source: Field survey 2017 & Processed by SPSS V.20

The mean range as indicated in Table 4.6; the state of Deborah School Teachers' motivation towards extrinsic Rewards moderately increased by School policy, Administration and School environment, the free gifts provided from the school, paid vacation, Salary & Benefits as well as pension or provident fund, while the Job security, Bonus and Health insurance has low motivation to them towards their teaching performance. Similarly, the mean range as indicated the state of Future Talent Academy Teachers' motivation towards extrinsic Rewards moderately increased by School policy, Administration and environment, Health insurance, paid vacation,

Salary & Benefits as well as pension or provident fund, while the training which is provided from the school, Job security, Bonus and free gifts has low motivation to them towards their teaching performance.

Table 4.8: Descriptive Statistics of Two School Teachers' Performance and Rewards

	Deborah school		N	Future Talent Academy		N
	Mean	Std. Deviation		Mean	Std. Deviation	
Teachers' performance	2.5732	.59486	204	2.5102	.63465	185
Intrinsic Reward	3.7294	.70690	17	3.1437	.75901	32
Extrinsic Reward	2.7273	.86364	17	2.6023	.54042	32
Valid N			17			32

A large standard deviation indicates that the data points are far from the mean, and a small standard deviation indicates that they are clustered closely around the mean (Bluman,2007). So, the above table description indicates that both Schools Teachers' performance (Dependent variable) and Intrinsic Rewards (Independent variables) standard deviations are more closely with their mean values than extrinsic Rewards value.

Results of the descriptive statistics in terms of arithmetic mean and standard deviation show those extrinsic rewards (Independent variable) and Teachers' performance (Dependent variable) of Deborah School and Future Talent Academy Teachers' performance standard deviation are far from their mean. It indicates that the respondents opinion about their extrinsic rewards are more scattered than their intrinsic variables responses.

4.2.3. Students' Perception about their Teachers' Performance

Table 4.10: shows Mean and Standard Deviation for the five factors of Teachers' performance. The respondents of Deborah school and Future Talent Academy students perceived that Teachers' teaching skill mean are ($x = 2.4189$) and ($x = 2.4688$). The standard deviation of Teachers' teaching skill are ($\sigma = .63948$) and ($\sigma = .70426$) respectively which show the deviation of results from the target. The second factor Teachers' Teaching Strategy show the mean and standard deviation of Deborah School - ($x = 2.7929$, $\sigma = .82804$) and Future Talent Academy- ($x = 2.5122$, $\sigma = .85786$). The third factor, Teachers Class Management show the mean and standard deviation of Deborah School - ($x = 2.6438$, $\sigma = .99342$) and Future Talent Academy- ($x = 2.5550$, $\sigma = .98577$). The fourth factor, Teachers' Interpersonal Relationship of Deborah

School result of mean and standard deviation ($x = 2.6539$, $\sigma = .76360$) and Future Talent Academy result of mean and standard deviation ($x = 2.7719$, $\sigma = .80093$). The fifth factor, Teachers' Teaching Assessment Practices of Deborah School result of mean and standard deviation ($x = 2.3564$, $\sigma = .56212$) and Future Talent Academy result of mean and standard deviation ($x = 2.2432$, $\sigma = .64824$). Therefore, the above results show that most of respondents remain in the scale option uncertain among the options provided scales (such as Very low, low, uncertain, high & very high) about their Teachers except Teachers' Teaching Assessment Practices. However, the respondents especially agree in the scale option low about their Teachers' Teaching Assessment Practices.

Table 4.10: Students' Perception about their Teachers' Performance

	Deborah School							Future Talent Academy						
	N	Mean	Std. Deviation	Skewness		Kurtosis		N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Teachers' Teaching Skill	204	2.4189	.63948	.847	.170	1.469	.339	185	2.4688	.70426	1.030	.179	2.562	.355
Teachers' Teaching Strategy	204	2.7929	.82804	.442	.170	.153	.339	185	2.5122	.85786	.871	.179	.759	.355
Teachers Class Management.	204	2.6438	.99342	.349	.170	-.547	.339	185	2.5550	.98577	.867	.179	.315	.355
Teachers' Interpersonal Relationship	204	2.6539	.76360	.572	.170	.619	.339	185	2.7719	.80093	.354	.179	.266	.355
Teachers' Teaching Assessment Practices	204	2.3564	.56212	1.164	.170	4.292	.339	185	2.2432	.64824	1.153	.179	3.352	.355
Valid N	204							185						

Chapter Five

Summary, Conclusion, and Recommendation

The aim of this research is to evaluate the impact of rewards on employee performance as a mediating role of motivation on the case study of two private schools in Addis Ababa. It is also designed to conduct the research by administering two types of questionnaires for teachers and their students. The purposes of these two types of questionnaires were that the first questionnaires (Appendix-A) which were issued for teachers to examine how each School teachers perceived that their teaching performance increased whether by intrinsic Rewards or extrinsic Rewards and to identify the most motivating factors. The second questionnaires (Appendix-B) which were issued for students had purpose to examine teachers' performance through various variables which can portrait teachers' performance by their respective students in each school. Hence, teachers' perception analyzed and presented in charts and descriptions in the earlier chapter. The students' responses were also entered and analyzed by a Statistical Package for Social Sciences (SPSS) spread sheet software version 20 program and the results of their arithmetic mean and standard deviation, coefficient correlation and regression analysis presented which generates as they exist.

5.1. Summary of the Findings

1. Deborah private school

The majority of Deborah private school teachers which mean out of 17 respondents who participated in the study 14 (82.4%) perceived that they are highly motivated by Intrinsic Rewards. So, the state of Deborah School Teachers' motivation towards intrinsic Rewards highly increased by the teaching job itself, Recognition, Autonomy, and by sense of achievement of their professional goal as a teacher. However, the state of Deborah School Teachers' motivation towards extrinsic Rewards moderately increased by School policy, Administration and environment the free gifts provided from the school, paid vacation, Salary & Benefits as well as pension or provident fund while the Job security, Bonus and Health insurance have low motivation to them towards their teaching performance.

The correlation coefficient also computed from the sample data to measure the strength and direction of a linear relationship among the dependent variable (Teachers' performance) and

independent variables (Intrinsic and Extrinsic Reward). So the result as indicated there is moderate positive relationship between intrinsic rewards and Deborah private school teachers' performance with a correlation of ($r = .498$, $p < 0.05$). Finally, the regression analysis model summary of this study reveals that the correlation value was 0.499 which is considered a moderate relationship because the value falls between 0.30 and 0.70 (Pallant, 2011). The value was also positive indicating that, when the independent variables increase dependent variable also increases and vice versa. The R^2 indicates that 24.9% (0.249) of employee performance could be explained by using the independent variables.

2. Future Talent Academy

This study findings as indicated that out of 32 respondents of the Future Talent Academy Teachers in the study 21(65.6%) only perceived that as they are motivated by intrinsic Rewards and it has great contribution for their teaching performance while the majority of this School Teachers 27(84.4%) perceived that all these extrinsic rewards such as Job security, free gifts provided by the school, Pension and provident fund, Training, Bonus, School Administration, Salary and benefit don't have adequate contribution to their teaching performance. Beside this, Future Talent school teachers' perception coincide with their student responses because this study results of the descriptive statistics in terms of arithmetic mean and standard deviation show those intrinsic rewards (Independent variable) and Teachers' performance (Dependent variable) of Future Talent Academy Teachers' responses are closely related while the extrinsic rewards standard deviation indicates that the data points are far from the mean which means the respondents opinion are more scattered than the intrinsic variables responses.

The correlation coefficient result as indicated, there is significant relationship between intrinsic rewards and Future Talent Academy teachers' performance with a correlation of ($r = .666$, $p < 0.01$).

The Regression Analysis model summary of this study reveals that the correlation value was 0.711 which is considered strong relationship because the value falls beyond the margin of 0.30 and 0.70 (Pallant, 2011). The value was also positive indicating that, when the independent variables increase dependent variable also increases and vice versa. The R^2 indicates that 50.5% (0.507) of employee performance could be explained by using the independent variables while

the intrinsic rewards (independent variable) especially represented by 50.2% of the dependent variable (Teachers' performance). Furthermore, the findings of this study are coinciding with others many studies as earlier explained. For example Pink (2011) argues that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards.

5.2. Conclusion

The study examined the impact of rewards on private school teachers' performance and the findings reveal that: First, there is positive and mutually causal relationship between intrinsic rewards and both Schools (Deborah High School and Future Talent Academy High school) teachers' performance. Hence, the study findings imply that intrinsic rewards are not only motivator of developed countries employees which help to perform their work.

Second, the extrinsic rewards of both schools didn't have adequate relationship with these school teachers' performance. The study findings show that majority of these School Teachers perceived that extrinsic rewards such as Job security, free gifts provided by the school, Pension and provident fund, Training, Bonus, School Administration, Salary and benefit don't have adequate contribution to their teaching performance.

Third, the findings indicated that most motivating factor among different rewarding systems for these private schools teachers and its relation with their performance. So, the respondents of Deborah private school teachers who participated in the study perceived that they are highly motivated by sense of achievement of their professional goal as a teacher and it has contributed to their teaching performance. Similarly, the respondents of Future Talent Academy Teachers perceived that Recognition, sense of achievements. Autonomy and Job itself respectively highly motivate them and have great contribution for their teaching performance. From these findings we conclude that these two private schools teachers are highly motivated by Recognition, sense of achievements. Autonomy and Job itself rather than extrinsic rewards.

Fourth, the majority of the respondents in the study perceived that Training which are provided by their respective schools have no significant contribution to their teaching performance.

Fifth, the majority of teachers' respondents of this study reveal that they don't feel psychologically safe in their workplaces so that it reduces their teaching performances.

5.3. Recommendation

Based on the result of this study recommendations are provided here after to both Schools Management and other education sector stakeholders of Private Schools in Ethiopia.

First, teachers are the most important resource in education system in any society and they play a major role in the delivery of quality education. So, in order to ensure teachers' performance that teachers are needed to get adequate and proper trainings.

Second, the majority of teachers' respondents of this study reveal that they don't feel psychologically safe in their workplaces. The five stage model of Maslow's Hierarchy of Needs as states that Security and safety are next to food, water, and shelter and often referred to as deficiency needs (*D-needs*) (Saul, 2007). Employees insecure because of many reasons such as organizational change, restructuring or cutbacks experience uncertainty about the continuation of one's job. Different studies have revealed that job insecurity results in problems concerning commitment to the organization (e.g. Ashford, et al., 1989). So, these schools management should also work aggressively to find out what incurs lack of Job security respective to their school teachers and give solutions.

Third, Employees are the most important resource of an organization to remain competitive in the business world so that Managers need to know how to retain these powerful forces by Keep it up their employees' source of motivation especially that the finding as indicated employees are highly motivated by intrinsic rewards such as Recognition, Autonomy, the teaching job itself, and by sense of achievement of their professional goal as a teacher

Fourth, The study findings as indicted the extrinsic rewards such as free gifts provided by the school, Pension and provident fund, Bonus, School Administration, salary and benefit do not have adequate contribution to their teachers' performance. Hence, these extrinsic rewards are needed high attention of Schools managers to fill the gap or "deficiency needs" and improve their teachers' performance.

5.4. Research Limitation

This research has its own limitation that should take into account. First, the study was conducted only in two private high schools in Addis Ababa Ethiopia so that the results may not be

generalized to all private schools. Second, lack of representativeness may not touch all types of reward practices in the whole private schools. Third, another possible limitation of this study which is used only quantitative study because of time constraint. Therefore, Qualitative studies will allow this research arena to complement the other knowledge will be gained on the same research problem, and to generalize the findings and make appropriate recommendations. Fourth, limitation that the schools management staffs were not incorporated in this study so that the schools reward practices can't be explained here in this study.

5.5. Areas of Future Research

This study could not address adequately all areas of this topic and therefore recommends the following areas for future investigations.

First, Similar future study is suggested to be carried out on private schools because they are not well studied in Ethiopia and it is in the very infant stage in the country.

Second, the importance of teachers' motivation in quality education delivery in private schools needs to be studied.

Third, Extensions of this study might also include kindergartens and elementary schools and it helps to examine them and to identify how their employees' performance will be increased.

Fourth, the private schools management and their reward practices need to support by conducting empirical studies.

Fifth, the impact of Teachers' teaching skill, strategy, class management, student assessment practices and their interpersonal relationship on their performance also can be a good future investigation area.

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Addis Ababa University School of Commerce

Letter of Introduction

RE: Research Questionnaire

Dear respondent, I am a student of Addis Ababa University School of Commerce Post graduate Distance Program. I hereby write to request you humbly to assist in filling the questionnaire which is an attempt to examine the **Impact of Rewards on Employee Performance: The Case Study of Two Private Schools in Addis Ababa**. I will be very grateful if you could take a few minutes to complete these questionnaires. Your feedback is very important and I assure you that your responses will be handled confidentially. Thank you for following the instructions and your participation in advance.

Sincerely Yours

Asrat Girma

Cell phone- +251 911 24 24 20 / +251 911 37 24 89

e-mail- asratgirmat@gmail.com

Appendix-A

SOCIO DEMOGRAPHICAL INFORMATION OF TEACHERS

A. Age

- 18-27
- 28-37
- 38-47
- 48-57
- Over 57

B. Sex

- Female
- Male

C. Educational attainment:

- 1. Teaching Certificate
- 2. Diploma
- 3. Associate Degree
- 4. Bachelor Degree
- 5. Masters
- 6. PhD
- 7. Others (Specify)
.....

D. How many years have you been working in teaching profession?

- less than 1 year
- 1-3 years
- 4-6 years
- 7-10 years
- Over 10 years

E. How many years have you been working in this school?

- 1. less than 1 year
- 2. 1-3 years
- 3. 4-6 years
- 4. 7-10 years
- 5. Over 10 years

Appendix-B

To what extent do you agree with the following statements which bring influence on your teaching motivation and performance?

1= Very low; 2= Low; 3= Uncertain; 4= High; 5= Very high

	Intrinsic	1	2	3	4	5
1	I am highly challenged by the lesson I teach so that it increases my teaching performance.	1	2	3	4	5
2	I am highly motivated by Recognition as a teacher.	1	2	3	4	5
3	The (autonomy) opportunity to use my ability in the work place highly motivates me in this school.	1	2	3	4	5
4	My motivation emanates from the teaching job itself.	1	2	3	4	5
5	I am highly motivated by sense of achievement of my professional goal as a teacher	1	2	3	4	5
	Extrinsic					
6	The training provided by this school increases my performance as a teacher	1	2	3	4	5
7	This school Policy increases my performance as a teacher.	1	2	3	4	5
8	This school Administration increases my performance as a teacher	1	2	3	4	5
9	I feel that psychologically safe in this workplace so that it increases my teaching performance.	1	2	3	4	5
10	This school environment increases my teaching performance.	1	2	3	4	5
11	The Bonus (Festivals / annual) which I get from the school increases my teaching performance	1	2	3	4	5
12	This school Free gifts supply increases my teaching performance	1	2	3	4	5
13	This school provide me health insurance/ medical coverage/ so that it increases my teaching performance	1	2	3	4	5
14	The school has paid me during my vacations season so that it increases my teaching performance.	1	2	3	4	5
15	My salary and benefits increases my teaching performance	1	2	3	4	5
16	Pension /Provident Fund/which is provided by this school increases my teaching performance	1	2	3	4	5



Addis Ababa University School of Commerce

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Sincerely Yours

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Appendix-A

SOCIO DEMOGRAPHICAL INFORMATION OF STUDENTS

A. Sex

Female

Male

B. How many years have you been learning in this school?

less than 1 year

2 years

3 years

4 years

Over 4 years

C. Currently you are grade_____student?

1. 9

2. 10

3. 11

4. 12

Appendix-B

CHOOSE FROM THE SUGGESTED LIST BELOW YOUR LEVEL OF AGREEMENT OR DISAGREEMENT TO THE FOLLOWING FACTORS AND INDICATE HOW **YOUR** **TEACHERS' PERFORMANCE** IN THIS SCHOOL.

TEACHING SKILLS	Very Low	Low	Uncertain	High	Very High
My teachers encourage me to express and examine my ideas, opinions and values.	1	2	3	4	5
My teachers always give me helpful feedback.	1	2	3	4	5
My teachers Feedback on my work is always timely.	1	2	3	4	5
My teachers encourage a reasonable measure of humor in my classes.	1	2	3	4	5
My teachers encourage me with praise, commendation and constructive criticism.	1	2	3	4	5
My teachers approach the class with enthusiasm.	1	2	3	4	5
My teachers make use of desirable discussions on topics of student interest.	1	2	3	4	5
My teachers use summaries, reviews and overviews to ensure that students are able to place units in perspective.	1	2	3	4	5
My teachers emphasize clearly the important points in a lesson.	1	2	3	4	5
My teachers ensure that an adequate summary is made at the end of each class or unit of work	1	2	3	4	5
My teachers check all homework notebooks regularly.	1	2	3	4	5
TEACHING STRATEGIES	Very Low	Low	Uncertain	High	Very High
My teachers make use of group discussions where suitable	1	2	3	4	5
My teachers use audio visual aids where available and appropriate.	1	2	3	4	5
My teachers recognize the necessity to individualize assignments.	1	2	3	4	5
My teachers use problem solving techniques where appropriate	1	2	3	4	5

CLASSROOM MANAGEMENT	Very Low	Low	Uncertain	High	Very High
My teachers encourage each student to develop self-discipline.	1	2	3	4	5
My teachers' disciplinary procedures are based on respect for the rights of students and others.	1	2	3	4	5
My teachers set and maintain a high standard of decent and courteous language	1	2	3	4	5
INTERPERSONAL RELATIONSHIPS	Very Low	Low	Uncertain	High	Very High
My teachers try to build self-confidence in each student.	1	2	3	4	5
My teachers provide support and encouragement when students experience disappointment and failure	1	2	3	4	5
My teachers criticize in a discreet and private manner, concentrating on correcting the improper behavior.	1	2	3	4	5
My teachers make it clear that they are concerned with habits, attitudes and values.	1	2	3	4	5
My teachers try to understand the special needs and interests of each of their students.	1	2	3	4	5
My teachers respect the dignity of each young person.	1	2	3	4	5
My teachers respect the students' point of view even though they may disagree with it.	1	2	3	4	5
My teachers participate in staff recreational activities.	1	2	3	4	5
My teachers notify parents well in advance of student out-of-school activities.	1	2	3	4	5
My teachers' public statements they present the teaching profession in a positive light.	1	2	3	4	5
ASSESSMENT PRACTICES	Very Low	Low	Uncertain	High	Very High
My teachers administering announced quizzes.	1	2	3	4	5
My teachers administering unannounced quizzes.	1	2	3	4	5
Our class exams have multiple-choice questions.	1	2	3	4	5
Our class exams have matching questions.	1	2	3	4	5
Our class exams have true/false questions.	1	2	3	4	5
Our class exams have fill-in-the-blank or short answer questions.	1	2	3	4	5
Our class exams have essay questions.	1	2	3	4	5

