The Effect of Reward on Organizational Commitment in the Case of Ethio – Telecom

ADDIS ABABA UNIVERSITY

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DECLARATION

I hereby declare that this submission is my own work towards the masters of art in human resource management that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in text.

Teshome Engda

Signature ________________

Date ____________________

This research project has been submitted for examination with my appropriate approval as university advisor.

Abebe Ejigu (Ph D)

Signature __________________

Date ______________________

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Acronyms

NFR –Non –financial reward
FR –Financial Reward
AC –Affective commitment
NC –Normative commitment
CC –Continuance commitment
MANOVA –Multi variant analysis

Abstract

The main purpose of the research is to understand the interaction between different types of reward and commitment in Ethiotelecom context.Ther is few research conducted on the relationship between reward and three component of commitment in Ethiopia.The study tried to use Standardized and close ended questionnaire designed from previous literature which was distributed to 384 sample employees and then the collected data has been analyzed by using different statistics such as descriptive statistics, correlation, and MANOVA.Random stratified sampling was used to select the sampling unit from a toal population of eleven thousand employees. The major components of reward was financial rewards such as salary and benefit, and non-financial reward such as performance management, training, developmental opportunity ,Recognitions .With regards to commitment model , Allen & Meyer (1990) three component of commitment i.e. affective commitment, continuance commitment, and normative commitment was used. The result has showed that non financial reward has strong correlated with affective commitment and moderate correlation with normative commitment, both financial and non-financial rewards does not have correlation with continuance commitment. In addition, financial reward has strong impact on affective & normative commitment than financial reward does have. The results also give an insight to ethiotelecom should design appropriate non financial reward system to boost positive perception of nonfinancial reward.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Human resource management is defined as a strategic and coherent approach to the management of an organization's most valued assets – the people working there, who individually and collectively contribute to the achievement of its objectives (Armstrong, 2009).Armstrong (2010) stated that one of the first explicit statements of the HRM concept was made by the Michigan School (Fombrun, Tichy and Devanna, 1984) explained that there is a human resource cycle which consists of four generic processes or functions that are performed in all organizations. These are: selection, reward, appraisal & development

The other known prominent model of HRM was the one who was developed what Boxall (1992) calls the 'Harvard framework' which constitute choice of employee influence mechanism , human resource flow, reward systems and work systems will affects employees commitment , cost effectiveness & goal congruence. It can be concluded from the above founding human resource model that that reward system is the major component of human resource management practice.

Being reward is the major component of human resource it includes providing financial and non financial payments to employees taking into account the value of their contribution. Reward is jus more than providing financial and non financial payment since organization must consider required behavior from employees which is take into account organizational values. After the identification of the required behavior and organizational values the reward systems provide the incentives and reinforcement for workforce behaviors that contribute to the implementation of strategies while development systems provide the workforce skills required for implementation (Greer, 2005)

Many researchers has studied the impact or the relationship of reward practice in with employees behavior and attitude in which some of the finding are in conflicting situation with regard to reward impacts / relationship with specific employees behavior. The result also shows that one of the aim of reward management is to influence employees behavior & attitude positively. Employee's behavior includes productivity, organizational. Citizenship behavior and organizational commitment whereas employees attitude includes job satisfaction and others. But there is no clear agreement on the definition of employees' commitment. Attitude is a psychological state which is a felling or like or dislike about a certain things while behavior is more than attitude which is an expression feeling in visible physical term.

It is reasonable to believe that strong commitment to work is likely to result in conscientious and self-directed application to do the job, regular attendance, nominal supervision and a high level of effort. Commitment to the organization will certainly be related to the intention to stay – in other words, loyalty to the company. Different researcher define commitment differently but for the purpose of the study the researcher follow Allen and Mayer (1990) concept which view commitment as multi component construct which includes as affective commitment which is view as employees emotional attachment to the organization , continuance commitment is based return of employees investment on the company & the availability of alternative, and the last one is normative commitment which states employee is willing to stay in organization because of moral obligation.

Taking into account the above concept of reward & commitment the researcher explored the relationship between reward practice & employees commitment in Ethiotelecom.The study contributed existing body of knowledge by testing the applicability of reward and commitment theories in Ethiopian cases and also provided practical solution to Ethiotelecom reward management problems specifically.

Being the sole provider of telocome service in Ethiopia , Ethiotelecom has numerous obligation to meet public & government expectation .Responses from the human resource departments indicates that employees motivation & commitment is one the most important factors which contribute to the achievement of the Ethiotelecom's goal. The company also believes that compensation practice will affect employee's behavior significantly. Historically & currently Ethiotelecom adopts similar rewards system expect the amount of reward increment to maintain external equity in the market. Ethiotelecom provides both financial and non financial rewards to its employees in unique way. The company also has undertaken downsizing & restructuring which results in downswing of employees and subsequently consecutive salary adjustment.

1.2. Research Problem

Armstrong (2010) highlighted that both financial and non financial reward have positive relationship with engagement, which is broader definition of commitment, but non financial reward is more related with engagement. He also indicated that the debate on the relationship between reward & motivation is applicable to the relationship between reward & commitment. But it does not show the psychological status of the engaged / committed employees. But it doesn't show the commitment from three dimensional perspective .i.e does the commitment arises from emotional attachment (affective commitment) or lack of alternative (continuance commitment) or due to moral obligation(normative committeemen and how the identified rewards related with the multidimensional of commitment.

Mayer & Allen (1990) has examined the antecedents of the three organizational commitment namely affective, normative & continuance commitment. All of the identified antecedent are elements of total rewards, however the antecedent didn't includes all elements of total reward such as salary which is an important component of nonfinancial reward. In addition to this The researches didn't examine the relationship from reward perspective instead of simply identifying simply as antecedent of commitment.

The relationship between reward and commitment is no explored well in different culture and countries and the study would like to explore how look like the relationship with different culture Armstrong (2010) stated that all component of to rewards must applied integrate to enhance employees motivation and commitment but there is no clear answer when we come to the question which one is more important such as is extrinsic or extrinsic reward or financial or non financial reward? Which component of reward is powerfully associated with the organizational commitment? There is still a debate on the relative impact of different reward on employees' behavior.

1.3 Research question

- What is the relationship between financial rewards with component of commitment?
- What is the relationship between nonfinancial rewards with component of commitment?

- What is the comparative relationship among component of commitment and different reward category.
- Which type of component of commitment is dominant?
- What is the perception of employees on each reward variables?

1.4. Research objective

1.4.1. General objective of the research includes:

- To explore the relationship between financial reward with different component of employees commitment
- To explore the relationship between non financial reward with employees commitment

1.4.2. Specific research objective included

- To know the interaction among components of financial reward such as pay , benefits and components of commitment such as affective ,normative commitment & continuance commitment
- To know the relationship among nonfinancial rewards such as learning & development rewards, work environment related rewards and component of commitment such affective, normative commitment & continuance commitment.
- To know which type of the three component of commitment is dominant, affective, normative or continuance?
- To know over all employee perception of reward practice
- To understand the impact of developmental opportunity on employees commitment

1.5. Significance of the study

The study has a number of contributions from practical & theoretical point of view. From practical point of view the finding will give an insight to the to the human resource department about employees perception of the existing reward and the nature of employees commitment. The most important contribution also related to theoretical contribution which depict the relationship between reward & commitment variable in Ethiotelecom context.

1.6. Scope

The study assesses the relationship between employees reward perception with employees commitment .However the study does not attempt to understand the relationship in a causes-effect manner since the difficulty of managing controllable variables. The study also will not assess whether there is a direct or indirect relationship. There many theories regarding the classification & definition of reward & commitment in which researcher will choose the unexplored model.

1.7. Limitation of the study

The study did not uses open ended questions which might add some value to the results and also the standardized question for reward are collected from different sources which might have affected the validity and reliability.

1.8. Ethical clearance

It is the obligation of the researcher to look at the ethical implications of what we are proposing to do. Most ethical issues fall in to one of four categories: protection from harm, informed consent, right to privacy, and honesty with professional colleagues (Paul D. Leedy & Jeanne Ellis Ormrod, 2005.)

Therefore taking the nature of this study under consideration, participants have been told the nature of the study to be conducted and given the choice of either participating or not participating because any participation should be strictly voluntary. More specifically, for *ethical clearance* the study confirmed containing the following information:

- A brief description of the nature of the study
- A description of what participation will involve, in terms of activities and duration
- The guarantee that all response remains confidential and anonymous
- An offer to provide detailed information about the study (e.g., summary of findings upon its completion)
- The researcher reports the findings in a complete and honest fashion and give appropriate credit where credit is due and acknowledge any indebtedness to others

1.8. Organization of the Paper

Chapter two provides a comprehensive discussion of reward and commitment with reference being made to the paucity of research on the relationship between these two variables. Definitions as well as discussion of reward, the three component of commitment are provided

Chapter three provides an overview of the research methodology utilized to execute the research. In particular, the selection of the sample, data collection processes, measurement instrument and data analyses as well as statistical techniques are delineated.

Chapter four addresses the results arising from the empirical analysis of the data obtained.

Chapter five drawn conclusions emanating from the results obtained in the study. Moreover, recommendations for future research are forwarded.

CHAPTER TWO

LITRATURE REVIEW

2.1. The Concept of Reward Management

The idea of managing reward in organizations is crucial to all employers, and consequently, many definitions have been proposed, which are now introduced. Armstrong and Murlis (2005) stated that reward management is 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”. More recently, Armstrong and Stephens (2006:3) produced a very similar definition, but adding that the ultimate aim is for the organization to be assisted in the realization of its strategic goals: “Reward management is concerned with the formulation and implementation of strategies and policies the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and to help the organization to achieve its strategic goals”.

2.2. Psychological contract

According to Armstrong and Murlis (2005) managing reward is largely about managing employees expectation i.e what employees expect from their employers in return for their contribution and what employers expect from their employees in return in return for their pay and the opportunity to work & develop their skill. It is also identified there are to types of psychological contracts which are transactional & relational in nature.

Transactional psychological contract are also said to be economic by nature are expressed in formal contract of employment w which may be written or unwritten and specify terms & condition of employment. This expectation has legal bases and usually expressed in financial term and performance requirement. On the other hand the relational reward may be less defined or may not be defined at all or they are open ended, hence they are implied which are not subjected to agreement. The relational aspect of reward is those which have the greatest influence on the motivation, commitment, and moral of employees. The relational contract is sid to be psychological contract and Characteristics of psychological contract includes

The psychological contract from employer perspective includes

- Competence

- Effort
- Compliance
- Commitment
- Loyalty

From employees perspective the psychological contract covers

- How she/he is treated interims of fairness, equity, and consistency
- Security of employment
- Scope of demonstration competence
- Career expectation and the opportunity to develop skill
- Involvement & influence
- Organizational trust
- Good leadership

2.3.Aim of Reward management

According to Armstrong (2009) Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly, equitably and consistently in accordance with their value to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices and procedures) which aim to meet the needs of both the organization and its stakeholders.

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

2.4. Component of Rewards

The concept of total rewards describes an approach to reward management that emphasizes the need to consider all aspects of the work experience of value to employees, not just a few such as pay and employee benefits which considered to be narrow definitions .the narrow definition virtually always comprise compensation and benefits, and sometimes include other tangible elements (e.g. development). This is sometimes referred to as total compensation or total remuneration. Armstrong (2010) broad definitions can expand to encompass everything that is rewarding about working for a particular employer or everything employees get as a result of their employment. Sometimes terms such as value propositions or total value are used interchangeably with Total Rewards".

Armstrong (2010) in his book called reward management stated that Richard and Kao (2004) and WorldatWork (2007) also observe that much of the current activity in reward involves companies moving to a broader definition. Several possible reasons for this exist: the erosion of the core elements of a company's package, pressure for effectiveness, or simply the need to reinforce the business strategy are all factors that are usually considered when structuring reward packages.

Armstrong and Murlis (2005) express similar views, suggesting that the TR concept emphasizes the importance of considering all aspects of reward as an integrated and coherent whole, when they state " total reward system approach is holistic; reliance is not placed in a few mechanisms or levers operating in isolation".. Armstrong (2010) agrees that "TR is a combination of financial and non-financial reward available to employees".

Tower Model of reward also classifies rewards as tangible and intangible which is also supported by Armstrong(2010).Hence, it can be seen from these many contributions, that most writers and researchers in the management field view TR as addressing everything about the workplace, thereby providing the formula for success and a means of providing competitive advantage in the marketplace. Therefore the researcher considers border concept of reward.

2.4.1. Financial Rewards

Armstrong (2010:23) highlights that the tangible (sometimes called monetary, transactional) components of a compensation program are of two general types. With the direct type of compensation, monetary rewards are provided by the employer and base pay and variable pay are the most common forms. Indirect compensation commonly consists of employee benefits.

2.4.1.1. Base Pay

According to Armstrong (2010), many organizations use two base pay categories, hourly and salaried. Hourly pay is the most common means of payment based on time; employees who are paid hourly are said to receive wages, which are payments directly calculated on the amount of time worked. In contrast, people who are paid salaries receive payments that are consistent from period to period despite the number of hours worked.

Base pay should be value-added and competitive with the market in general, for which it is common to use individual rates, ranges, spot rates and broadband. When setting pay levels, ability to pay is paramount, supported by an examination of market rates, which may also be supported by a job evaluation database (Armstrong, 2010). Henderson (2006) stated that pay rates must be equitable and competitive. Internal equity refers to the pay relationships among jobs within a single organization.This are translated into practice by the basic techniques, job analysis, job evaluation, and performance appraisal. External competitiveness refers to comparisons of the organization's pay relative to the pay of competitive organizations. Equitable and competitive base pay is seen as a key requirement if key talent is to be recruited and turnover reduced (Henderson, 2006)

2.4.1.2. Variable Pay

In contrast to base pay, variable pay changes relative to the performance level or results achieved, making it a more flexible and responsive method that rewards key measures of success. Many companies have moved to variable pay to reward different contribution, impact on profit, and increased performance based on the premise that what is measured and rewarded is likely to be demonstrated in greater amounts by employees Armstrong and murlis (2005)

However, variable pay does not look the same in every organization, and the way it is structured and operates is heavily dependent upon the organization's culture and the relationships between it and other elements of the reward programs (Armstrong and murlis (2005)). Thus, variable pay comes in several forms: Individual performance-related pay -increases in base pay or cash bonuses are determined by performance assessment and rating; Competence-related pay - this is determined by the level of competence achieved by the individual; Contribution-related pay - this relates pay to output and input; Skill based pay - the skill level achieved by an individual determines the pay compensation; Service-related pay - pay is increased depending on the service in the job. Moreover, other kinds of variable pay are: Team performance pay which links pay increases to an assessment of performance at team level, and aims to encourage collaborative working. Organizational performance pays which links performance to its highest levels, with increased emphasis in better aligning with the business strategy as well as performance metrics. The most popular kinds of such are profit sharing and stock sharing.

2.4.1.3. Benefits

Benefit packages for employees are integral to the financial reward package, and for many organizations, the employer brand determines the type of benefits offered, which turn, support the messages to be delivered via the employer brand. Armstrong (2010) note that employee benefits, especially health care, are considered a basic and important foundational element in attracting or retaining talent as competitors for talent also offer employee benefits. While benefit programmers vary among companies, they typically include traditional benefits such as social security, medical and dental insurance, vacation pay, retirement pensions, life insurance, shopping discounts, childcare vouchers, and staff.

2.4.2 Non-financial Rewards

Given the amount of time spent at work, it is unsurprising that people want more than pay from their job. Hence, the importance of non-financial rewards (sometimes called intangible, relational, and/or non-monetary) is growing. Intangible rewards are crucial in helping an organization stand out as a top employer, and also have the dual impact of increasing engagement among employees (Henderson 2005). The following section provides a brief overview of the most important elements from this category of rewards, based on the models explained above.

2.4.2.1 Organizational Reputation

Being an employer of choice, or having a brand with which people identify, is important to organizational success. People are keen to work for financially viable companies that are innovative and care for their staff. Effectively, working for a company with a good
reputation has a positive influence on staff simply by association (Armstrong and Murlis, 2005) which is most common causes of expensive turnover and poor employee performance”. Hence,

in today’s tight labor market organizations face a tough challenge in introducing themselves as employers of choice

2.4.2.2. Organizational Values

Organizational values provide the basis for creating a positive and rewarding work environment that creates sustained performance and flexibility. Several components are commonly found in the values of successful companies, in particular, honesty, trust, openness and justic.The criteria for winning and the judging process must be clear and effectively communicated to all employees”. This is important because ample evidence exists to demonstrate the link between positive values in HR policies and staff satisfaction, motivation, commitment, and overall organizational performance (Armstrong and Murlis, 2005; Armstrong, 2010).

2.4.2.3 Quality of Leadership

Organization leaders play a crucial role in enhancing high levels of employee engagement commitment & motivation and job satisfaction. They should do this by: giving employees a sense of direction, reflecting their values, aspirations and beliefs, providing effective feedback, allowing workers scope to conduct their work, providing opportunities for development and learning, ensuring that performance management succeeds, increasing the frequency of communication, and creating a sustainable community and fairer world (Armstrong and Murlis, 2005). As a result, leadership is critical to high-performance working and essential to drive the concept of employer branding

2.4.2.4. The Quality of Relationships with Colleagues

Reward systems should be implemented to encourage co-operation, by rewarding everyone who meets a pre-determined level of productivity. Employees who trust each other and work towards a shared goal are more likely to feel useful and valued within an organization, resulting in increased loyalty to the company (Armstrong, 2010).Effective relationships emerge as an important factor in explaining job satisfaction . Consequently, organizations need to develop a sense of community and build trust among people at every level, because when trust is high, work proceeds smoothly and efficiently.

Conversely, when trust is low, there is a break down in efficiency and an escalation of costs as individuals focus on protecting themselves rather than on the work in hand Trust is a key driver of employee loyalty and engagement, When employees lack trust, productivity decreases, morale sinks and an ‘us versus them’ culture emerges, undermining an organization’s health and future. Most people leave their jobs because of a lack of trust and appreciation

2.4.2.5 Quality of Work

Achieving high quality work requires the effective targeting of job design and distribution to meet organizational needs. The roles played by employees usually develop their competences, and these jobs and roles should be allocated and shaped to optimize the use of talents and provide optimal levels of intrinsic reward

According to many writers Armstrong (2010), positive work content leads to higher employee motivation and engagement. In order to do this correctly, jobs must be allocated such that they provide opportunities to engage in tasks which are satisfying, challenging and developmental. It has also been shown that roles considered to be well-designed are those which provide the following: meaningful and challenging tasks with a clear identity, autonomy, the opportunity to use a variety of skills, a chance to make a difference, and ongoing measurement and feedback (Armstrong and Murlis, 2005). Work-related stress continues to be a major reason why employees consider leaving an organization, since the jobs that cause it produce low job satisfaction and commitment

2.4.2.6. Recognition

According to Henderson (2006), increased global competition, and the need to keep labor costs to a minimum, mean that “employers today are placing as much emphasis on recognition as financial incentives because they can exert a powerful impact on employee performance and may influence organizational effectiveness as much as financial incentives do. In order to recognize workers’ (both as individuals and teams) successful efforts, it is necessary to offer rewards that have personal meaning for those receiving them (Armstrong and muril , 2005), so that it is clear that these are given in acknowledgement of the personal actions, efforts, accomplishments, behavior and successes of individuals. This is an extremely effective method of rewarding people. Employees need to experience such appreciation which has the dual effect of making them feel happy about their work, and informing them that they have achieved their work objectives. Means of providing recognition are through immediate feedback and praise where it is deserved, and/or listening to and acting upon the suggestions of staff. Promotion or enlargement of job duties are also effective means of recognition (Armstrong and Murlis, 2006).

2.4.2.7 Learning and Training

Training and learning opportunities represent enough value for individuals to affect their work satisfaction, engagement, and loyalty. Hence, this is a leading area for increased reward investment. Furthermore, many employers who are Investors in People consider their learning and training processes more strategically as a means of ensuring that they have the required skills among their workforce . One reason why employees place such value upon the opportunity to learn new skills is that this personal development not only allows them to progress in their organizations, but it also promotes their competitiveness and employability in the labor market. In order to stay marketable and thus employable, workers must acquire both skills and experience. The skills normally fall into one of the categories of job management, career management or technical skills. There are a variety of strategies by which employers are able to provide these requirements, some of the more effective of which are: corporate universities, assistance with tuition or outside seminars and conferences, educational sabbaticals, training packages dealing with new technology,

2.4.2.8 Career Path

Career progression plays a key role in the employee value proposition. Therefore, career guidance is the mirror image of succession development which emphasizes that workers should be aware of the length of time it will take for them to progress to the next rung up the career ladder; and that people should be made aware of the potential career paths open to them so that they can develop their current capabilities and skills to guarantee their entry to those paths. Consequently, companies themselves must be clear about available career paths, as well as the criteria for making lateral and diagonal moves (Armstrong and Murlis, 2005; World at Work,2007). Indeed, many companies accelerate the careers of particular individuals as those individuals are recognized as adding value, and hence, capable of taking on new accountabilities and responsibilities by supporting employees in their personal career plans, and by providing learning opportunities, companies will reduce attrition and conserve their knowledge capital.

2.4.2.9 Performance Management

Performance consists of drivers and metrics. Drivers are the objectives, standards and desired outcomes; they are the focus of attention of those with the objectives. Metrics are the measurements of the results compared with the objective, determining the degree of success.”

The management of employee performance is an effective means of providing reward serving as the basis of a talent management framework (Armstrong & murlis 2005).

Therefore, to be effective, performance management requires a comprehensive and structured approach in which both the organization and the employee believe that "what is being defined as performance is both reasonable and relevant, and agree that it is rewarded equitably, competitively and appropriately.

More specifically, such a system requires the organization to establish goals that align individual objectives with those of the company and business unit, to identify expectations in respect of behavior and results, and to provide important feedback on performance to support career development (Armstrong, 20010). Furthermore, He argues that employers must provide the support and tools that line managers and employees need to reach their goals as well as guidance along the way to help promote success

2.4.2.10 Enabling Environment

Research has shown that many employees have a positive attitude towards working in an environment that is both safe and equipped with modern, appropriate tools. Such working conditions, particularly when an area is well-designed, well-organized and pleasant to spend time in, result in significant improvements to workers' attitudes towards their jobs (Armstrong and Murlis, 2005;).

2.4.2.11 Work/Life Balance

Work-life balance is one of the most important aspects of TR and a necessary ingredient for organizational success. Such balance makes an organization a good place to work, increasing employees' inclination to stay, and/or recommend the company. It increases productivity, reduces costs associated with turnover and absenteeism, and contributes greatly to job satisfaction . This term describes specific organizational ideology, manifested through various practices, policies and programmers, which support employees in balancing and achieving success at home and at work. A number of systems exist to enable this, including flexible scheduling, covering job sharing, part-time working, home working, flexible hours and compressed workweeks, telecommuting, additional vacation and paid time-off, and caring for dependents (Armstrong and Stephens, 2006; World at Work, 2007).

2.5 Conceptualizations of commitment

To begin with, it is important to note that interpretations of commitment vary from attitudinal to behavioral conceptualizations, and this variety produces different definitions and perspectives of commitment. While in this study commitment is the core focus of research, as the literature includes based on Meyer and Allen three component of commitment

2.5.1. Meyer and Allen (1990) the Three-Component Model

Meyer and Allen incorporated attitudinal and behavioral approaches into a holistic definition of commitment. They conceptualized commitment as a psychological state restricted, not by value congruence only, but rather by a desire, a need and/or an obligation to maintain membership in the organization. Their model is considered as the first to view commitment as multidimensional. Based on previous research, they proposed three aspects of commitment.

Affective commitment (AC) refers to emotional attachment to, identification with, and involvement in the organization; it affects employees through their desire/want to stay in the organization. Further, they identified that affective commitment could be influenced by different antecedents such as; personal characteristics, organizational structure and wok experience. It is also explained that affective or emotional attachment to the organization such that the strongly committed individual identifies with goals and values of the organization, to one's role in relation to the goals and values, and to the organization for its own sake, apart from its purely instrumental worth.

Continuance commitment (CC) refers to an awareness of the costs associated with leaving the organization. It affects employees through their feeing of needing to stay in the organization. This component of commitment is suggested to develop through individual investments (accumulation of side-bets) and availability of alternative employment opportunity. Normative commitment (NC) refers to feeing obligated to continue staying in the organization through feelings that one ought to stay in the organization. commitment as the 'totality of internalized normative pressures to act in a way which meets organizational goals and interests', and suggests that individuals exhibit behaviors solely because 'they believe it is the "right" and moral thing to do' This component is more related to social pressure through familial or cultural and organizational socialization. Meyer and Allen (1990) suggested that the psychological state could include all three aspects of commitment to varying degrees. They also predicted that commitment has several outcomes of organizational effectiveness, such as fewer turnovers, higher attendance, higher individual or group performance, and other positive work-related behaviors. Obligation is the main mind sets which constitute the commitment profile, although individuals could experience more than one of them at the same time.

Therefore, there will be pure mind sets such as those mentioned above, and combined mind sets, such as desire-obligation, desire-perceived cost, obligation- perceived cost. In this regard, they proposed that pure mind sets such as affective, normative and continuance commitment lead to varying degrees of focal and discretionary behavior, as affective mind set is more related and has stronger effect. In a model of commitment developed recently by Meyer & Allen (1990).the three approaches outlined above were labeled 'affective', 'continuance' and 'normative' commitment, respectively. Although common to these approaches is a link between the employee and organization that decreases the likelihood of turnover, it is clear that the nature of that link differs. Employees with strong affective commitment remain because they want to, those with strong continuance commitment because they need to, and those with strong normative commitment because they feel they ought to do so.

2.5.2. Reward & Commitment

As we can see the border definition of reward on the above literature review, many of the variables on the study of Meyer & Allen (1990) are also components of the reward although it is not inclusive. Most of the variables are non financial component of total reward. The relationship between reward and commitment has been explain by different authors & research and the following explanation of the relationship between reward & commitment is based on the Meyer & Allen (1990) component of commitment

2.5.2.1. Affective Commitment

The Affective commitment has its roots in the concept of exchange. Employees want to remain, and are willing to exert effort on behalf of the organization because of the positive work experiences and benefits they derive from their relationship with the organization.(Allen & Meyer, 1990) research indicated that the main variable of antecedent to commitment are demographic characteristics (such as age ,gender, education, organizational tenure, position tenure & marital status) , personality (such as locus of control, self efficiency) and work experience (such as organizational support, leadership , role ambiguity & conflict, distributive & procedural justice , work environment , alternative).These antecedents were empirically tested and research findings indicate that affective commitment is positively and most significantly related to work experiences, as compared to personal and structural characteristics Thus, it can be inferred that 'work experiences' discussed above include both types of rewards, that is, extrinsic as well as intrinsic. In another reward category it can be said that the variables are non financial reward .Extrinsic rewards would include variables like equity in rewards perceived, for example pay fairness, performance-based rewards, supervisory consideration, teamwork, opportunity for advancement/promotional opportunities available, etc., while intrinsic rewards would include variables like job challenge, role clarity, participation, training, etc..

Furthermore, Nujjoo,A., & Meyer, I. (2012) which states that non financial intrinsic reward is more correlated with affective commitment than non financial extrinsic reward

2.5.2.2. Normative Commitment

It may also develop as a feeling to reciprocate the rewards paid in advance, or costs associated with employment incurred by the organization (Meyer & Allen, 1990). It implies reciprocity

by obligation. Thus, the receipt of special favors or investments from the organization obliges the employee to remain with it. Socialization processes like co-worker commitment, variables relating to a generals essence of obligation and work experiences are expected to relate significantly with this component of commitment. Generally, the antecedents to affective commitment in terms of the 'work experiences' discussed above, which comprise both extrinsic and intrinsic rewards, are linked up with normative commitment as well (Meyer & Allen, 199 1).

2.5.3.3. Continuance Commitment

According to Meyer and Allen (1991), "anything that increases perceived costs can be considered antecedent to continuance commitments. Investments such as losing attractive benefits or giving up seniority based privileges like pension is antecedent of commitment. Looking other research paper such as Daniel ,et.al 1999), stated that external locus of control positively correlated with continuance commitment & negatively with affective commitment

2.6. Summury of literature review

It can be concluded that contemporary reward definition is shifting to the broader view of reward which includes more elements of non financial rewards in addition to financial rewards as oppose to traditional view which has narrow definition of reward such as financial reward mainly. Most commitment theories considers affective commitment is the only form of commitment, but Allen and Mayer (1990) included continuance commitment and normative commitment. Hence affective commitment is the most researched compared to the two form of commitment and there is little or scarce research on continuance and normative commitment.

2.7. Conceptual model

As the researcher stated on the literature review the contemporary concept of reward border range of components which are mostly non financial compared to the traditional concepts of reward which contains mostly financial rewards. Armstrong (2010) has stated in his book that entitled reward management that Tower perrin (2002) has indicated broader definition of reward components it has been indicated on the book that reward is anything that brings positive experience while the employees is working in the company. Accordingly total reward classified broadly in to financial and non financial rewards.

The financial rewards are usually monetary which constitute salary bonus and benefits while the non financial reward training opportunity, autonomy, job Enrichment , participation, role clarity, team support, leadership, working condition , promotional opportunity, feedback, work life balance. The non financial reward consists of intrinsic & extrinsic reward component. It has been indicated that the non financial reward is highly related with employees commitment & organizational loyalty (Armstrong & murlis (2005) , Armstrong (2005).Based on different literature review references , it has been supported that all of the financial and non financial rewards are antecedents of organizational commitment. Especially the non-financial reward has more correlation with the organizational commitment (Allen & Meyer, 1990).Therefore it can be inferred that the reward component is the independent variable that affects the dependant variable .i.e. organizational commitment.

According to Allen & Meyer (1990) The three components of Organizational commitment which are affective commitment, continuance commitment and normative commitment are distinct psychological state which an Employees with strong affective commitment remain in the organization because they *want* to(affective attachment to the organization), those with strong continuance commitment remain in the organization because they *need to (when the perceived cost of discontinuing is high),* and those with strong normative commitment remain in organization because they feel they *ought* to do so (or moral obligation).Affective attachment is due to employee identification with the organization values & goal, perceived cost arises due to lack of attractive alternative .

They also stated that Affective, continuance and normative commitment are best viewed as distinguishable components, rather than *types*, of attitudinal commitment; that is, employees can experience each of these psychological states to varying degrees. Some employees, for example, might feel both a strong need and a strong obligation to remain, but no desire to do so; others might feel neither a need nor obligation but a strong desire, and so on. The 'net sum' of a person's commitment to the organization, therefore, reflects each of these separable psychological states. Based on the above explanation, the following model has been developed

Independent variables **dependent variable**

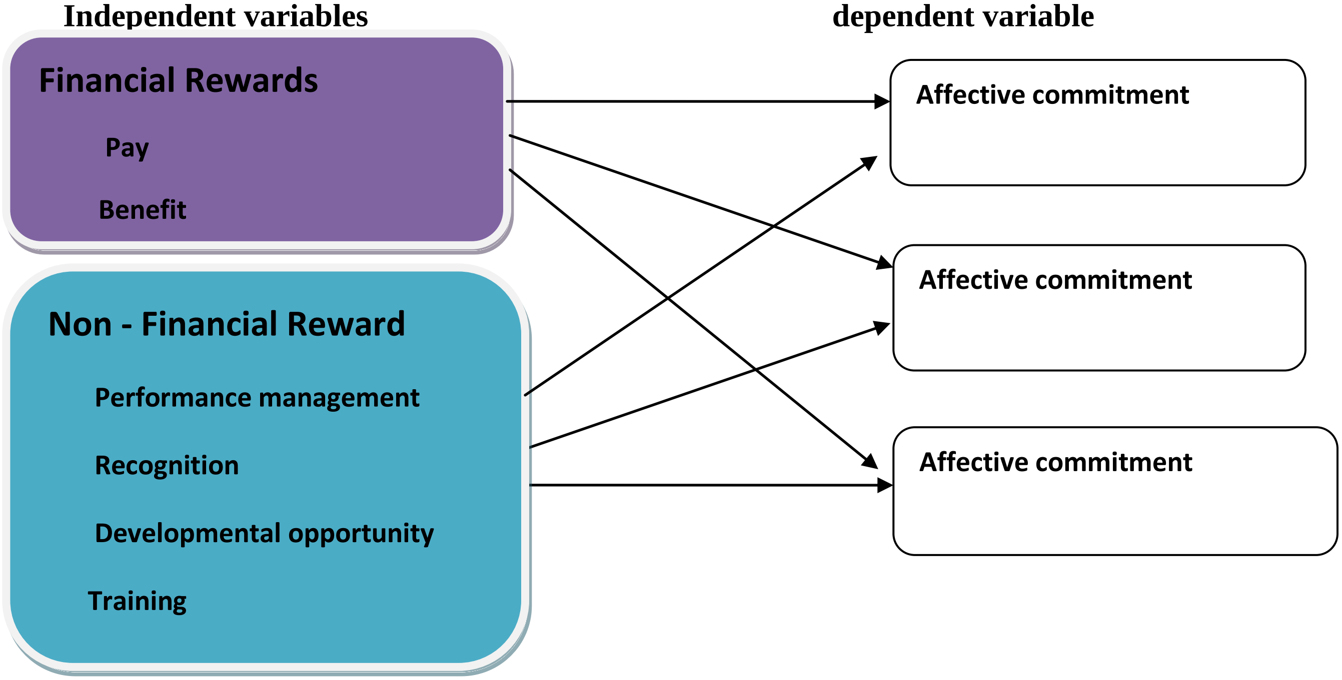

Figure -1: model of reward & commitment relationship

2.8. Hypothesis

Keeping in mind the conceptual model discussed above, several research hypotheses were generated. Empirical evidence was available in the literature as regards certain hypothesized relationships between constructs. It is important to note that the rewards are construed as employee perception of this reward.

H1: The combined financial reward has significantly positive relationship with continuance commitment.

H2: The combined non financial reward has significant positive relationship with Affective commitment

H3: The combine financial reward has significantly stronger relationship with continuance commitment than non financial reward does have.

H4: The combined non financial rewards have significantly stronger impact on affective commitment than the combined financial do have

H5:The combined non financial reward have significantly stronger impact on normative commitment than the combined financial reward do have.

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CHAPTER THREE

RESERCH METHODOLOGY

This chapter provides an outline of the research methodology employed in the investigation of the relationship between reward and the three component of commitment. The research methodology is quantitative which is based on structured questionnaire and the responses will be analyzed with different statics tool. The selection of sample, measuring instruments, procedure for data collection and the statistical techniques

Utilized relating to the research question is delineated.

3.1. The study site

The study was carried out on Ethiotelecom , the sole provider of telecommunication, in Ethiopia and the company has eight regional office & and six zonal office located around Addis Ababa. All of the regions and zones report to the head office. So it was possible to access all representative employees of all departments at head office & zonal office around Addis Ababa which made the data collection process convenient.

3.2. Research Design

The research is designed to study the relationship between reward and commitment in Ethiotelecom. The research design is quantitative by nature since all the data collected through standardized and structured questionnaire that was distributed to respondents. All responses from the respondents was treated using different statistical tool to test the stated hypothesis such as descriptive and inferential statistics..

3.3. Targeting population and Sampling

3.3.1. Population

According to Kothari (2002), sampling is “the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements. Ethiotelecom has more than eleven thousand employees who are working in which can be categorized based on location, level and other criteria. The study considered all employees as a population from which a representative sample was drawn. The study did not consider Regional employees for sampling purpose due to cost and time reason, however this will not distorted the study since all departments and divisions employees which have the same profile like regional employees can be accessed at head office and zone office in Addis Ababa.

3.3.2. Sampling

The study used stratified random sampling appropriate for selecting samples from the population. A stratified random sampling allows us to take into account the different subgroups of people in the population (such as different divisions & departments) and helps guarantee that the sample accurately represents the population on specific characteristics. The researcher started by dividing the population into subsamples or strata and in this study cases the criteria of strata identification is work divisions . Then sample was randomly selected from each stratum or division. Each division employees was accessed in headquarters and zonal office at Addis Ababa. However each division employees located at region did not considered since there is no difference between the profile of regional & headquarter employees except the location. The total number of employees in Ethio-telecom is 11,000 (eleven thousand) and based the formula

$$N = \frac{Z^2\ P*(1-P)}{C^2}$$

where; ‘Z’ is the confidence level which is represented by 95% or 1.96 in this case

‘P’ is the largest possible proportion, 50% in this case

‘C’ is the margin of error or the confidence interval, 5% in this case

Based on the above formula, the sample size can be calculated as;

$$N = \frac{1.96^2\ .5*(1-.5)}{.05^2} = 384$$

Accordingly the sample size was 380

3.4. Data Collection method & sources.

The data collection was a very critical aspect for acquiring all the necessary data to properly to Conduct this explanatory. Primary source of data was used for this research .i.e the data collected by using structured and close ended Questionnaire. The questionnaire distributed by printing paper to the respondent. The collection of information on employees commitment was based on standardized Questionnaire of Allen & Mayer (1990) which have been proved for its validity and reliability repetitively by different researchers. Reliability and validity also was assessed for reward perception measurements using different statically tools such as Cronbach's alpha and principal component analysis

3.5. Description of Variables and Measurements

Reward (Independent variable)

According to world at work (2007) , Pay is provided by an employer to an employee for services rendered (i.e. time, effort and skill). Includes both fixed and variable pay tied to levels of performance. Benefit Programs are employer uses to supplement the cash compensation that employees receive. These health, income protection, savings and retirement programs provide security for employees and their families.

Performance management is the alignment of organizational, team and individual efforts toward the achievement of business goals and organizational success. It includes establishing expectations, skill demonstration, assessment, feedback and continuous. improvement. Recognition is acknowledges or gives special attention to employee actions, efforts, behavior or performance. It meets an intrinsic psychological need for appreciation of one's efforts and can support business strategy by reinforcing certain behaviors (e.g., extraordinary accomplishments) that contribute to organizational success. Whether formal or informal, recognition programs acknowledge employee contributions immediately after the fact, usually without predetermined goals or performance levels that the employee is expected to achieve. Awards can be cash or noncash (e.g., verbal recognition, trophies, certificates, plaques, dinners,) .Development is a set of learning experiences designed to enhance employees' applied skills and competencies.

Development engages employees to perform better and engages leaders to advance their organizations' people strategies. Career Opportunities is the plan for employees to advance their career goals. The company supports career opportunities internally so that talented employees are deployed in positions that enable them to deliver their greatest value to the organization. All the above variable will be measured based on structured and close ended Questionnaire.

Commitment (Dependent variable)

Allen & Meyer (1990) identified three component of commitment is a relatively new concept and it is a distinct psychological state which explains why an employees involves in the company, *affective* component of organizational commitment, proposed by the model, refers to employees' emotional attachment to, identification with, and involvement in, the organization. The *continuance* component refers to commitment based on the costs that employees associate with leaving the organization. Finally, the *normative* component refers to employees' feelings of obligation to remain with the organization. The Three component of commitment are measure by a set of structured Questionnaires taken from Allen & Mayer(1990) with some modification.

3.6. Data analyses Approaches

The data was analyzed using the Statistical Package for Social Science (SPSS, version 20) for the quantitative analyses. First, this study examined descriptive statistics for the general information and employees perception of reward as well as commitment respondents. Second, the study employed Pearson product moment correlation and MANOVA analyses to check simple and causal relationship between the variables. All the questionnaire was analyzed quantitatively.

3.6.1 Statistical Methods

For the purposes of assessing general pattern of employee perception of reward & commitment descriptive statistics was used but for testing the research hypotheses, a number of statistical techniques were employed which includes inferential statistical techniques, correlation and MANOVA/

3.6.1.1 Descriptive statistics

Descriptive statistics describe the phenomena of interest (Kothari , 2003) will be used to analyze data for classifying and summarizing numerical data. It includes the analysis of data using frequencies, dispersions of dependent and independent variables and measures of central tendency and variability and to obtain a feel for the data (Kothari, 2002). The mean and standard deviation was used to describe the data obtained from the independent variables (component of compensation) and the dependent variable (commitment). The results of the general information was based on the frequencies and percentages obtained based on the sample respondents' characteristics.

3.6.1.2 Inferential statistics

Inferential statistics allow the researcher to present the data obtained in research in statistical format to facilitate the identification of important patterns and to make data analysis more meaningful. According to Kothari (2002), inferential statistics is expected to be employed when generalizations from a sample to population are made. The statistical methods that will be used in this research include the Pearson Product Moment Correlation as well as MANOVA. Therefore, this explanatory type of research exhaustively will be addressed through such statistical techniques.

3.6.1.2.1 The Pearson Product Moment Correlation

For the purposes of determining whether a statistically significant relationship exists between components of reward and the three the Pearson Product Moment Correlation Coefficient was used. It provides an index of the strength, magnitude and direction of the relationship between Variables (Kothari, 2002).

3.6.1.2.2 .MANOVA

MANOVA is usually used when there is multiple dependent & independent variables and it was appropriate to this study because of there were three dependent & two independent variables.

According to Hair et al.,(1998)., MANOVA is multivariate analysis with the following purpose, namely , The first is when there are several correlated dependent variables, and the researcher desires a single, overall statistical test on this set of variables instead of performing multiple individual tests. The second, and in some cases, the more important purpose is to explore how independent variables influence some patterning of response on the dependent variables. Here, one literally uses an analogue of contrast codes on the dependent variables to test hypotheses about how the independent variables differentially predict the dependent variables.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

The data has been collected based on standardized closed ended questionnaire which the responses were collected from Ethiotelecom staffs and the analysis is purely quantitative by using descriptive statistics & inferential statistics. This chapter consists of results of reliability validity test, and descriptive and inferential statistics results about the survey data. A total of 380 questioner has been distributed to the sample respondents and out of this only 288 respondents able to return the questioner on time and each questioner has 62 variables out of which 35 belongs to reward, 23 belongs to commitment and the remaining four belongs to demographic information.

4.1. Reliability and Validity

4.1.1. Reliability

Reliability of the instrument has been assessed before further processing of the collected data. Reliability is an assessment of the degree of consistency between multiple measurements of a variable. Thus, the reliability of a measuring instrument indicates the extent to which a measure contains variable errors.

The most common methods applied in social science research in assessing reliability measure is Cronbach’s alpha (Hair et al., 1998). It is also suggested that apart from Cronbach's alpha, which measures the reliability of the entire scale, either of the two measures relating to each separate item in the scale should also be examined . They are item-to-total correlation and inter-item correlations. The acceptable values for item to total correlation should exceed.0. 5 while those for the inter-item correlations should be greater than. 30. The value of Cronbach's alpha should not be less than 0. 7.

4.1.1.1. Financial Rewards

The financial rewards include salary and benefits which has high cronbch’s alpha coefficient; i.e. over 0.7 as shown on table one .Moreover as shown on appendix part for each construct, item to total and inter-item collection is greater than 0.5 and 0.3 respectively

Table 1 – Cronbach’s alpha

Items	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Salary	.861	.861	6
Benefit	.807	.808	4
Performance	.845	.844	10
Recognition	.816	.821	5
Developmental	.846	.861	6
Training	.723	.724	4
Affective committeemen	.893	.884	8
continuance commitment	.872	.874	8
Normative commitment	.704	.762	5

4.1.1.2.Non - financial Reward

The non-financial rewards which includes performance management , developmental opportunity , training & recognition also haves a Cronbach’s alpha which is greater than 0.7.How ever the item to total correlation for recognition question three is less than 0.5 compared to the remaining items as shown on Appendix R2 .And also the item to total correlation for developmental opportunity item five is also less than 0.5 as shown on Appendix D2.Moreover the two items are not loading on similar component when validity is measured as shown in the validity measure section(Appendix – 1). Hence the two questions have been deleted from the group. Regarding the performance management, the Cronbach’s alpha coefficient measure is acceptable, and the item to total correlation is also fairly acceptable as shown on table -1.

4.1.1.3. Commitment

As shown on table -1 above, affective commitment and continuance commitment satisfies the reliability measurement criteria by Cronbach’s alpha. But item four from affective commitment shows that it has the lowest item to total correlation and also the item did not loads on other component which affects validity (Appendix A2 and Appendix -1). Hence item four will be deleted from the measure (appendix A2) . Moreover the item total correlation is fairly enough to boost the reliability requirement as shown on the appendixes part. Normative commitment did not fulfill the minimum criteria for reliability by Cronbach's alpha. Initially the Cronbach's alpha for the seven items was 0.62 which is below 0.7 .However after the deletion of item six and item seven the cronbach's alpha score has improved to 0.72. Hence the two questionnaires have been deleted from further analysis.

4.1.2. Validity measures

There are different methods of measuring validity of instruments which includes exploratory factor analysis & principal components analysis. Principal component is less complex and widely used by man researcher, hence the researcher uses principal component analysis in order to assess the validity based on the collected data.

The starting point of factor analysis is a correlation matrix, in which the inter - correlations between the studied variables are presented. The dimensionality of this matrix can be reduced by looking for variables that correlate highly with a group of other variables, but correlate very poorly with variables outside of that group. These variables with high inter-correlations could well measure one underlying variable, which is called a 'factor'.

Following the guidelines given by Hair et al. (1998), assumptions underlying factor analysis included, as regards the sample size, it should preferably be 100 or more, with a minimum of 50. Another consideration is with respect to the ratio of observations to variables analyzed. The preferable ratio is 10: 1, while the minimum is at least a ratio of 5:1 Next, there should be sufficient correlations in the data matrix to justify factor analysis, and visual inspection should reveal a substantial number of correlations greater than .30. Also, the Bartlett test of sphericity should be looked at, to determine the significance of the correlation matrix in terms of significant correlations among at least some of the variables. All the assumptions underlying factor analysis were carefully examined, and were found to be satisfactory for proceeding with further factor analysis (n=370; the ratio of total number of observations to variables= 8:1 ; Bartlett test of sphericity sig.= 0 .00, and KMO measure of sampling adequacy= .78

4.1.2.1. Commitment

These constructs obtained after principal component analysis for commitment were almost similar to the theoretical constructs s conceptualized by Meyer et al. (1990). The only exception was that the Affective Commitment scale comprised 7 items instead of 8 items. This is because A4 was deleted due to poor factor loading moreover A4 reliability on Cronbach alpha is very low as shown on Appendix A2. All components of continuance commitment has been loaded on the same component and it can be said continuance commitment is consistent with Allen & Mayer(1990) three component of commitment. However the normative commitment variable six & seven has been deleted to keep the Cronbach's alpha high and the remaining five variables have been tested through principal component and two out of the five are not loading on one component which may affect the validity as shown on appendix -2

4.1.2.2. Reward

In the case of rewards, there were 35 variables, 10 relating to financial reward and 25 related to non financial reward relating to extrinsic rewards. As discussed before, most of the variables were adapted from established scales in the literature, and some of them were either introduced or modified according to exploratory in-depth interviews, and further modified following the initial pilot survey. Especially during pilot study the reliability financial reward was very low hence a lots of modification have been made

Looking on appendix , all the financial reward measurement questionnaires namely ,all of the six salary measurement variable &all of the benefit measurement variables has been loaded on their own components independently which validate the assumption that the variables measures the theoretical construct of financial reward.

As regard to non financial reward there are four basic constructs, namely performance management, Recognition, career development & training. Basically performance management contain broad issues as supervision and participation in the performance management process .The factor loading gives such insight which means P3, P5,P7 & P9 loaded on the same component which deals with supervision and the remaining P10, p8 and P6 loaded on the same component which assess the issues of participation in the performance management process. Although the remaining variables such as P1 & p2 are loaded on different component the researcher included for further analysis since they are not loaded on the financial reward constructs & the primary purpose of the researcher is on the overall non- financial rewards not but not individual component.

The other non financial reward construct is developmental opportunity which has initially six variables but the D5 has been deleted from further analysis due to low item to total correlation and it increases the coefficient of alpha after deletion and finally it has loaded different component other than the five variables and thus ,all of the remaining variables loaded on the same component.

Training & recognitions are also another non- financial reward constructs and all of training measures variables are loaded on the same component except T4 and the researcher continued to use the variable for further analysis since deleting the variable will reduce the cronbach's alpha coefficient below the acceptable level(.7).In addition to these all of the recognition are loaded on the same component except R5 & R3.The researcher excluded R3 since deleting R3 will have positive impact on Cronbach's alpha and also R3 has low item to total correlation. But R5 has been used for further analysis since deleing R5 will reduce cronbach's alpha and also it has high item to total correlation.

4.2. Descriptive statics result

In this section the descriptive statistics result of demographic, commitment and reward was presented

Table - 2: Age of the respondent

	Frequenc y	Percent	Valid Percent	Cumulative Percent
under 30	155	54.2	54.2	54.2
31 to 40	93	32.5	32.5	86.7
41 to 50	27	9.4	9.4	96.2
above 51	11	3.6	3.6	100.0
Total	286	100.0	100.0	

Sources: survey 2015

Table-2 show that more than 86% of Ethiotelecom employees are under forty years old which shows relatively younger employees composition.

Table -3: Experiences of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
under 5 year	67	23.4	23.4	23.4
6 to 10 years	116	40.6	40.6	64.0
11 to 15 years	62	21.7	21.7	85.7
Above 15 years	41	14.3	14.3	100.0
Total	286	100.0	100.0	

Sources: survey 2015

Table -3 show that more than 86 percent of employees' experiences is below fifteen years which implies that there is little composition of senior employees which is also consistent with the age composition of the employees mentioned in table -1 above

Table - 4 : Education Respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	31	10.8	10.8	10.8
Degree	211	73.8	73.8	84.6
Master	44	15.3	15.0	100.0
Total	286	100.0	100.0	

Sources:survey2015

Table – 4 show that more than 90 percent of employees have degree and above education level.

Table -5: Gender of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
male	200	69.9	69.9	69.9
female	86	30.1	30.1	100.0
Total	286	100.0	100.0	

Sources: survey 2015

Table - 5 shows that the gender composition of the sample is somehow equivalent with the overall Ethiotelecom gender composition, which is male is 63 percent & female is 37 percent of the total population, shows the sample is fairly random and representative of the population.

Table -6: Descriptive statistics of Reward

	N	Minimum	Maximum	Mean	Std. Deviation
Non financial reward	285	1.43	4.57	2.9135	.58389
Financial Rewards	286	1.40	5.00	3.0710	.67991
Training	286	1.00	5.00	2.7194	.81981
Recognition	286	1.00	5.00	2.9607	.84577
Developmental	285	1.00	4.80	2.1158	.85986
Performance	285	1.40	4.70	3.3740	.63846
Benefit	286	1.00	5.00	2.8182	.83334
Salary	286	1.00	5.00	3.2395	.76563
Valid N (listwise)	285				

Sources: survey 2015

Table-6 shows the mean and standard deviation of employees' responses which reflect employees' perception about reward in Ethiotelecom. In regard to the non-financial and financial rewards, employees perception indicates that there is equivalent evaluation of reward with a little lower evaluation for non financial rewards. Looking individual component of reward employees has shown the lowest rating for developmental opportunity (2.1), Training (2.7) ,benefit(2.8) and highest rating for performance & salary.

Commitment constructs includes affective commitment, normative commitment and continuance commitment. Looking at the mean of employees regarding the commitment on table-7 , balanced score on the three physiological states was noticed. When we look at the inter correlation between the three commitment on table -8 , we can see that affective commitment & normative commitment has high dependence and such dependencies has been noticed on Allen & Mayer (1990) research paper, but there is no correlation between affective commitment and continuance commitment which is similar with Allen and Mayer (1990) theoretical construct .

Table -7; Descriptive Statistics of commitment

	Mean	Std. Deviation	N
Affective commitment	3.1194	.89480	286
Continuance commitment	3.1827	.67697	286
Normative commitment	3.0559	.93085	286

Sources: survey 2015

Table- 8 : Commitment inter - correlation

		Affective commitment	Continuance commitment	Normative commitment
Affective commitment	Pearson Correlation	1	-.174**	.499**
	Sig. (2-tailed)		.003	.000
Continuance commitment	Pearson Correlation	-.174**	1	.012
	Sig. (2-tailed)	.003		.842
Normative commitment	Pearson Correlation	.499**	.012	1
	Sig. (2-tailed)	.000	.842	

Sources: survey 2015

4.3. Inferential Statistics Results

In this section each hypothesis will be examined based on the collected data from employees through close ended questions.

H*ypothesis one (H1): Non financial reward has a strong & positive relationship with Affective commitment*

As we can see from table above non financial reward has a strong & positive correlation with non financial reward which is 0.611 and the correlation is significant with $P < 0.01$.Threfore hypothesis one has been accepted.

Table- 9: Correlation between reward & component of commitment

			Affective commitment	Continuance commitment	Normative commitment
		N	286	286	286
	Non financial reward	Correlation Coefficient	.611**	-.186**	.394**
		Sig. (2-tailed)	.000	.002	.000
		N	285	285	285
	Financial Rewards	Correlation Coefficient	.273**	.031	.219**
		Sig. (2-tailed)	.000	.600	.000
		N	286	286	286

**. Correlation is significant at the 0.01 level (2-tailed).
Sources: survey 2015

Hypothesis 2: There is a strong & positive relationship between financial reward & continuance commitments

The above table shows that the correlation between financial reward & continuance commitment is 0.031.This result implies that financial reward has no relationship with continuance commitment. Therefore hypothesis two has been rejected.

Hypothesis three, hypothesis four & hypothesis five were tasted based on the result of MANOVA analysis as mentioned on the research design.

Hypothesis Three: The impact of non financial reward has stronger & positive effect on Affective commitment than the financial reward does have.

Looking on the appendix-8, part of the test between subject effect, MANOVA result for non-financial reward effect is (F (47, 173) = 41.49 ,P <0.05;Partial eta square 0.919, and for financial reward(F(26 ,173) =20.69 , P<0.05, Partial Eta square 0.757 it is possible to conclude that non financial reward has stronger & positive effect on affective commitment than the financial reward do have. Therefore hypothesis three has been accepted.

Hypothesis four: Financial Rewards have a stronger & positive effect on continuance commitment than non financial rewards do have.

The fourth hypothesis has been rejected since The MANOVA test result for non financial reward (F (26, 173) = 8.35, P<0.005 ; Partial Eta square 0.557) and for non financial reward (F (47, 173) =10.25 ; P<0.005 : partial Eta square 0.733 shows the relative impact of non financial reward impact on continuance commitment if higher than financial reward do have but the magnitude of the impact is very low. In other word the variance caused by financial and non financial reward on continuance commitment is very low.

Hypothesis Five: Non financial rewards have stronger and positive effects on normative commitment than financial rewards do have

The MANOVA result on appendix 8 for nonfinancial reward impact on continuance commitment (F (47, 173) =81.62, p <0.05; partial Eta square 0.957 and for financial reward impact on continuance commitment (p (26,173) =37.38,P<0.05 ; partial Eta square 0.849) shows that the non financial reward has stronger & positive impact on normative commitment than financial reward do have. Therefore hypothesis five has been accepted.

Analyzing the relation between the non financial reward and the three component of commitment, the correlation coefficient is 0.611 for affective commitment,-.186 for continuance commitment, and .394 for normative commitment .Looking into details components of non financial rewards , Developmental opportunity , performance management has strong correlation with affective commitment (0.588, 0.582, 0.44 respectively) & and moderate correlation with normative commitment (0.47,0.4, 0.3 respectively).There is also strong correlation between normative commitment & continuance commitment which is 0.4. , consistent with Mayer and Allen (1990) study result. The theoretical construct by Allen & Mayer (1990) regarding the relationship between affective commitment & normative commitment has been supported by the finding that the two categories of commitments are distinct psychological state. This means that they have no strong correlation, and this is supported by the outcome of the study with a weak correlation of -.174.

There is unexpected result that education level is moderately correlated with three component of commitment, this means that education has negative correlation with affective commitment (-.254 with $p < 0.05$), Positive correlation with continuance commitment (0.298 , $p <0.05$), and also negative correlation with normative commitment (- 0.347 , $p< 0.05$).Moreover Experience has relatively stronger positive relationship with continuance commitment (.425 , $p<0.05$) and has no significant relationship with other component of commitment as shown on appendix 3. Moreover the result show that non-financial reward has modest correlation with affective commitment and normative commitment (0.273 & 0.219 respectively), but low or no correlation with continuance commitment.

4.2.Discussion

The result of the study of this paper on the relationship between non financial reward & affective commitment is in agreement with several studies such as Nujjoo,A., & Meyer, I. (2012) which states that non financial intrinsic reward is more correlated with affective than non financial extrinsic reward. The analysis also showed that both extrinsic non- monetary reward & intrinsic non monetary reward, which can be called non financial reward in this research context , has stronger correlation with affective commitment than extrinsic financial reward. Mayer & Allen (1990) has also indicated that non financial reward such as equity which is reflected on developmental opportunity, performance management; personal importance is closely related with recognition in the study and feedback & participation which is reflected on performance management in this paper was correlated more with affective commitment than continuance commitment.

Contrary to the assumption of this paper, the result showed that continuance commitment has no relationship with non financial reward ; in fact although it is not the aim of the study continuance commitment did not have any correlation with nonfinancial rewards too which is in agreement with finding of Allen & Mayer (1990) .Looking other research paper such as Daniel ,et.al 1999), stated that external locus of control positively correlated with continuance commitment & negatively with affective commitment. The finding is consistent with this paper that education level is modestly positively correlated with continuance commitment & negatively correlated with affective commitment, assuming that more educated has more external locus of control than less educated one. Even one of the items of financial reward (pension benefit) on

Allen & Mayer (1990) did not correlate significantly with the continuance commitment. Based on the available research and this paper, it is possible to say that continuance commitment has visible correlation demographic characteristics & personality, such as external locus of control than reward constructs.

Further analysis has been made to examine that to examine the effects of financial and non financial rewards on different components of commitments and it has been found that non financial reward has stronger impact on affective commitment than the financial reward do have. This has been supported by Michael et.al (2005) which states that relational reward has more impact on commitment than transactional rewards. Moreover Eby et.al (1999); O'Reilly & Caldwell, (1980) have stated that non - financial reward is a strong predictor of affective commitment than financial rewards.

CHAPTER FIVE

CONCLUSIONS AND RECOMENDATIONS

5.1. Conclusions

In general the research finding is in agreement with theoretical construct of three component of commitment and the result of other studies of commitment. The study has proved that continuance commitment & affective commitment is distinct psychological status and also there is a dependency between affective commitment and normative commitment.

All the data collected has been tested for reliability by Cronbach,s alpha and validity by Principal component analysis and it possible to conclude that the scale is reliable and fairly valid.

The descriptive statistics of the responses shows that Ethiotelecom employees haves equivalent proportion psychological states of the three component i.e Affective commitment - employee works in organization because they have emotional attachment, continuance commitment – employees works in the company because of lack of alternative and normative commitment – employees works in the company due to moral obligation .An employee cannot have only one psychological state but can have a combination of the three with one more than the others.

Employees have the most negative view for developmental opportunity while high favorable view for Performance management & salary.

The research result confirmed that non financial rewards strongly correlated with affective commitment and moderately correlated with normative commitment and most of the correlation contributed for non financial reward of which developmental opportunity, performance management, and recognition have relatively the highest correlation with affective commitment. The finding also shows that financial rewards and non-financial reward have no correlation with continuance commitment. However there is visible correlation with demographic characteristics such as education level.

The MANOVA test result show that non financial reward has stronger impact on affective commitment and normative commitment than financial reward do have, and also both financial reward and non financial rewards are not stronger predictor of continuance commitment.

5.2. Recommendations

- The research result proves that the theoretical construct of Allen and Mayer (1990) is applicable in different culture; however replication study is required to generalize.
- Where the result of the study is in consistent with other studies regarding the relationship between affective commitment and more supporting study is required regarding the relationship between reward and continuance commitment .
- Interestingly, the study shows moderate correlation between continuance commitment & demographic characteristics than the relationship between reward and continuance commitment.. Further study is required on this issues to identify determinant of continuance commitment
- Developmental opportunity has the highest correlation with affective commitment, but employees have the least favorable evaluation of developmental opportunity, therefore Ethiotelecom must give attention to developmental opportunity to boost affective commitment since affective commitment is the most desirable of all commitment , and hence Ethiotelecom must give priority on non financial reward to bring positive impact of commitment in the workplace. The Program includes:
    - Developing and ensuring transparent and fair promotional practice
    - Communicating employees about the available opportunities to avoid misunderstanding
    - Developing appropriate career ladder & helping employees to advance upward in line with company goals.
    - Recognizing employees who are contributed to the company distinctively
    - Managing succession planning appropriately
- It has been understood that Ethiotelecom pays salary to its employees competitively in the markets which is proved by the study finding, employees have relatively more favorable perception compared to other component of reward. However salary has the least correlation with any component of commitment which is a cost to Ethiotelecom.The real objective must be balancing between the financial & non financial rewards to maximize the effects of overall reward.

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Appendixes

Appendix S1 :salary Inter-Item Correlation Matrix

	S1	S2	S3	S4	S5	S6
S1	1.000	.583	.638	.381	.397	.555
S2	.583	1.000	.620	.447	.538	.631
S3	.638	.620	1.000	.327	.499	.642
S4	.381	.447	.327	1.000	.303	.450
S5	.397	.538	.499	.303	1.000	.621
S6	.555	.631	.642	.450	.621	1.000

ApendixS2 :Salary Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
S1	16.16	15.317	.654	.483	.837
S2	16.41	14.565	.737	.545	.822
S3	16.43	14.786	.707	.561	.828
S4	15.63	16.276	.470	.259	.870
S5	16.29	15.167	.599	.427	.848
S6	16.27	14.268	.764	.597	.816

Appendix B1 : Benefit Inter-Item Correlation Matrix

	B1	B2	B3	B4
B1	1.000	.487	.590	.382
B2	.487	1.000	.575	.551
B3	.590	.575	1.000	.488
B4	.382	.551	.488	1.000

Appendix B2: Benefit Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
B1	8.02	6.905	.582	.382	.777
B2	8.83	6.227	.663	.447	.738
B3	8.37	6.605	.683	.479	.731
B4	8.60	6.872	.568	.350	.784

	P1	P2	P3	P4	P5	P6	P7	P8	P9
P1	1.000	.564	.307	.598	.379	.194	.372	.277	.333
P2	.564	1.000	.352	.381	.356	.174	.138	.230	.195
P3	.307	.352	1.000	.242	.453	.299	.593	.402	.694
P4	.598	.381	.242	1.000	.548	.191	.470	.117	.340
P5	.379	.356	.453	.548	1.000	.293	.638	-.001	.437
P6	.194	.174	.299	.191	.293	1.000	.274	.554	.341
P7	.372	.138	.593	.470	.638	.274	1.000	.205	.589
P8	.277	.230	.402	.117	-.001	.554	.205	1.000	.493
P9	.333	.195	.694	.340	.437	.341	.589	.493	1.000
P10	.359	.295	.187	.282	.146	.400	.154	.534	.434

Appendix P2: Performance Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
P1	30.23	34.193	.581	.530	.828
P2	29.96	35.023	.451	.483	.838
P3	30.50	31.483	.612	.639	.823
P4	30.67	32.815	.539	.511	.831
P5	30.56	32.507	.569	.617	.828
P6	30.22	35.168	.452	.420	.838
P7	30.26	33.137	.614	.620	.824
P8	30.18	35.272	.465	.595	.837
P9	30.57	31.591	.680	.658	.816
P10	30.51	34.695	.456	.441	.838

Appendix R1 : Recognition Inter-Item Correlation Matrix

	R1	R2	R3	R4	R5
R1	1.000	.652	.204	.529	.410
R2	.652	1.000	.361	.546	.475
R3	.204	.361	1.000	.604	.430
R4	.529	.546	.604	1.000	.579
R5	.410	.475	.430	.579	1.000

Appendix R2 : Recognition Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
R1	11.62	10.538	.586	.497	.787
R2	11.57	9.046	.665	.507	.766
R3	11.84	11.445	.483	.408	.815
R4	11.79	10.253	.742	.589	.743
R5	11.53	11.415	.601	.382	.785

Appendix D1: recognition Inter-Item Correlation Matrix

	D1	D2	D3	D4	D5	D6
D1	1.000	.614	.624	.635	.148	.463
D2	.614	1.000	.696	.667	.222	.589
D3	.624	.696	1.000	.838	.281	.437
D4	.635	.667	.838	1.000	.348	.521
D5	.148	.222	.281	.348	1.000	.534
D6	.463	.589	.437	.521	.534	1.000

Apendixd2:recognition Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
D1	11.30	17.534	.614	.497	.824
D2	11.53	16.849	.710	.621	.805
D3	11.54	17.841	.735	.749	.805
D4	11.63	17.460	.781	.748	.797
D5	10.58	18.484	.375	.348	.879
D6	11.22	16.664	.671	.547	.812

Appendix T1:Training Inter-Item Correlation Matrix

	T1	T2	T3	T4
T1	1.000	.493	.456	.401
T2	.493	1.000	.267	.368
T3	.456	.267	1.000	.389
T4	.401	.368	.389	1.000

Appendix T2 : training Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
T1	8.26	5.807	.602	.374	.604
T2	8.39	6.982	.482	.277	.679
T3	7.36	6.526	.477	.259	.685
T4	8.63	7.112	.497	.248	.672

Appendix A1: Affective Commitment Inter-Item Correlation Matrix

	A1	A2	A3	A4	A5	A6	A7	A8
A1	1.000	.642	.554	.196	.706	.478	.569	.465
A2	.642	1.000	.584	.218	.605	.505	.438	.545
A3	.554	.584	1.000	.010	.670	.569	.567	.670
A4	.196	.218	.010	1.000	.099	.256	.186	.104
A5	.706	.605	.670	.099	1.000	.593	.658	.676
A6	.478	.505	.569	.256	.593	1.000	.602	.670
A7	.569	.438	.567	.186	.658	.602	1.000	.834
A8	.465	.545	.670	.104	.676	.670	.834	1.000

Appendix A2 : Affective commitment Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
A1	22.78	31.487	.698	.648	.877
A2	22.78	31.262	.679	.568	.879
A3	22.07	31.181	.715	.588	.875
A4	21.84	39.233	.185	.165	.913
A5	22.42	30.252	.795	.680	.867
A6	22.59	32.628	.705	.533	.877
A7	22.42	31.086	.751	.769	.872
A8	22.17	30.154	.781	.813	.868

Appendix C1: Continuance Commitment Inter-Item Correlation Matrix

	C1	C2	C3	C4	C5	C6	C7	C8
C1	1.000	.466	.476	.478	.339	.540	.466	.463
C2	.466	1.000	.629	.375	.358	.309	.385	.397
C3	.476	.629	1.000	.609	.495	.538	.456	.411
C4	.478	.375	.609	1.000	.583	.550	.405	.437
C5	.339	.358	.495	.583	1.000	.410	.296	.350
C6	.540	.309	.538	.550	.410	1.000	.569	.646
C7	.466	.385	.456	.405	.296	.569	1.000	.540
C8	.463	.397	.411	.437	.350	.646	.540	1.000

Appendix C2 : Continuance commitment Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
C1	22.16	22.192	.627	.423	.858
C2	22.43	23.074	.563	.484	.864
C3	22.48	22.201	.716	.606	.847
C4	22.39	22.449	.674	.533	.852
C5	22.26	23.491	.543	.380	.866
C6	22.33	22.481	.696	.602	.850
C7	21.98	23.785	.602	.418	.860
C8	22.21	23.247	.627	.497	.857

AppendixN1:Normative commitment Inter-Item Correlation Matrix

	N1	N2	N3	N4	N5
N1	1.000	.347	.587	.239	.385
N2	.347	1.000	.370	.266	.260
N3	.587	.370	1.000	.378	.455
N4	.239	.266	.378	1.000	.613
N5	.385	.260	.455	.613	1.000

AppendixN2: Normative Commitment Item-Total Statistics

	Scale Mean if Item Deleted	Scale Varianc e if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
N1	11.92	16.814	.517	.383	.653
N2	12.15	11.258	.404	.180	.758
N3	12.11	15.206	.592	.437	.615
N4	12.50	15.465	.481	.401	.650
N5	12.44	15.700	.552	.452	.631

Appendix 1 :Principal component analysis for reward Rotated Component Matrix[a]

	Component									
	1	2	3	4	5	6	7	8	9	10
S1	.796									
S2	.791									
S3	.807									
S4	.441									
S5	.705									
S6	.780									
B1							.850			
B2		.426					.658			
B3	.470						.680			
B4							.421			
P1								.708		
P2								.758		
P3			.813							
P4	.509									
P5			.622							
P6					.554					
P7			.795							
P8					.827					
P9			.748		.453					
P10					.734					
R1				.765						
R2				.799						
R4				.526						
R5										.510
D1		.672								
D2		.751								
D3		.890								
D4		.857								
D6		.419								.503
T1						.782				
T2						.405			.468	
T3						.766				
T4									.623	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 13 iterations.

Appendix 2 : commitment principal component analysis Rotated Component Matrix[a]

	Component						
	1	2	3	4	5	6	7
A1	.586		.418				
A2	.597		.566				
A3	.782						
A4							.937
A5	.711		.427				
A6	.777						
A7	.879						
A8	.923						
C1		.677					
C2		.627					
C3		.702					
C4		.569				.594	
C5						.678	
C6		.820					
C7		.801					
C8		.792					
N1				.686			
N2				.676			
N3				.740			
N4			.855				
N5			.746				
N6						.679	
N7					.852		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 11 iterations.

Appendix 3 : Commitment correlation with Demographic variable

		Age	Edu	Exp	Gen
Affective commitment	Pearson Correlation	.071	-.254**	-.179**	.156**
	Sig. (2-tailed)	.229	.000	.002	.008
Continuance commitment	Pearson Correlation	-.079	.298**	.047	-.348**
	Sig. (2-tailed)	.183	.000	.425	.000
Normative commitment	Pearson Correlation	-.008	-.347**	-.233**	.067
	Sig. (2-tailed)	.893	.000	.000	.257

Appendix 4 : Correlation between reward constructs & commitment component

		Affective commitment	Continuance commitment	Normative commitment
Salary	Correlation Coefficient	.176**	.061	.059
	Sig. (2-tailed)	.003	.303	.321
	N	286	286	286
Benefit	Correlation Coefficient	.378**	-.054	.385**
	Sig. (2-tailed)	.000	.362	.000
	N	286	286	286
Performance	Correlation Coefficient	.582**	-.218**	.402**
	Sig. (2-tailed)	.000	.000	.000
	N	285	285	285
Recognition	Correlation Coefficient	.441**	.059	.326**
	Sig. (2-tailed)	.000	.320	.000
	N	286	286	286
Developemental	Correlation Coefficient	.588**	-.180**	.472**
	Sig. (2-tailed)	.000	.002	.000
	N	285	285	285
Trainning	Correlation Coefficient	.260**	-.306**	.098
	Sig. (2-tailed)	.000	.000	.097
	N	286	286	286

Appendix 5 : Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Non financial reward	285	1.43	4.57	2.9135	.58389
Financial Rewards	286	1.40	5.00	3.0710	.67991
Trainning	286	1.00	5.00	2.7194	.81981
Recognition	286	1.00	5.00	2.9607	.84577
Developemental	285	1.00	4.80	2.1158	.85986
Performance	285	1.40	4.70	3.3740	.63846
Benefit	286	1.00	5.00	2.8182	.83334
Salary	286	1.00	5.00	3.2395	.76563
Valid N (listwise)	285				

Appendix 6 : Correlations between component of commitment

		Affective commitment	Continuance commitment	Normative commitment
Affective commitment	Correlation Coefficient	1.000	-.174**	.518**
	Sig. (2-tailed)		.003	.000
	N	286	286	286
Continuance commitment	Correlation Coefficient	-.174**	1.000	-.030
	Sig. (2-tailed)	.003		.618
	N	286	286	286
Normative commitment	Correlation Coefficient	.518**	-.030	1.000
	Sig. (2-tailed)	.000	.618	
	N	286	286	286

Appendix 7: MANOVA - Multivariate Tests[a]

Effect		Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[d]
Intercept	Pillai's Trace	.999	41879.925[b]	3.000	171.000	.000	.999	125639.775	1.000
	Wilks' Lambda	.001	41879.925[b]	3.000	171.000	.000	.999	125639.775	1.000
	Hotelling's Trace	734.736	41879.925[b]	3.000	171.000	.000	.999	125639.775	1.000
	Roy's Largest Root	734.736	41879.925[b]	3.000	171.000	.000	.999	125639.775	1.000
FR	Pillai's Trace	2.211	18.645	78.000	519.000	.000	.737	1454.307	1.000
	Wilks' Lambda	.009	25.261	78.000	512.193	.000	.793	1957.547	1.000
	Hotelling's Trace	15.750	34.260	78.000	509.000	.000	.840	2672.306	1.000
	Roy's Largest Root	11.299	75.182[c]	26.000	173.000	.000	.919	1954.740	1.000
NFR	Pillai's Trace	2.615	25.027	141.000	519.000	.000	.872	3528.763	1.000
	Wilks' Lambda	.000	44.771	141.000	513.414	.000	.925	6295.055	1.000
	Hotelling's Trace	63.289	76.157	141.000	509.000	.000	.955	10738.080	1.000
	Roy's Largest Root	47.930	176.423[c]	47.000	173.000	.000	.980	8291.866	1.000
FR * NFR	Pillai's Trace	2.528	25.745	108.000	519.000	.000	.843	2780.496	1.000
	Wilks' Lambda	.001	46.911	108.000	513.030	.000	.908	5043.633	1.000
	Hotelling's Trace	69.021	108.430	108.000	509.000	.000	.958	11710.487	1.000
	Roy's Largest Root	61.794	296.956[c]	36.000	173.000	.000	.984	10690.413	1.000

a. Design: Intercept + FR + NFR + FR * NFR

b. Exact statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level.

d. Computed using alpha = .05

Appendix 8 : MANOVA Tests of Between-Subjects Effects

Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared	Noncent. Parameter	Observed Power[d]
Corrected Model	Continuance commitment	123.724[a]	111	1.115	28.137	.000	.948	3123.199	1.000
	Affective commitment	222.532[b]	111	2.005	75.290	.000	.980	8357.174	1.000
	Normative commitment	243.358[c]	111	2.192	125.132	.000	.988	13889.617	1.000
Intercept	Continuance commitment	987.387	1	987.387	24924.923	.000	.993	24924.923	1.000
	Affective commitment	1069.426	1	1069.426	40162.302	.000	.996	40162.302	1.000
	Normative commitment	1149.170	1	1149.170	65588.643	.000	.997	65588.643	1.000
FR	Continuance commitment	8.600	26	.331	8.350	.000	.557	217.093	1.000
	Affective commitment	14.326	26	.551	20.693	.000	.757	538.008	1.000
	Normative commitment	17.029	26	.655	37.381	.000	.849	971.911	1.000
NFR	Continuance commitment	18.851	47	.401	10.125	.000	.733	475.872	1.000
	Affective commitment	51.929	47	1.105	41.494	.000	.919	1950.207	1.000
	Normative commitment	67.206	47	1.430	81.612	.000	.957	3835.771	1.000
FR * NFR	Continuance commitment	21.910	36	.609	15.363	.000	.762	553.077	1.000
	Affective commitment	21.701	36	.603	22.639	.000	.825	814.998	1.000
	Normative commitment	47.073	36	1.308	74.630	.000	.940	2686.683	1.000
Error	Continuance commitment	6.853	173	.040					
	Affective commitment	4.607	173	.027					
	Normative commitment	3.031	173	.018					
Total	Continuance commitment	3018.656	285						
	Affective commitment	2993.959	285						
	Normative commitment	2903.400	285						
Corrected Total	Continuance commitment	130.577	284						
	Affective commitment	227.138	284						
	Normative commitment	246.389	284						

a. R Squared = .948 (Adjusted R Squared = 914)

b. R Squared = .980 (Adjusted R Squared = .967) , c. R Squared = .988 (Adjusted R Squared = .980)

Appendix -9: Quesionair

Dear Employee:

This questionnaire aims at analyzing and assessing your organization's current and potential employee reward and recognition program as a tool for motivating its employees. This survey is purely conducted for academic purpose. The responses to this questionnaire will be kept strictly confidential.

Introduction:

Employee recognition programs are designed to make employees feel their efforts and accomplishments are appreciated by not only supervisors, but co-workers and customers as well. By drawing attention to employees that perform, recognition programs reinforce desirable employee behaviours and attributes. These programs are powerful motivational tools that increase individual and organizational productivity. Recognition programs also help employees understand how their accomplishments and achievements contribute to an Organization's overall success. Effective recognition programs prompt managers to give more careful consideration to employees' ideas.

Part-A: Employee Profile

The aim of this section is to gain an overall understanding about the organization and about the employee's role in the organization's functions.

Part-B: Over all employee opinion on Reward management of ethio - telecom

The aim of this section is to gain an understanding about the Employee's opinion relating to how they expect the organization to recognize and reward them for their efforts.

Part-C: over all employees open ion on their commitment

The aim of this section is to gain an understanding about the organization's Current Reward and Recognition System and to what extent it meets the employee's expectations.

Instructions: Please indicate your response to the following questions by filling in the appropriate square with check or cross mark or by shading it.

Age	Under 30	32-40	41-50	Above 50

1. **Reward measure questionnaire**

Education	High school	Diploma	Degree	Master
Experience	Less than 5 year	5- 10 year	10 -15	Above 15
Gender	Male	Female		

No	**Variables measurement question**	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	**Compensation**					
	My contribution is adequately rewarded					
	Pay increases are handled fairly					
	I feel that my pay does not reflect my performance					
	My pay compares favorably with what I could get elsewhere					
	I am not clear how decisions about my pay are made					
	I am not paid fairly in comparison with other people doing similar work in the organization					
	I can get bonuses when I improve my skills and competence					
	I do not understand the pay policies of the organization					
	I can get pay increase when achieving better performance					
2	Benefit					
	The benefits package compares well with those in other organizations					
	The benefits package compares well with those in other organizations					
	The benefits package I receive is fair					
	I have enough choice of benefits and additional services that are suitable for my needs					
3	**Performance and Recognition**					
A	**Performance**					
	I get good feedback on my Performance.					
	I am clear about what I am expected to achieve					
	I do not get adequate support from my boss					
	The performance evaluation process is fair					
	I receive regular feedback on my current performance from my supervisor					
	I am involved in establishing my goals and objectives					
	I feel it is easy to get my job improvement idea across to my supervisor					

	Variables measurement question	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	I have the information I need to make decisions about my work					
	I am satisfied with the technique competence of my supervisor					
	I can influence the description of my supervisor regarding my jobs					
	My supervisor treat all worker as equal					
B	**Recognition**					
	My contribution is fully recognized					
	My supervisor praise when I achieve good performance					
	There is a culture of acknowledge for good performance (award ,certificate)					
4	**Learning & development**					
A	**Learning**					
	I have been given sufficient training to perform my job effectively					
	I receive regular training to keep me update for better performance					
	I have a relevant knowledge to do my job					
	I received continued training to do my job					
B	**Development**					
	Promotion is strongly influenced by contribution or performance					
	I have opportunities for continued education and career development					
	There is Enough opportunity for advancement					
	The promotional procedure is fair and impartial					
	I believe I have a good future in this organization					
	I have relevant skill which is not used current job					
	My potential is underutilized					

2. Commitment measurement Quesinair						
	Variable measure question	Strongly disagree	Agree	Neutral	Agree	Strongly agree
1	**Affective commitment**					
	I would be very happy to spend the rest of my career with this organization					
	I enjoy discussing my organization with people outside it					
	I really feel as if this organization's problems are my own					
	I think that I could easily become as attached to another organization as I am to this one					
	I do not feel like 'part of the family' at my organization					
	I do not feel 'emotionally attached' to this organization					
	This organization has a great deal of personal meaning for me					
	I do not feel a *strong* sense of belonging to *my* organization					
2	**Continuance commitment**					
	I am not afraid of what might happen if I quit my job without having another one lined up					
	It would be very hard for me to leave my organization right now, even if I wanted to					
	Too much in my life would be disrupted if I decided I wanted to leave my organization now					
	One of the major reasons I continue to work for this organization is that leaving would require considerable personal sacrifice — another organization may not match the overall benefits I have here					
	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives					
	I feel that I have too few options to consider leaving this organization					

	Right now, staying with my organization is a matter of necessity as much as desire					
	It wouldn't be too costly for me to leave my organization now					
3	**Normative commitment**					
	I do not think that wanting to be a 'company man' / 'company woman' is sensible anymore					
	Things were better in the days when people stayed with one organization for most of their careers					
	I was taught to believe in the value of remaining loyal to one organization					
	If l got another offer for a better job elsewhere I would not feel it was right to leave my organization					
	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain					
	Jumping from organization to organization does not seem at all unethical to me					
	I do not believe that a person must always be loyal to his or her organization					
	I think that people these days move from company to company too often					