



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE**

**The Effect of Reward Management on Employee Job
Performance in the case of Jupiter International
Hotels** By—Amanuel Zewde Biratu

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DECLARATION

I, Amanuel Zewde Biratu declare that the thesis entitled 'The effect of Reward Management on Employee in the case of Jupiter International Hotel" is my original work. Moreover, this study has not been presented for any other program or university and that all sources of material used have been acknowledged accordingly.

Amanuel Zewde Biratu

CERTIFICATION

This is to certify that Amanuel Zewde Biratu has carried out his research work entitled “The Effect of Reward Management on Employee Job Performance in the case of Jupiter International Hotel” for the partial fulfillment of Masters of Arts in Human Resource Management at Addis Ababa University, School of Commerce. This work is original and it is suitable for submission of Masters of Arts in Human Resource Management.

Advisor, Solomon Markos (PhD)

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Table of Contents

	Page
CHAPTER ONE	1
1.1 Background of the Study	1
1.2 Background of the Company	5
1.3 Statement of the Problem	5
1.3.1 Objective of the Research	6
1.3.1.1 General Objective	6
1.3.1.2 Specific Objectives	6
1.3.2 Significance of the Study	6
1.3.3. Scope of the Study	7
1.3.4 Limitation of the Study	7
1.3.5 Organization of the Study	7
CHAPTER TWO	8
2.1 Theoretical Review of Reward Management	8
2.2 Reward Management Strategies	14
2.3 Alternative Reward Strategies	15
2.4 Reward Management Philosophies	16
2.5 Economic Theories of Pay	16
2.6 Total Reward	18
2.7 Types of Compensation	20
2.8 Compensations Philosophy	21
2.9 Entitlement Philosophy	21
2.10 Contingency Pay	22
2.11 Contingent pay as a motivator	22
2,12 Employee Job Performance	23
2,13 Empirical Review	29
2,14 Conceptual Framework	31

CHAPTER THREE	32
3.1 Research Design and Approach	32
3.2 Data Type, Source and Instruments of Data Collection	32
3.3 Instrument Design/Measurement	32
3.4 Sample Size	33
3.5 Reliability Test	35
3.6 Data Analysis and Presentation	36
CHAPTER FOUR	37
4.1 Results and Discussions	37
4.2 Demographic Characteristics of Respondents	37
4.3 Descriptive Statistics	39
4.4 Correlation Analysis	40
4.5 Multiple Regressions	42
4.5.1. Extrinsic and Intrinsic Regression Analysis	43
CHAPTER FIVE	46
CONCLUSIONS AND RECOMMENDATIONS	46
5.1 CONCLUSIONS	46
5.2 RECOMMENDATIONS	48
5.3 DIRECTION OF FUTURE RESEARCH	49
References	
Questionnaire	
Interview Questions to Managing Director	

Tables

		Page
Table 1	Intrinsic versus Extrinsic Rewards	2
Table 2	Classification of the Sample	32
Table 3	Classification of the Strata	34
Table 4	Reliability Statistics	35
Table 5	Demographic Table	38
Table 6	Descriptive Statistics	39
Table 7	Correlation Table	40
Table .8	Pearson's Correlation between Intrinsic Rewards and employee job performance	41
Table 9	Regression Analysis Table 1	43
Table 10	Regression Analysis Table 2	44
Table 11	Regression Analysis Table 3	45

Figures

Figure 1	Total Reward Table	19
Figure 2	Conceptual Framework of the Study	31

ABSTRACT

This paper entitled “The effect of Reward Management on employee job performance in the case of Jupiter International Hotels” is undertaken due to the flourishing and the high new entrants to the hospitality Industry in Ethiopia. The general objective of this study is to investigate the effect of reward management on employee job performance.

The problem statement of the study is should the reward management practice be merit based to encompass educational level and years of experience or only on years of experience? How shall merit based effective reward management practice on employee job performance be attained? Is it through extrinsic or intrinsic rewards and what should be the rewards criteria?

In order to come up with the findings, both the intrinsic and extrinsic reward variables prediction with employee rewards are evaluated by using a single intrinsic variable created on SPSS by calculating all six variables. In addition the extrinsic reward variable is obtained by mean score of all three extrinsic variables. This helps the researcher to conclude the overall intrinsic and extrinsic variables effect on the employee performance. Furthermore, this gives the researcher a fertile ground to compare the impact of intrinsic and extrinsic variable on the determination of employee performance.

This research concludes and recommends that the effective reward management practice should encompass educational level with years of experience, due to the fact that intrinsic rewards are more appealing and more promising to employees. Merit based effective reward management practice on employee job performance should be attained through qualification, training and experience.

CHAPTER ONE

1.1 Background of the Study.

Armstrong (2006) argues that Reward Management is about the design, implementation, maintenance, communication and evolution of reward processes which help organizations to improve performance and achieve their objectives. This helps to translate the reward management to meet the objective of the organization by designing the reward management policy and implementing within the framework of the management policy. The reward management process would be maintained and communicated to the staff of the changes and evolution of the reward processes with time.

Reward processes are based on reward philosophies and strategies and contain arrangements in the shape of policies, guiding principles, practices, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of reward. This constitutes the financial reward aspect of the process which incorporates processes and procedures for tracking market rates, measuring job values, designing and maintaining pay structures, paying for performance, competence, skill and providing employee benefits. (Armstrong, 2006)

According to Armstrong definition, the reward management is derived from the philosophy and objective of the organization. The philosophy and the reward management strategy would define the reward management benefits according to the objective of the organization.

In addition to that, Byars & Rue (1994) stated that the reward management/organizational rewards consist of the types of rewards to be offered and their distribution. Reward Management/Organizational rewards include all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the organization.

Intrinsic Rewards are rewards that are internal to individual and are normally derived from involvement in certain activities or tasks. Job satisfaction and feelings of accomplishment are examples of intrinsic rewards.

Most extrinsic rewards are directly controlled and distributed by the organization and are more tangible than intrinsic rewards. Pay and hospitalization benefits are examples of extrinsic rewards.

Table .1 Intrinsic Versus Extrinsic Rewards

Intrinsic Versus Extrinsic Rewards

<u>Intrinsic Rewards</u>	<u>Extrinsic Rewards</u>
Achievement	Formal Recognition
Feelings of Accomplishment	Fringe Benefits
Informal recognition	Incentive Payments
Job Satisfaction	Pay
Personal Growth	Promotion
Status	Social Relationships

(Source: Byars and Rue, 1994, P. 319)

Though intrinsic and extrinsic rewards are different, they are also closely related. Often the provision of an extrinsic reward provides the recipient with intrinsic rewards. For example, if an employee receives an extrinsic reward in the form of a pay raise, the individual may also experience feelings of accomplishment (an intrinsic reward) by interpreting the pay raise as a sign of a job well done.

Furthermore, relating rewards to Performance by the free enterprise system is based on the premise that rewards should depend on performance. This performance reward relationship is desirable not only at the organization or corporate level but also at the individual level. The underlying theory is that employees will be motivated

when they believe that such motivation will lead to desired rewards. Unfortunately, many formal rewards provided by organizations do not lend themselves to being related to performance. Rewards in this category (including paid vacations, insurance plans, and paid holidays) are almost always determined by organizational membership and seniority rather than by performance. Byars and Rue (1994)

Other rewards, such as promotion, can and should be related to performance. However, opportunities for promotion may occur only rarely. When available, the higher positions may also be filled on the basis of seniority or by someone outside the organization.

If relating rewards management to performance is desirable, then why is it not more widespread? One answer is that it is not easy to do; it is much easier to give everybody the same thing as evidenced by the ever popular across the board pay increase. Relating rewards to performance requires that performance be accurately measured, and this is often not easily accomplished.

It also requires discipline to actually match rewards to performance. Another reason is that many union contracts require that certain rewards be based on totally objective variables, such as seniority. While there is no successful formula for implementing a pay for performance programme has yet been developed, a number of desirable preconditions have been identified and generally accepted:

1. **Trust in Management.** If employees are skeptical of management, it is difficult to make a pay for performance programme work.
2. **Absence of performance constraints:** Since pay for performance programs are usually based on an employee's ability and effort, the jobs must be structured such that an employee's performance is not hampered by factors beyond his or her control.
3. **Trained Supervisors and Managers:** The supervisors and managers must be trained in setting and measuring performance standards.
4. **Good Measurement Systems:** performance should be based on criteria that are job specific and focus on results achieved.
5. **Ability to pay:** The merit portion of the salary increase budget must be large enough to get the attention of the employee.

6. **Clear distinction between cost of living, seniority, and merit:** In the absence of strong evidence to the contrary, employees will naturally assume a pay increase is a cost of living or seniority increase.
7. **Well communicated total pay policy:** Employees must have a clear understanding of how merit pay fits into the total pay picture
8. **Flexible reward schedule:** It is easier to establish a credible pay for performance plan if all employees do not receive pay adjustments on the same date. Source: (Byars& Rue, 1994)

The above mentioned eight points are the general points accepted to evaluate rewards management for performance management. If these eight points are fulfilled then the performance would have an effective reward management.

Organizations need high performing individuals in order to meet their goals, to deliver the products and services they specialized in, and finally to achieve competitive advantage. Performance is also important for the individual. Accomplishing tasks and performing at a high level can be a source of satisfaction, with feelings of mastery and pride. Low performance and not achieving the goals might be experienced as dissatisfying or even as a personal failure. Moreover, performance—if it is recognized by others within the organization—is often rewarded by financial and other benefits. Performance is a major—although not the only—prerequisite for future career development and success in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (VanScotter, Motowidlo, & Cross, 2000).

The case study chosen for this research paper is Jupiter International Hotel and relevant information of the Hotel is extracted from the Hotel pamphlet with some amendments. This is due to the rise in the hospitality Industry which is growing every single year and the future for the Hotel Industry is very promising.

1.2 Background of the Company

The Jupiter Hospitality group was founded about 9 years ago, in 2008, with the aim to build a strong local brand against the backdrop of the other long existing international flagships. The management certainly felt the need for a mid – market hotel for those people who might want the comfort and cost of a mid – market. According to the Managing director, his team strongly believes that the need in Ethiopia is still there, probably stronger than ever and that is why the management are very optimistic about the growth opportunities of Jupiter brand in the country.

In Addis Ababa in particular, since the Jupiter International Hotels are growing from a baseline of very minimum number, the leadership team is quite optimistic of the future. The management team sees plenty opportunities not only in hotels, but also in time – share business and hotel convention centers. In addition to this the hospitality Industry would need to engage investors in the area of water parks, golf courses, recreation centers, and value – hotels in optimal locations throughout the country.

Hence, at Jupiter International Hotel, the management is dedicated to provide exceptional accommodations with a hospitable service at affordable price. It is the mission of the Hotel to be the best and preferred hotel by consistently striving for daily improvements in all areas of their business.

1.3 Statement of the Problem

The competition in the Hospitality Industry is increasing overtime and day by day. To have a motivated and customer friendly employees' all employees engaged in the Hotel Industry must be competently rewarded. To be successful in the Hotel Industry the effect of reward on employee performance must be monitored and evaluated to meet the strategic and operational goals of Jupiter International Hotel. Referring the article on Addis Standard regarding the hospitality Industry, it is stated that “it is not the building that makes a hotel a hotel. It is the flawless combination of the right people, the right prices and the right technology providing an unforgettable service”. Thus, Jupiter International Hotel is trying to achieve these combinations by valuing the most indispensable resources, its employees. (Source: Addis Standard, Yibeltal K.,2014)

To fulfill the overall goals and objectives, the reward management system should be geared to the value of the contributions individuals make to reach these objectives. It must be tailored to meet the organization's special needs and it should be capable of being easily modified in response to the change that will be inevitably take place in a dynamic enterprise. (Armstrong & Murlis, 1994).

Hence, the problem statement is "should the reward management practice be merit based to encompass educational level and years of experience or only years of experience? How shall merit based effective reward management practice on employee job performance be attained? Is it through extrinsic or intrinsic rewards and what should be the rewards criteria?"

1.3.1 Objective of the Research

1.3.1.1 General Objective:

The general objective of the study is to investigate the effect of reward management on employee job performance.

1.3.1.2 Specific Objectives:

The study aims specifically to:

- To assess the perception of employees on reward management practices of Jupiter International hotel
- To examine Determine the relationship between extrinsic reward and employee job performance.
- To assess the relationship between intrinsic reward and employee job performance.
- To investigate the effect of reward management on employee job performance.

1.3 .2 Significance of the Study

This research would be an asset to the Hotel Industry in terms of its valuable research on decision making process and on the effect of reward management on employee performance. The significance of the study are since the Industry in Ethiopia is in its infancy stage it would provide a breaking ground to the reward management potential of the industry to make sound decisions on the reward management process in order to motivate employee performance.

Furthermore, it would lead to best practices on how best to retain the qualified and talented employee using extrinsic and intrinsic rewards which can benefit the Hotel Industry in Ethiopia. In particular the development of the hotel industry would create employment opportunities and specifically provide employees with sustained livelihood/source of income. In addition the foreign currency earned by the Hotel operation would contribute highly to the social and Infrastructure development country

1.3.3 Scope

The scope of the study is limited to the two branches of Jupiter International Hotel in Addis Ababa located at Bole and Kazanchis area. The methodological scope of the study deals with the effect that the extrinsic and intrinsic reward have on employee's job performance. Due to the limitation of time the research did not include the annual performance increment which is measured through annual performance assessments. The study cannot be generalized due to the fact that only one four star Hotel has been researched and cannot represent the Hospitality Industry.

1.3.4 Limitation of the Study

Due to limited literature on the Hotel Industry reward management and lack of documentation in reward processes on the Ethiopian Hotel Industry, it was difficult to benchmark the rate of reward has on performance in other four star Hotels. Furthermore, the confidentiality of the reward process for each respective Hotel is different since there is lack of minimum payment for the Hotel Standard.

1.3.5 Organization of the Study

The organization of the study begins with Chapter one of the research with the relevant background of the study, problem statement, objective of the research, significance of the study, scope, limitation of the study and Organization of the study. The second chapter deals with the theoretical review, empirical review, conceptual framework of the research. The third chapter of the study deals with the Research Design and Research Methodology. The fourth chapter is results and discussions and the fifth is conclusion, recommendation and direction of future research respectively.

CHAPTER TWO

2.1 Theoretical Review of Reward Management

The concept of reward management has been authored by various academicians regarding the need to manage and drive reward management to the organizations strategic goals. Numerous authors have defined reward management, one of the acclaimed author has defined the definition of reward management as follows,

'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 can be regarded as the fundamental expression of the employment relationship.' (Armstrong, 2009)

According to Armstrong, the need to compensate employees' consistently and transparently and most of all to create an employment relationship with the organization is one of the goals of reward management. Furthermore, according to Armstrong reward management deals with the development of reward strategies and the design, implementation and maintenance of reward systems. This can be elaborated by designing the appropriate strategy oriented reward package and implementing the package that was designed and maintaining the reward package with the employees of the organization.

Torrington, Hall & Taylor (2008), suggests that a variety of different terms are used to describe reward that is given by an employer in return for the work carried out by workers. "Compensation" is a term widely used in the American literature, yet the idea of compensation is that it is from loss or injury.

The terms reward and compensation are used interchangeably, but the term compensation is fading away slowly. Since compensation does not accurately describe the reward management. Currently, "Remuneration" is a more

straightforward word which means payment according to Torrington et al, 2008. Remuneration encompasses the benefits that are extrinsic and intrinsic in nature and value to the employees.

According to Ong and Theen Yip M., Reward is one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further improvise company performance both financially and non-financially. Edward and Christopher (2006) have mentioned that people do not automatically come to work, continue to work, or work for an organization. (San & Theen, 2012).

The organization would need to make sure that employees' would need to be motivated and stay focused on the Organization goals and vision. Reward management plays a significant role in the employee morale and motivation for the betterment of the overall organization.

“Reward” is not a perfect term to use because it suggests a special payment for a special act, but it is best available for describing the whole range of elements which combine to make work “rewarding” and worthwhile rather than “unrewarding” and thankless. Torrington, Hall & Taylor (2008).

Accordingly, reward can be satisfactory and personal to employees' where all organization employees' are aligned to the reward strategy. The reward strategy should be fair, transparent and competitive.

The reward management processes includes non-financial benefits as well. According to Armstrong (2008), Reward Management is not just about money. It is also concerned with those non-financial rewards which provide intrinsic or extrinsic motivation. Intrinsic motivation (motivation from the work itself) is achieved by satisfying individual needs for achievement, responsibility, variety, challenge, influence in decision making and membership of a supportive team. Extrinsic none financial motivation (motivation through means other than pay incentives) provided directly by the organization is achieved by recognition, skills development and learning and career opportunities.

Organizations must reward employees because, in return, they are looking for certain kinds of behavior that needs competent individuals who agree to work with a high

level of performance and loyalty. Individual employees, in return for their commitment, expect certain extrinsic rewards in the form of promotion, salary, fringe benefits, prerequisites, bonuses or stock options. Individuals also seek intrinsic rewards such as feelings of competence, achievement, responsibility, significance influence, personal growth, and meaningful contribution. Employees will judge the adequacy of their exchange with the organization by assessing both sorts of rewards. (Armstrong, 2008). Hence, the reward management would include both extrinsic and intrinsic reward as mentioned above. The intrinsic reward is the monetary terms which employees' wait every end of the month and the extrinsic reward is the nonfinancial rewards like annual leave, medical benefits and life insurance benefits and alike. (Armstrong, 2008)

Employee rewards system refers to programmes by different organizations to reward performance and motivate employees on individual and/or group level. In designing a reward system, the organization should specify group or organizational goals to be achieved and the specific behaviors or performance that will attract rewards. By so doing the rewards system will help management shape behavior of employees and at the same time achieve organization's goal. According to the Chartered Management Institute (2004), "the notion of rewards system is gradually replacing the traditional idea of a standard pay system, as it incorporates all aspects of employee compensation into the package". According to Fay and Thompson (2001) "Rewards systems have a critical role in determining the organization's ability to attract high potential employees and to retain high performing employees to achieve greater levels of quality and performance".(Thedinmah & Chijioke, 2015).

According to Thedinmah & Chijioke, the reward package is determinant on the type of quality employees' the organization would employ and the retention of its employees'. If the employee has complex responsibility and difficult task the reward package should and must be higher in order for the employee to be committed and perform to the highest potential. If the task is not complex and relatively simple/routine, then the reward package would be not as high paying or above market than the others.

Reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and

regulation. As a result of these pressures, HR managers seek to design reward structures that facilitate the organizations strategic goals and the goals of individual employees. Reward systems are very crucial for an organization (Maund, 2001).

Rewards include systems, programs and practices that influence the actions of people. The purpose of reward systems is to provide a systematic way to deliver positive consequences. Fundamental purpose is to provide positive consequences for contributions to desired performance (Wilson, 2003). The only way employees will fulfil the employers dream is to share in their dream (Kotelnikov,2010). Reward systems are the mechanisms that make this happen. They can include awards and other forms of recognition, promotions, reassignments, non-monetary bonuses like vacations or a simple thank-you.

When employees are performing very well and rewarded, they get work done. Organizations get more of the behaviour they reward, not what the organizations assume they will get automatically get from employees. Thus when employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. By doing this, employees directly connect the reward with behaviour and higher performance they have attained.

Effective reward systems should always focus on the positive reinforcement. Positive reinforcement encourages the desired behaviour in organizations. This encourages employees to take positive actions leading to rewards. Reward programs should be properly designed in the organization so as to reinforce positive behaviour which leads to performance. Torrington, Hall & Taylor (2008).

Thus, rewarding and recognizing employees' for their accomplishment and even in troubled times, makes the employees committed and feel valued. In return these feelings would make employees' work harder and meet the strategic or vision of the organization.

Furthermore, according to the Ridner A. & Wilson B. (2003) some actual facts about the reward management theory is indicated as follows. This is an excerpt from the internet site .“Reward Management is a motivational practice that businesses use to reward employees for their achievements' and success. The company sets goals and

establishes rules for its employees to follow achieve those goals. It makes sure that employees are clearly aware of these goals, rules and the rewards they will get for high performance. All employees follow the same reward system, and the system is organized and just. Using a website to track employee development enables the employee and employer to monitor progress and easily identify when goals are reached and rewards earned. (Ridner A. & Wilson B., 2003)".

Thus, reward management retains employees', attracts new employees', and avoids the cost of hiring and training new employees. The organization builds loyalty and honesty in the transaction of the day to day work life. It also creates a healthy work environment, encourages positive attitudes and behavior for the employees and makes employees more likely to seek advancement in their career for the professional development of the organization and the reward management would advance the company's reputation.

In addition the term reward management is different in various countries. The following clearly illustrates the difference in terminology but not the essence of the reward management philosophy.

According to Ridner A.& Wilson B., pay or reward management is the cornerstone of Human Resources Management. In reality employees' or staff of an organization works for pay or compensation for efforts exerted.

'In the US, the term 'compensation' is used to encompass everything received by an employed individual in return for work.' The term although interchangeable, has the same meaning i.e. to reward employees' for the effort that is exerted or belonging for the organization in the case of recruitment or retention.

'The term 'reward management' covers both the strategy and the practice of pay systems. Traditionally, human resource or personnel sections have been concerned with levels and schemes of payment whereas the process of paying employees - the payroll function - has been the responsibility of finance departments. There is a trend towards integrating the two, driven by new computerized packages offering a range of facilities. It can be forecasted that the reward management future would be computerized and compensation would be merit based.

All in all, the reward management philosophy is the way forward to HRM and it would be safe to assume that all HRM transactions are based solely on reward management which is based on employee job performance.

The aim of the reward management can be deduced as rewarding people according to what the organization values and wants to pay for. This can be either behavior based or performance based, the management can send message with compensation on what is expected from employees. Also rewarding people can be for the value that they create i.e. the value of the work that they provide/do.

The aim of reward management can be also to create and develop a performance culture. The reward of the organization can build a strong sense of psychological contract and create a positive working environment. It can also attract the right talent by recruiting and retention according to the market. (Armstrong, 2009).

The reward management aims can be categorized into individual aim and organizational aim. Murlis and Armstrong argues that specific aims of reward management can be specified at greater depth for three main areas: the organization, its individual employees and, collectively, any trade union or staff association that represents the employees.

Hence, this categorization represents the structure of organization and how the reward management aims to meet the needs of the organization.. Furthermore, according to Murlis and Armstrong, 1988, to fulfil its overall aim of helping the organization to attain its goals, the reward management system should be geared to the value of the contributions of the organization's special needs and it should be capable of being easily modified in response to the change that will inevitably take place in a dynamic enterprise.

Individuals want to feel that they are being treated fairly and would thus like to be paid according to their own valuation of their worth. Their valuation will be based on comparisons with the market rates for similar jobs elsewhere and with the pay received by other staff in the organization.

They will expect their salary to increase in line with their own estimate of improvements in their performance and increases in responsibility. They will also

want their salaries to keep pace with inflation and in general increases.(Armstrong & Murlis, 1988).

2.2 Reward Management Strategies

The following four principles were mentioned in (Armstrong & Murlis, 1988) for Reward Management strategy should be treated as integral parts of the corporate strategies. These strategies are based on four principles

The success of the enterprise is utterly dependent on the quality of its human resources. Planning human resource requirements and ensuring that the plans are achieved are therefore, key managerial activities (Armstrong & Murlis, 1988)

This translates to having the right people at the right position for the organization to meet its goals and objectives. The goals and objectives can only be met by its employees' if a clear vision is set.

A strategy approach to the management of human resources is essential. This means building programmes for acquiring, motivating and retaining these resources into corporate plans. The plans determine the aims and shape of human resource programmes, which will be designed to help achieve the organization's goals. Human resource considerations should in turn exert a major influence on the formulation of corporate strategies. (Armstrong & Murlis, 1988).

In order to recruit and motivate employees' to achieve the objective and mission of the organization it is important to have a well-defined strategy and plan. In order to execute motivating and retaining the talent of the organization the strategy should be crafted otherwise the employee would leave the organization for better opportunities.

Human resource management programmes should be geared to the achievement of excellence. They both reflect and help to shape corporate culture and its values, especially those related to improving performance by the effective motivation, development and management of people. (Armstrong & Murlis, 1988)

The culture of the organization should be crafted well for high performing, quality driven organization so that the organization can achieve this goals and objectives.

Corporate success is best achieved by integrating the needs of the individual with those of the organization. Commitment is attained through involvement. (Armstrong & Murlis, 1988)

The individual need should match with the organization goals and vision in order for the corporate success to flourish and make it more appealing.

(Greene, 2011) argues that Effective and appropriate reward strategies co to attract and retain the personnel they need and to motivate employees to contribute to the organization's success by performing at the required level. The total rewards package represents what the organization provides to employees in return for them rendering their services (commonly called total remuneration globally outside the United States). It includes direct compensation (base pay and variable pay), indirect compensation (employee benefits), career opportunities and work environment. It is also a critical part of the psychological contract between employees and the organization and communicates to employees the value the organization places on the role they play and the contributions they make.

2.3 Alternative Reward Strategies

There are a number of alternative actions that rewards strategists can consider to restructure the total rewards package. Immediate cost reduction is likely to be the favored result during economic downturns. Actions such as reducing base pay levels and freezing plan payouts are candidates for consideration. Freezing base pay levels and reducing incentive plan payouts are more moderate actions. And reducing benefit levels and/or increasing the employee share of benefits costs can help pair costs. However, these alternatives may not be sustainable over the long run, unless the major competitors are doing the same thing, since this strategy would cause the organization's pay levels to fall behind market levels. And waiting until a downturn occurs forces organizations to make decisions based on short term needs, without a plan as to how to recover in the subsequent upturn. (Greene, 2011)

Greene argues that the total reward package should not be reduced during economic downturns may be worthwhile on the short term basis but not in the long term since the organization would fall behind market value and the competitors would take over strong candidates from the organization based on rewards.

2.4 Reward Management Philosophies

Reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate). (Armstrong, 2009)

Reward management should be founded on the interest of the organization and what the organization would like to convey. The philosophy should be transparent, well-articulated and easily understandable for the employees’.

‘Reward strategies and the processes that are required to implement them have to flow from the business strategy.’ (Armstrong, 2016)

According to Armstrong the reward strategies should be linked with the business strategies of the organization. The business strategies should be linked with the reward strategy in order for the business to stay operational. The valued resources of the organization must be communicated of the longer term strategies.

2.5 Economic Theories of Pay

In reward management practice the pay rate is determined by number of theories which correspond with the external and internal environment. According to Armstrong, 2008 the following are summarized regarding the various theories. .

The Law of Supply and Demand Theory: This is a theory which states that everything being equal, if labour is scarce i.e. if the demand is higher than the supply and the price of wages go up, and if there is abundant labour resources i.e. supply than the demand then the prices would go down.

Efficiency Wage Theory: Is a theory that when employees are awarded above average than the market, the employees would work more productively, and with

superior performance. It will also reduce employee turnover and absenteeism among the employees. 'This is also known as the economy of high wages.'

Human Capital Theory: The human capital theory is that all employees when provided education and training are indispensable capital to the organization. The return on investment for the organization when using human capital is very significant.

Agency Theory: The stakeholders and owners of the organization are different than the employees. Thus, the difference creates 'agency cost'. In order to align with the stakeholders and owners interest financial incentives must be provided in order to align with the interest of the owners.

The Effort Bargain Theory: This theory as the name indicates is the effort that the employee exerts as a reasonable effort and what the employer is prepared to pay for it.

The reward system is the process and practices of administering the reward management processes. The reward system is a system designed by the management to meet the financial and non financial reward needs of the employees'. The system is designed so that the reward system is designed to fit both strategically and financially the goals and objectives of the organization.

This can be achieved through communication with the employees' and the management. The Reward strategies is developing systems which enhance the chances that an organization's employees will seek actively to contribute to the achievement of its goals.. (Torrington et al 2008).

The strategy for reward is designed by the top management to take into consideration the longer term vision and compensate according to the market of the competition. The reward strategies will consider the benefits and loss for the company in setting the reward strategies.

The reward policies are designed to align the following according to Armstrong, 2009. The levels of rewards taking into account the "market stance" – how internal rates of pay should compare with market rates, e.g. Aligned to the median or the upper quartile rate. By taking a survey of the rewards of other organizations the internal rates must much the median or upper quartile rate of the market financial survey.

The reward policy should be able to maintain equal pay and the relative importance attached to external competitiveness and internal equity. It should also further achieve equal pay to all employees according to the values that they offer to the organization. The reward policy should be transparent according to Armstrong, the transparency should be able to answer to the questions that the employee or the stakeholders have like performance, competence, contribution or skill. (Armstrong, 2008).

2.6 Total Reward

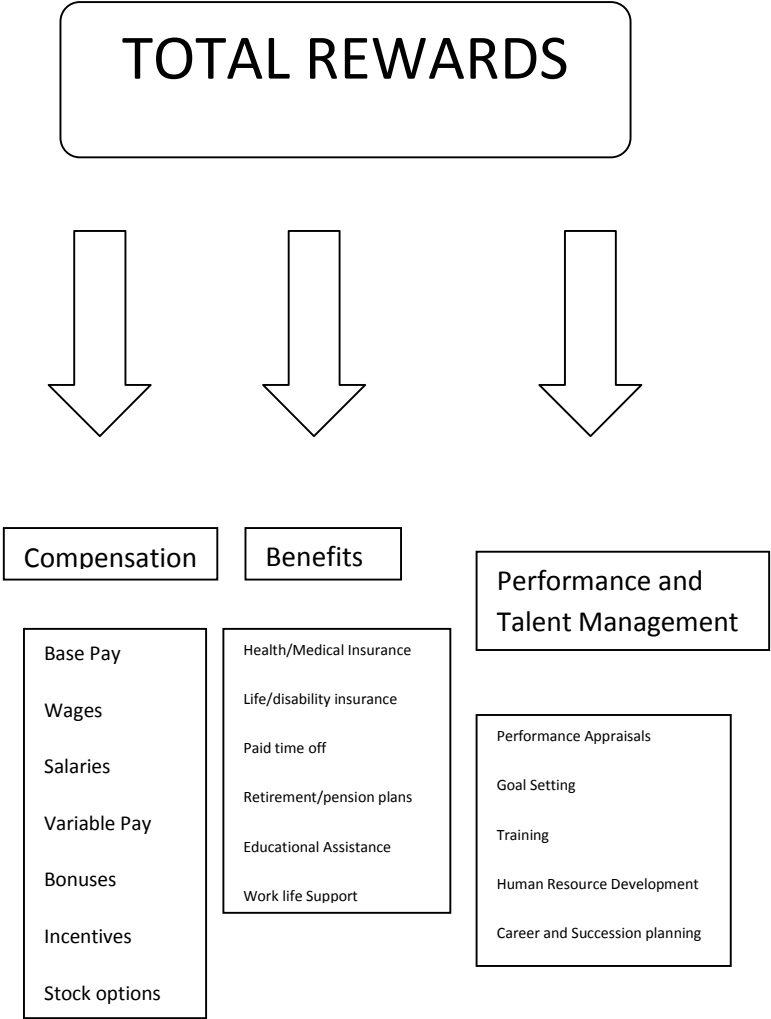
Total Reward is the total package of reward system for the employees'. According to (Mathis & Jackson, 2010) because so many organizational funds are spent on employees, top management and HR executives should match total rewards systems and practices with what the organization is trying to accomplish. The total reward should comply with the country's labour law and provisions. The appropriate laws and regulations regarding rewarding employees should be followed with care.

In total reward the cost effectiveness for the organization i.e. whether its profitable and the stake holders are satisfied should be taken to consideration. The reward system should encompass internal, external and individual equity for employees. The equity of the reward system would in turn develop to performance enhancement for the organization.

Furthermore, performance recognition and talent management for employees should be channeled through the reward system for enhanced recruitment, involvement and retention of employees. According to (Mathis & Jackson, 2010) all employers must balance their costs at a level that rewards employees sufficiently for their knowledge, skills, abilities and performance accomplishments.

According to (Mathis & Jackson, 2010), the development of viable total reward programs containing the critical elements specified in Figure 11-1 requires companies to evaluate policies on a regular basis. After assessing current compensation paradigms using a variety of methodologies, new approaches that better reflect current demands must be developed and put into action. Finally, these new programs should be evaluated over time to determine relative effectiveness, as well as the impact on employee satisfaction. The relationship between organizational culture and pay policy needs to be particularly recognized during these steps because compensation should support and complement a firm's current business values and practices.

Figure 1. Total Rewards Table



Source: Mathis L. Robert & Jackson H. John, 2010, P. 361

2.7 Types of Compensation

According to (Mathis & Jackson, 2010), one of the distinctions not formally a part of Figure 1-1 is that rewards can be either intrinsic or extrinsic. *Intrinsic rewards* may include praise for completing a project or meeting performance objectives. Other psychological and social forms of compensation also reflect intrinsic type of rewards. *Extrinsic rewards* are tangible and take both monetary and nonmonetary forms. One tangible component of a compensation program is *direct compensation*, whereby the employer provides monetary rewards for work done and performance results achieved.

Base pay and *variable pay* are the most common forms of direct compensation. The most common indirect compensation is employee *benefits*.

Base Pay The basic compensation that an employee receives, usually as a wage or a salary, is called base pay. Many organizations use two base pay categories hourly and salaried, which are identified according to the way pay is distributed and the nature of the jobs. Hourly pay is the most common means and is based on time.

According to (Mathis & Jackson, 2010, employees paid hourly receive wages, which are payments calculated based on time worked while salaries are paid every month regardless on the number of hours worked.

Variable Pay, another type of direct pay is variable pay, which is compensation linked directly to individual team, or organizational performance. The most common types of variable pay for most employees are bonuses and incentive programme payments. Executives often receive longer-term rewards such as stock options. There is reason to believe that performance-based policies for rewarding top managers that link equity-based incentives to performance are effective.

Benefits, many organizations provide rewards in an indirect manner. With indirect compensation, employees receive the tangible value of the rewards without receiving actual cash. A benefit is a reward-for instance, health insurance, vacation pay, or a

retirement pension-given to an employee or a group of employees for organizational membership, regardless of performance.

2.8 Compensations Philosophy

The two basic compensation/reward philosophies are categorized as either entitlement philosophy or performance philosophy. According to the (Mathis & Jackson, 2010), at one end of the continuum is the entitlement philosophy and at the other end is performance philosophy. Most compensation systems fall somewhere in between these two extremes.

2.9 Entitlement Philosophy

The entitlement philosophy is based on the yearly work for an individual work entitlement every year. According to (Mathis & Jackson, 2010), the entitlement philosophy assumes that individuals who have worked another year are entitled to pay increases, with little regard for performance differences.

Furthermore, many traditional organizations that give automatic increases to their employees every year are practicing the entitlement philosophy. These automatic increases are often referred to as cost of living adjustment although they are not tied specifically to economic indicators.

Further, most of those employees receive the same or nearly the same percentage increase each year. One of the challenges associated with cost of living increases is that employees are given the same adjustments without any regard for performance, a process that can undermine the purpose of compensation. As such bonuses in many entitlement-oriented organizations are determined in a manner that often fails to reflect operating results. Employees “expect” the bonuses, which become another form of entitlement. (Mathis & Jackson, 2010)

Performance Philosophy – Performance philosophy is awarding employees according to their performance and shaping the performance of the employees.

Organizations operating under this philosophy do not guarantee additional or increased compensation simply for completing another year of organizational service.

According to Mathis & Jackson (2010), the pay structure and incentives reflect performance differences among the employees. . Employees who perform satisfactorily maintain or advance their compensation levels more than marginal performers. The bonuses and incentives are based on individual, group, and/or organizational performance. Few organizations totally follow all performance-oriented compensation practices, but the overall trend is toward greater use of pay-for-performance systems, with more and more companies turning to performance criteria to shape rewards for all employees (Mathis & Jackson, 2010)

2.10 Contingency Pay

The term 'contingent pay' is used in this paper to describe any formal pay scheme that provides for payments on top of the base rate, which are linked to the performance, competency, contribution or skill of people. Contingent pay can apply to individuals (individual contingent pay) or teams, or it can operate on an organization-wide basis. It is either consolidated in the base rate so that pay progresses within a pay range or it is paid as a non-consolidated cash bonus (the latter arrangement is called 'variable pay'). (Armstrong, 2017).

According to Armstrong, contingent pay is concerned with two basic and fundamental questions i.e. what is the organization prepared to pay for and what the organizations is prepared to pay for? The contingent pay can be rewarded by ratings or rewarded by management decision.

2.11 Contingent pay as a motivator

Contingency pay can be a source of motivation to employees if it is based on performance and aligning employees' goals to the organization goals. Incentives and rewards .According to Armstrong, contingent pay as a motivator should be considered for reward management. Distinction should be made between financial

incentives and financial rewards. Financial incentives are designed to provide direct motivation. An example is the commission on sales for sales people which is the form of contingent pay for the sales people.

According to Armstrong, the financial rewards act as indirect motivators because they provide a tangible means of recognizing achievements as long as people expect that what they provide a tangible means of recognizing achievements, as long as people expect that what they produce worthwhile as expectancy theory suggests.

Hence, the effectiveness of contingent pay should be evaluated consciously to have an effective workforce. According to Armstrong, a study by Brown and Armstrong (1999) into the effectiveness of contingent pay as revealed by a number of research projects produced two overall conclusions: 1) contingent pay cannot be endorsed or rejected universally as a principle, and 2) no type of contingent pay is universally successful or unsuccessful. They concluded their analysis of the research findings by stating that 'the research does show that the effectiveness of pay-for-performance schemes is highly context and situation-specific; and it has highlighted the practical problems which many companies have experienced with these schemes'.

Therefore, it is safe to conclude that incorporating contingent pay in the reward management would be an added value to the overall strategic goal of the organization.

2.12 Employee Job Performance

According to Jankingthong K. & Rurkkhum (1991), employee job performance is one of the most important dependent variables and has been studied for a long decade. Borman and Motowidlo (1993) identified two types of employee behavior that are necessary for organizational effectiveness; task performance and contextual performance. Task performance refers to behaviors that are directly involved in producing goods or service, or activities that provide indirect support for the organization's core technical processes (Borman and Motowidlo, 1997; Werner, 2000). These behaviors directly relate to the formal organization reward system. On the other hand, contextual performance is defined as individual efforts that are not

directly related to their main task functions. However, these behaviors are important because they shape the organizational, social, and psychological contexts serving as the critical catalyst for task activities and processes (Werner, 2000).

Therefore, this study will investigate secondary data in order to construct a conceptual framework for implementation of structural equation model that affects to employees' performance. (Jankingthong K. & Rurkkhum)

According to Herzberg (1959) the opposite of satisfaction has to be 'no satisfaction.' There are a total of top six factors that lead to dissatisfaction. These are 1) the company policy, 2) the supervision received by the employee from his/her boss, 3) the relationship established between the employee and the boss, 4) the working conditions involved, 5) the salaries of the employee, and 6) the relationship that the individual established with his./her colleagues.

On the other hand, the top six factors that lead to satisfaction include 1) the employee's achievement, 2) recognition, 3) the work itself, 4) the responsibility undertaken, 5) advancement and 6) growth. It has been suggested that in order for companies to be successful, especially when it comes to the performance produced by their workforce, there is a need for the management to consider the factors mentioned above. According to Goodwin & Gremler (1996) the Hotel industry is in need of employees that are both satisfied and motivated, for without them, customer satisfaction levels would also be affected. This idea is also supported by Adelman et al. (1994) who maintains that interpersonal relationships established between Hotel personnel and the customers are a big driving force behind ensuring that a customer is satisfied or dissatisfied.

According to Adams (1965) when it comes to research studies regarding reward allocation, there are three common allocation rules. These include 1) equity, 2) equality and 3) need (Deutsch, 1975). Chen (1995) also considers that seniority has to be a fourth allocation and this factor should serve as a principle of importance. Kanfer (1990) states that employees are constantly involved in a social exchange process wherein they contribute efforts in exchange for rewards. They also compare the effort or contribution that they put in towards accomplishing a certain task and acquiring rewards in exchange for the former. According to Babakus et al. (2003) the

perceptions that employees have with regards to their reward climate influences their attitudes towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees. Gouldner (1960) mentions the norm of reciprocity, which focuses on the ability of organization to accommodate the needs of their employees, and reward them for their efforts. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work, in addition to increasing their 'socio emotional bonds' with their company and their colleagues. Siegrist (1996) has established a theoretical model dubbed the Effort-Reward Imbalance (ERI) Model places high importance towards the provision of rewards instead of controlling the work systems and its structures within an organization.

The main concept of the model is that the amount of work that an employee puts towards work is a part of the 'socially organized exchange process' to which society feels obliged to repay. Such repayment comes in the form of 'occupational rewards. Probst & Brubaker (2001) concluded that the difference between job satisfaction and dissatisfaction lies in the amount and the type of rewards provided or given to the employees and the amount and type of rewards that the employee expects he/she deserves.

According to Khan et al, 2013, supports by previous researchers Magione & Quinn (1975) who consider both job satisfaction and dissatisfaction to be the result of the perceptions of an employee with regards to personal expectations about what and how much they deserve for contributing towards the organization that they work for. According to a study conducted by Ahmad et al. (2010) employees are highly likely to feel 'rewarded' and 'motivated' when they know that they are able to get fair pay with regards to the amount of work that they do.

In the study, the researchers stated that employees are particularly concerned about discrimination with regards to fair pay, and this may hamper their motivation levels to do their job well. According to Nelson & Spitzer (2002) one of the best ways for managers to determine the top hygiene and motivating factors that boost work performance among employees, would be through a trial and error method. In other

words, if a factor implemented does not work, then the manager can simply look for another method instead.

According to Shore & Shore (1995) employees who are able to experience and receive recognition for their work are also able to have a better perception of their work, their workplace and the people they work for. This idea is further reiterated by Buchanan (1974) who adds that the recognition of contributions towards the organization has a positive relationship towards increasing the commitment of the employee towards the organization and its objectives.

Skinner (1969) makes a point that offering rewards in exchange for hard work, especially in service industries such as banks and other establishments is very important when it comes to influencing the perceptions of employees.

According to Kessler & Purcell (1992) financial rewards provided to employees individually have a tendency to improve culture that focuses on boosting the quality of performance. On the other hand, according to Chiang & Birtch (2009) rewards that are non-financial in nature such as the provision of an increase in holidays, and increases in family benefits, contribute towards the employee perceiving his/her workplace as a 'supporting and caring' organization.

Johnson et al. (1986) contends that by providing employees with as much rewards as possible (in proportion to their work efforts), employees are able to function more efficiently. This idea is further supported by Eccles (1991) who stresses that when employees are able to see that their company really values and rewards certain service behaviors, then the employees would also want to embrace or welcome such values, and they would be able to exhibit desirable behaviors based on such perceptions and the promise of rewards. A study conducted by Hinkin & Schriesheim (2004) concluded that there exists a positive relationship between the rewards provided by the management of a company, and the job satisfaction felt by the workers, and the effectiveness of the work produced.

It has been suggested by Bartol & Srivastava (2002) that rewards are utilized by managers to show employees that their behaviors are being observed by the organization that they work for, and if favorable, such behaviors shall be valued.

Eisenberger et al. (1998) stresses that the rewards provided to employees (with cause), allows companies to 'direct, sustain and motivate desirable 'values and behaviors.' Examples include: knowledge sharing, increase in employee creativity, increase in quality performance, and increases in customer satisfaction levels.

Thus, according to Chiang & Birtch (2010) managers need to understand the kind of role that the provision of rewards to employees' service quality orientation, which in turn, is crucial towards fostering service excellence.

According to (San and Theen, 2012) Researchers have been exploring the relationship between reward and performance (Sarin and Mahajan 2001; Lee and Wong, 2006; Paul, 1981). They are questioning whether the reward strategy applied has positive or negative effects on an organizational performance either financially or non-financially. Performance measurement is one of the strategic management components which evaluate the results of resources utilization, as well as improvement in the organization performance. Non-financial measures on key business process such as product quality (Lakhal and Pasin, 2008), customer relationship management (Roger, 1996) and employee-oriented measures (Christina and Gursoy, 2009) are indirect leading factors of financial performance. (San & Theen, 2012)

The article by Jiang Z. (2009), clearly states that there is a relationship between the financial reward and performance for a given Organization. The relationship is linked to the organization performance and non-financial Incentive performance alike.

Jiang Z. (2009), also states that Total reward as an integral element of reward management is the combination of financial and non-financial rewards given to employees in exchange for their efforts. Worldat Work (2006) defines total reward all of the tools available to the employer that is used to attract, motivate and retain employees and includes everything the employee perceive to be of value resulting from the employment relationship.

Thompson (2002) also defines total reward to typically encompass not only traditional, quantifiable elements like pay and benefits, but also more intangible elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. As expressed by Lawler (2003),

the greatest amount of motivation is present when employees perform tasks that are both intrinsically and extrinsically rewarding. Total reward strategies are vertically integrated with business strategies, but they are also horizontally integrated with other HR strategies to achieve internal consistency.

This view has been shared by Kaplan (2007), who said that total reward is a holistic approach aligning with business strategy and people strategy. This reward strategy brings about maximum return and builds up employment brand, all of which create sustainable competitive advantage for organizations

Jiang Z. (2009), empirical evidence that both extrinsic and intrinsic rewards are the basis for performance and the bundling of the performance would benefit both the organization and its employees'. Armstrong (2006) further mentioned that reward practice will enhance motivation, commitment, increase job engagement and develop discretionary behavior.

He further define motivation process as course of action that encourage the employees to establish goal, take action, and attain goal – a valued reward that satisfies their particular needs. The goal, in organization aspect, can be defined as desirable performance both financially and non-financially such as increase in profit and increase in product quality.

From Jiang Z. (2012), Hutcheson (2007) also stated that organizations that practices total reward strategy are able to establish a distinctive set of rewards to support the institution's employment brand and enables the institution to attract and retain qualified workforce.

According to him, it provides a roadmap for the HR function to review and enrich the total rewards offerings and also provides a clear and consistent communication device to remind employees of the full array of rewards. Jiang Z. (2013)

Thus, the need to measure job performance against set goals is an important milestone in any performance management, so that actual targets can be met. The set goals would be as a guiding post for the employee to achieve during the working year. Effective Reward Management should develop good job performance for the employee due to extrinsic and intrinsic rewards. This reward should be measured by job performance as indicators for the targets or goals are achieved.

2.13 Empirical Review

The empirical review is conducted on the title 'Effects of Reward Management on Employee Performance in Hotels in North Coast, Kenya', authored by Ndede Heys Okoth. The research study evaluated 27 beach resorts in Kenya in Northern coastal sea side.

The study used descriptive cross sectional method to evaluate the 27 coastal Hotels and used standard questionnaires for the investigation of the effects of reward management and employee job performance.

The questionnaire revolved around the reward policy, strategic reward, equal pay, grade structure, contingent pay, market rate reward system and employee job performance.

The findings of the research were that effective reward management and employee job performance have high correlation. This means effective reward management would inevitably produce higher employee job performance.

The conclusion and recommendation of the study is that the effect of reward management is a determining factor on employee job performance. The recommendation is that since there are no structured reward management policies for the overall coastal hotels, due to the fact that it has to be individually tailored to meet the needs and reflect the management strategic policy. The best practices should be adopted and documented for future reference.

The second empirical study is on "Effect of Rewards on Employee Performance in Organizations: A Study of Commercial Banks in Awaka Metropolis", authored by Ihedinmah N. and Chijioke N.

The study evaluated the relationship between intrinsic and extrinsic rewards on employee performance. A questionnaire designed in likert scale format was administered to employees of commercial banks in Awka Metropolis, Employees of the banks which included senior and middle management staff of the eight banks were surveyed.

The findings were that there is a difference between the effect of intrinsic and extrinsic rewards on employee performance. The significant difference arises from

the fact that intrinsic rewards increase performance of employees and can sustain it over time. While extrinsic rewards like premium salaries office space, etc. can attract employees to an organization but cannot keep them for a long time leading to high employee turnover.

The conclusion and recommendation of the findings is the success of most service organizations depends on the performance and output of the human elements of the system. The study recommended that both extrinsic and intrinsic motivational factors are capable of influencing one aspect of employee behavior or the other. The Management should employ the two in order to get the best results. Secondly, the management should employ feedback mechanisms to inform them on the performance of the various rewards management system. This becomes necessary in order to effectively adjust motivational factors not suited/or desired by employee.

The third empirical review of this study is with the title “Effect of Reward on Employee Performance: A Case of Kenya Power and Lighting Company Ltd., Nakuru, Kenya”, which was authored by Njanjai N. et al.

In the study, correlation research design was used; a case study of KPLC. This design includes analyzing the relationship between extrinsic reward and employee job performance. The researcher sought to establish whether cash bonuses applied at KPLC have any effect on employee performance.

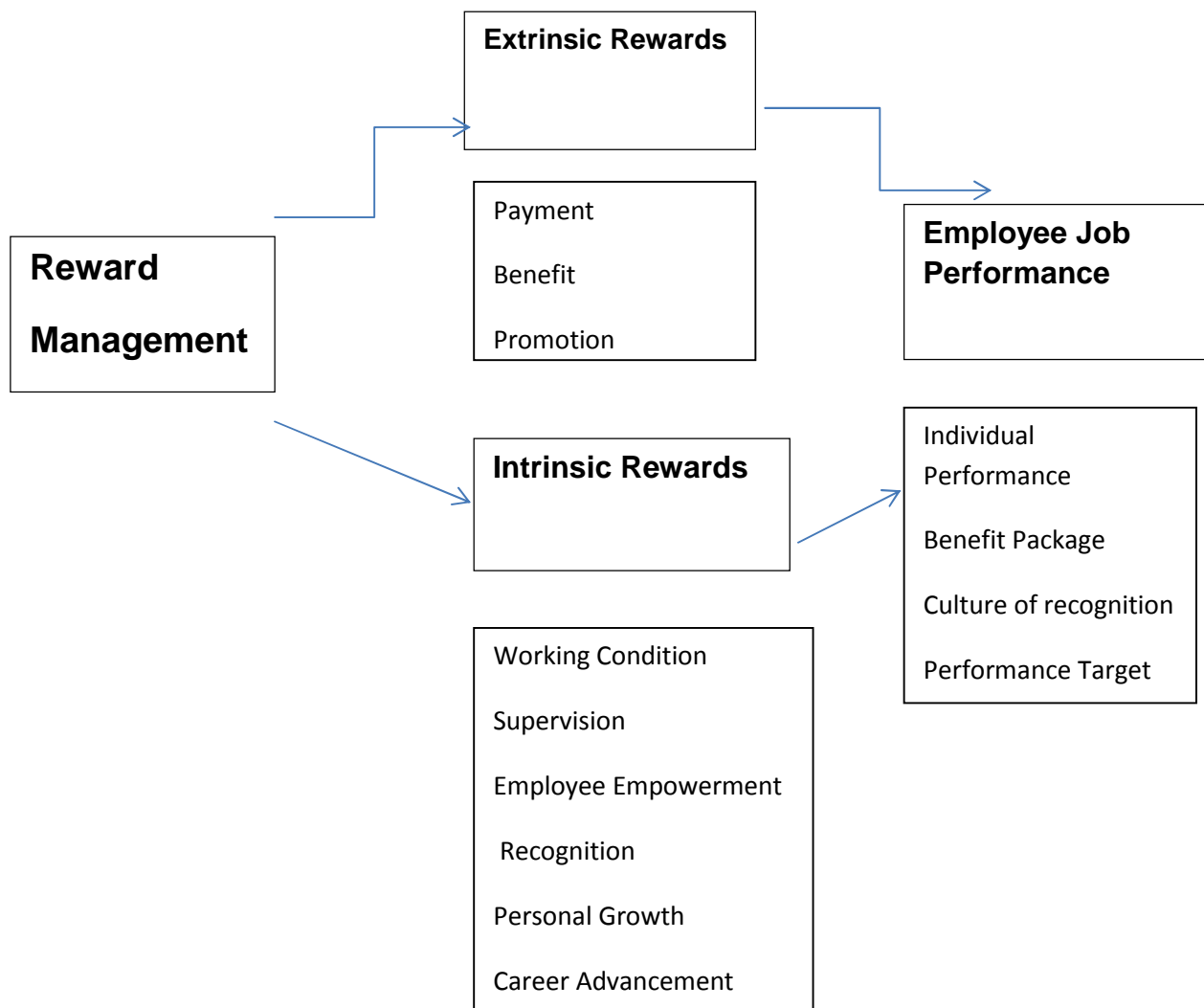
The findings show that majority of employees have a perception that cash bonuses motivate performance. Cash bonuses were perceived to have a great influence in motivating employees to achieve their targets as well as in motivating them to be more productive in their work; however, it only has significant influence when it comes to motivating employee attendance.

The conclusions of the findings are that cash bonuses had no significant effect on employee job performance. Those who had received and those who had not received perceived it to affect their performance the same; hence it did not have a significant effect on performance. The recommendations of the findings are rewards have been known to have a positive effect on employee job performance. However, no reward system is perfect, this is because motivation is personal and what motivates one employee could be different from what motivates the next. Therefore, the organization should get to know their employees well so that they can employ the right motivational strategy.

2.14 Conceptual Framework

From the theoretical and empirical literature it is mentioned that Reward Management is composed of Extrinsic Reward and Intrinsic Reward. It can be concluded that Extrinsic and Intrinsic rewards are independent variables whereas employee job performance is the dependent variable.

Fig. 2 Conceptual Framework of the study



Source: (Ndede H. Okoth, Effects of Reward Management on Employee Performance in Hotels in North Coast, Kenya, 2014).

CHAPTER THREE

3.1 Research Approach and Research Methodology

This research study is using explanatory descriptive research design which researcher typically collect data at one time and as their focus is not based in the future or past performance of participants. Thus, when analyzing the findings of explanatory correlational research, researchers analyze participants as a single group rather than creating sub categories of participants. Finally, in this type of study researchers collect two scores from each participant as each score represents each variable being studied. (Creswell, 2008).

Thus, the research design and approach used in this study is explanatory approach.

3.2 Data Type, Source and Instruments of Data Collection

The major target source of data is primary data collection from the managing director and the Hotel employees'. The managing director and the upper management would provide an expert interview of the effect of reward management and provide an insight to the management policy on extrinsic and intrinsic rewards. Furthermore, the questionnaires would be circulated to the Hotel employees' teams.

The questionnaires would be provided to the management and staff so that the quantitative section would inquire about the motivation rate or ceiling of the financial rewards for better understanding of the pay scale of Jupiter international Hotel.

Furthermore, an interview session/expert interview is held with the managing director to understand the environment of the Hospitality Industry in the case of Jupiter International Hotels.

3.3 Instrument Design/Measurement

The instrument design used for this study is descriptive study design which will evaluate the characteristics of the Jupiter International Hotel employees' on the effect

of employee reward management on job performance through expert interview and questionnaires.

The reward management will be measured through benchmarking of other Hotels in the organization and whether the reward management is above market price, market lead or average. The job performance would be measured by annual assessment individual employees' whether the individual employees' have met the set goals or targets.

The population size is 276 employees and the sample design would be taken by using stratified sampling technique. The basis of stratified sampling technique is hierarchy of the organizational structure. The different strata levels are as follows from the source list.

Table 2. Classification of the sample

Level	Male	Female	Total
Senior Management	1	1	2
Upper Management	1	3	4
Middle Management	18	7	25
Supervisors	23	13	36
Teams	114	95	209
Total			

Source: (HRM Documents, 2017)

3.4 Sample Size

'The sample size is conducted using proportional allocation under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. ' (Kothari, 2009). Hence, using the proportional allocation method the following should be concluded i.e. if P_i represents the proportion of population included in stratum I.

and n represents the total sample size, the number of elements selected from startum i is n_i . As mentioned above the population size was 276 and the sample as $n = 126$ from the different five stratum.

Table 3. Classification of the strata

Level	Male	Female	Total	Stratified Sampling
Senior Management	1	1	2	Strata – N1
Upper Management	1	3	4	Strata – N2
Middle Management	18	7	25	Strata – N3
Supervisors	23	13	36	Strata – N4
Teams	114	95	209	Strata – N5
Total			276	

Source: (HRM Documents, Jupiter International Hotel)

Given: $P = 276$, stratum are as follows $N_1 = 2$, $N_2 = 4$, $N_3 = 25$, $N_4 = 36$, $N_5 = 209$ and the sample size we would like to collect from all stratum is $n = 126$.

Therefore, the following would be used

- $n_1 = n \cdot N_1/P$ i.e. $n_1 = 126 \cdot 2/276$

$$n_1 = 0.90 \text{ approximately 1 sample}$$

- $n_2 = n \cdot N_2/P$ i.e. $n_2 = 126 \cdot 4/276$

$$n_2 = 1.81 \text{ approximately 2 samples}$$

- $n_3 = n \cdot N_3/P$ i.e. $n_3 = 126 \cdot 25/276$

n 3 = 11.32 approximately 11 samples

4. $n_4 = n \cdot N_4/P$ i.e. $n_4 = 125 * 38/276$

n 4 = 17.2 approximately 17 samples

5. $n_5 = n \cdot N_5/P$ i.e. $n_5 = 125 * 209/276$

n 5 = 94.6 approximately 95 samples

3.5 Reliability Test

Table 4.2 showed the value of Cronbach's alpha is .955 for overall reliability coefficient for 81 item in the question, while the acceptable standard is above 0.7. The minimum value of the Cronbach's alpha value is 0.714 and the maximum value is 0.882. The values are well above 0.7. This implies that the questions are consistent, reliable and the questionnaire can be repeated by another researcher and the researcher would reach the same conclusion.

Table 4. Reliability Statistics

Dimensions	Reliability Statistics	
	Cronbach's Alpha	N of Items
Reward management	.848	22
Payment	.882	6
Benefits	.753	5
Promotion	.828	5
Work condition	.828	7
Supervision	.935	7
Empowerment	.834	4
Recognition	.872	4
Personal growth	.875	4
Performance of employees	.714	11
Perception of employees	.907	6
Over all	.955	81

Source: Generated from SPSS Software.

3.6 Data Analysis and Presentation

The first objective would be evaluated using descriptive analysis method, due to the fact that according to (Kothari,2009) 'Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group.' This analysis method would assist in evaluating the perception of reward of Jupiter International Hotel i.e. Assess the perception of employees on reward management practices of Jupiter International Hotel.

The second and third objective would be evaluated using the co relational analysis method which is explanatory design which is conducted when researchers want to explore "the extents to which two or more variables co-vary, that is, where changes in one variable are reflected in changes in the other". (Creswell, 2008, p.358). Thus, the second and third objective i.e. determine the relationship between extrinsic reward and employee job performance and determine the relationship between intrinsic reward and employee job performance would be evaluated using this research method respectively.

The regressional analysis would be used for the fourth objective i.e. to investigate the effect of reward on employee job performance, Regression analysis is the determination of a statistical relationship between two or more variables. In simple regression, we have only two variables, one variable (defined as independent) is the cause of the behavior of another one (defined as dependent variable).

Regression can only interpret what exists physically i.e., there must be a physical way in which independent variable X can affect dependent variable Y. The X and Y variable would be respectively, extrinsic reward and intrinsic reward practices.

CHAPTER FOUR

4.1 Results and Discussions

This section deals with the results and discussions of data analysis results and its findings. The questionnaire is designed and developed in Amharic and English for better understanding of the respondents. The questionnaire is developed using the Reward Management variables and employee performance. The questionnaire is distributed to 126 respondents and the response is 115 respondents. The number of male respondents is 53.9% and the number of female respondents is 43.5%. The missing gender questionnaire is 2.6%.

This section is organized and assembled in the following sections.

4.2 Demographic characteristics of respondents

4.3 Descriptive Statistics

4.4 Correlation Analysis

4.5 Regression Analysis

4.2 Demographic characteristics of Respondents

Table 4.1 shows the highest range of age is between 30-39 years old with 40.9% percentile. The lowest age range is between 50-59 years old with 2.7 percentile. The age group is relatively young and able to contribute in the long term. The highest level of education is 38.9 percentile in Diploma while the least percentile is 9% in Master's Degree.

The range in number of years on the job/experience is 36.5 percent from 1-3 years of job experience, while the least percentile experience is less than one year at 13%. The position of the respondents is 70% at non managerial level. The highest range of salary is between 3,500 to 5,000 at a percentile rate of 49.6% and the least percentile rate is 1.7% between 8001 to 10,000 birr.

Table 5. Demographic Table

		Frequency	Percent	Cumulative Percent
Sex of respondent	Male	62	53.9	55.4
	Female	50	43.5	100.0
	Missing	3	2.6	
		115	100.0	
Age	18-29	54	47.0	47.8
	30-39	47	40.9	89.4
	40-49	10	8.7	98.2
	50-59	2	1.7	100.0
	Missing	2	1.7	
Total	115	100.0		
Level of Education	Below 12th Grade	15	13.0	13.3
	High school graduate/Technical School	25	21.7	35.4
	Diploma	40	34.8	70.8
	Degree	32	27.8	99.1
	Masters Degree	1	.9	100.0
	Total	113	98.3	
	Missing	2	1.7	
Total	115	100.0		
Number of years on the job	Less than one year	15	13.0	13.4
	1-3 years	42	36.5	50.9
	4-7 years	30	26.1	77.7
	8-10 years	25	21.7	100.0
	Missing	3	2.6	
Total	115	100.0		
Position in the company	Managerial	23	20.0	22.1
	Non-Managerial	81	70.4	100.0
	Missing	11	9.6	
Total	115	100.0		
Range of salary in the organization	< 3500	32	27.8	27.8
	3500-5001	57	49.6	77.4
	5001-8000	15	13.0	90.4
	8001-10001	2	1.7	92.1
	above 10001	9	7.8	100.0
Total	115	100.0		

Source: Generated from SPSS software

From the demographic data it can be concluded that the male respondents are high in number and the working age group is in the middle of thirties with educational qualification of diploma to be the highest of education. Lastly, the non-managerial positions are high in

number from the respondents with 1-3 years of experience on the job and the highest level of salary being 3,500 to 5,000.

4.3 Descriptive Statistics

Table 6. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Rank
Pay	115	1.00	5.00	3.3383	.96387	8
Benefit	115	1.00	5.00	3.6817	.76601	7
Promotion	115	1.60	5.00	3.9287	.80227	5
Work	115	1.30	5.00	4.0417	.71217	3
Supervision	115	1.00	5.00	4.1600	.77276	1
Empowerment	115	1.00	5.00	4.0496	.76323	4
Recognition	115	1.00	5.00	3.8183	.93157	6
Growth	115	1.00	5.00	4.0861	.79977	2
Valid N (listwise)	115					

Source: Generated from SPSS software

The variables of extrinsic rewards and intrinsic rewards have been collectively analyzed by the descriptive statistics. Table 6 shows the descriptive statistics values exhibits the mean value and standard deviation of the extrinsic rewards and the intrinsic rewards variables. It indicates that the highest mean value is for Performance which is 4.2391 this is the assumption that for more employee job performance the reward would be higher, while the least mean value is pay with the value of 3.3383 mean where the maximum value is five.

The extrinsic rewards variables mean value is relatively low with the pay variable coming at the rank of 8th that is the pay variable for the employees' is not as important as the intrinsic reward for working environment/supervision and the relationship with the supervisor or manager. It can be concluded that the intrinsic value has more meaning to the employees rather than the extrinsic rewards.

4.4. Correlation Analysis

Table.7 Pearson Correlation Coefficient between extrinsic reward and employee job performance

Table 7 Correlations table

		Performance
Pay	Pearson Correlation	.443**
	Sig. (2-tailed)	.000
	N	115
Benefit	Pearson Correlation	.552**
	Sig. (2-tailed)	.000
	N	115
Promotion	Pearson Correlation	.518**
	Sig. (2-tailed)	.000
	N	115

Source: Generated from SPSS software

The Pearson's correlation coefficient states that correlation is significant 0.001 level, the correlation coefficient of Pay, Benefit and Promotion is strongly significantly and positively correlated with employee Job performance. The value of the correlation are as follows 0.443 for pay (which is lower than the other extrinsic rewards), 0.552 for benefit and last Promotion is .518.

Pay is relatively less significant and positively related with employee job performance. This implies the higher the pay the higher the employee performance will be.

Benefit is moderately significant and positively related with employee job performance. The benefit correlation value is the highest from the extrinsic rewards in this research and it can be argued that the benefits are high motivators for employee job performance.

Promotion is strongly significant and positively related with employee job performance. The middle value of correlation in Table 4.8. Promotion is the median value of the correlation in relation to pay and benefit. It can be argued that the promotion is an average or semi-motivator for the employee job performance.

It can be argued that the pay is not a sole motivator for extrinsic reward but more of the benefit and the promotion of the Job. Unfortunately, pay has the least correlation coefficient in the extrinsic variables.

Table 8 Pearson’s Correlation between Intrinsic Rewards and employee job performance

		Performance
Work Environment	Pearson Correlation	.616**
	Sig. (2-tailed)	.000
	N	115
Supervision	Pearson Correlation	.586**
	Sig. (2-tailed)	.000
	N	115
Empowerment	Pearson Correlation	.625**
	Sig. (2-tailed)	.000
	N	115
Recognition	Pearson Correlation	.484**
	Sig. (2-tailed)	.000
	N	115
Growth	Pearson Correlation	.635**
	Sig. (2-tailed)	.000
	N	115

Source: Generated from SPSS software

The Pearson’s Correlation coefficient indicates that the non-financial rewards are strongly significant and positively correlated with the employee job performance. The Intrinsic Reward that has the highest value is empowerment and the minimum value is for recognition.

The Employee Empowerment variable of intrinsic variable is highest in the correlation of value .625 in this research. This means when employees’ are highly empowered and then they will satisfy with their performance on the job. On the other hand the intrinsic variable is low on recognition. The recognition correlation is significant but not high related to as empowerment. Therefore, it can be understood that the recognition from the management is appreciated but could not be considered as necessity by the employees.

From the above two tables it can be concluded that the intrinsic rewards is strongly significant and more related to employee performance than the extrinsic rewards. The

intrinsic reward value indicates that employees are more willing to have a high job performance due to intrinsic rewards as opposed to extrinsic rewards.

4.5 Multiple Regressions

According to Coakes and Steed (2007), multiple regressions is an extension of bivariate correlation. They state that the result of regression is an equation that represents the best prediction of a dependent variable from several independent variables. Regression analysis is used when independent variables with the dependent variable.

4.5.1. Extrinsic and Intrinsic Regression Analysis

The first regression analysis table will test the relationship between the extrinsic reward and if the employee job performance are significantly and positively related. The independent variable in this case is extrinsic reward and the dependent variable is employee job performance.

Individual Extrinsic variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.700 ^a	.490	.451	.66282

a. Predictors: (Constant), Pay, Promotion, Benefit)

Table 9 Regression analysis table 1

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.431	.375		3.817	.000
Pay	.018	.106	.019	.165	.869
Benefit	.422	.141	.361	2.985	.003
Promotion	.304	.115	.273	2.641	.009

a. Dependent Variable: Performance

b. R square = 0.491 F ratio= 19.861 sig = 0

Source: Generated from SPSS software

The R-square is 49.10% variance in the employee performance is explained by those three Extrinsic Rewards variables namely pay, benefit and promotion. As it is shown on the above table benefit and promotion packages of Jupiter International Hotel = are the two significant predictors for employee performance. Benefit (Beta equals to .361, t value = 2.98 and P-value = 0, which is less than 0.05(alpha)).

As illustrated in the above table a unit increment in benefit causes 0.422 times higher performance in the employee will be shown.

Promotion

Pay as extrinsic variable could not contribute significantly to increment or decrement in the employee performance.(beta 0.019, t value 0,165 and sig .869)

The below table shows the intrinsic reward and the employee job performance relationship. The table below represents the intrinsic reward regression with employee job performance.

Individual intrinsic variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.685 ^a	.469	.445	.66661

a. Predictors: (Constant), Growth, work, Recognition, Supervision, Empowerment

Table. 10 Regression analysis table 2

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	.657	.377		1.741	.084
	Work Environment	.278	.162	.221	1.719	.088
	Supervision	.029	.156	.025	.186	.852
	Empowerment	.227	.164	.194	1.384	.169
	Recognition	-.004	.101	-.004	-.042	.966
	Growth	.351	.142	.313	2.464	.015
a. Dependent Variable: Performance						
R square = 0.469, F ratio= 21,927 sig = 0						

Source: Generated from SPSS software

The table 10 aims to identify among the predictor variables of extrinsic reward management issues the most and the least predictor. With this respect it is shown on the above table growth/career development is significant predictor to employee performance.(Beta 0.351, tvalue 2.464 and sig. 0.15). Whereas supervision, empowerment, and recognition are not significant predictors to predict in the variances of employee performance.

Work environment as a factor can predict the employee performance in the research arena when alpha if it is 0.1 or 10%, (Beta 0.221, sig. 0.088, t value 1.719)

Hence, it can be concluded that the Intrinsic Reward variables are partially significant to determine the employee performance in Jupiter International Hotel..

The table below shows both the intrinsic and extrinsic reward variables prediction with employee rewards. A single intrinsic variable is created on SPSS by calculating all six variables and also for extrinsic reward variable is obtained by mean score of all three extrinsic variables. This helps us to conclude the overall intrinsic and extrinsic variables effect on the employee performance. Furthermore, this gives us a fertile ground to compare the impact of intrinsic and extrinsic variable on the determination of employee performance.

Over all intrinsic and extrinsic variables

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679 ^a	.461	.452	.66247

a. Predictors: (Constant), Intrinsic, Extrinsic

Table .11 Regression analysis table 3

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.644	.372		1.729	.087
	Extrinsic	.251	.115	.208	2.170	.032
	Intrinsic	.666	.123	.519	5.428	.000
a. Dependent Variable: Performance						
R square = 0.461 ; F ratio=47.965 sig = 0						

Source: Generated from SPSS software

The table 11 above shows that both the intrinsic and extrinsic rewards are significant and positive determinant for employee job performance. The following are the values of (Beta..208, T value 2.170 and sig. .032) for extrinsic, and intrinsic reward (Beta .519, T value 2.170 and sig. 0.032). The R-square value is 46.10% shows that all intrinsic and extrinsic variables explain the variances seen in employee performance. This implies that the majority of variation (46.10%) in the employee performance is attributed to those dimensions discussed in intrinsic and extrinsic variables.

To compare the contributions of intrinsic and extrinsic variables are assessed by standardized coefficient beta. In this regard intrinsic variables contribute much more higher proportion than the extrinsic variables/ (Standardized Beta of extrinsic =0.208; Standardized Beta of intrinsic= 0.519). As it is shown in the data the intrinsic variables have more impact to employee performance in Jupiter International Hotel.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION

The number of Hotels in the hospitality industry in Ethiopia is rising every day. This research looked at the study of “The Effect of Reward Management on Employee Job Performance in the case of Jupiter International Hotels” in order to sustain the competitive edge of the Jupiter International Hotels. The methodology used is explanatory descriptive research design. Furthermore, the data collection was made based on the interview made with the Managing Director and the Hotel employees’ of Jupiter International Hotels. The population size is 276 employees and the sample design was taken by using stratified sampling technique and using proper allocation method.

The major findings from descriptive statistics values indicate that the highest mean value is for Performance which is 4.2391. This was with the assumption that for more employee job performance the reward would be higher, while the least mean value is for Pay with the value of 3.3383 mean where the maximum value is 5.0.

The major findings in Pearson’s correlation coefficient states that correlation is significant at 0.001 level, and thus the correlation coefficient of Pay, Benefit and Promotion is significantly and positively correlated with employee Job performance. The study outcome shows that the value of the correlation are 0.443 for pay (which is lower than the other extrinsic rewards), 0.552 for benefit and last Promotion is 0.518.

Secondly, the findings of the multiple regression analysis of extrinsic variables reveals that the R-square is 46.9% variance in the employee performance. This is explained by those three Extrinsic Rewards variables namely pay, benefit and promotion. The benefit and promotion packages of Jupiter International Hotels are the two significant predictors for employee performance. Benefit (Beta equals to .361, t value = 2.98 and P-value = 0, which is less than 0.05(alpha)). As illustrated in the above, a unit increment in benefit causes 0.422 times higher performance in the employee is exhibited.

Lastly, the regression analysis of intrinsic reward variables show that in growth/career development is significant predictor to employee performance.(Beta 0.351, tvalue 2.464 and sig. 0.15). Whereas supervision, empowerment, and recognition are not significant predictors to predict in the variances of employee performance.

The findings show that the R-square value is 46.1% which means that all intrinsic and extrinsic variables explain the variances seen in employee performance. This implies that the majority of variation (46.1%) in the employee performance is attributed to those dimensions discussed in intrinsic and extrinsic variables.

To compare, the contributions of intrinsic and extrinsic variables are assessed by standardized coefficient beta. In this regard intrinsic variables contribute much more higher proportion than the extrinsic variables/ (Standardized Beta of extrinsic =0.208; Standardized Beta of intrinsic= 0.519). As it is shown in the above data, the intrinsic variables have more impact to employee performance in Jupiter International Hotels.

In conclusion, the employees' of Jupiter International Hotel are more motivated by intrinsic rewards such as growth as opposed to extrinsic reward. This means the employees are more motivated for nonfinancial incentives as opposed to financial incentives.

5.2 RECOMMENDATIONS

The findings exhibit that the intrinsic reward is more attractive and manageable for the hotel employees considering the level of education, years of experience and job value and complexity. It can be argued that employees are more appealed by the non-financial reward than the financial rewards. Thus, the Hotel should continue to deliver and provide attractive non-financial incentives for the Hotel employees' in order to create value and belongingness.

Furthermore, Jupiter International Hotel should increase motivation and commitment by encouraging extrinsic rewards so that employees' are retained and do not leave to greener pastures and make the Hotel unappreciated due to poor customer service, mismanagement of property and not attending customers at their time of need.

Hence, this research recommends to Jupiter International Hotel management that for effective reward management, it should encompass educational level with years of experience, due to the fact that some employees are only experienced based with job performance. Merit based effective reward management practice on employee job performance could be attained through qualification, training and experience.

The recommendation is that as the work force is relatively young, and there is high turnover in the Hotel industry, this challenge can be tackled by training and working on the intrinsic rewards which have shown a relatively strong relationship with the employee job performance. It is highly recommended that the reward pay should be revised at certain intervals in order for the employees to remain in Jupiter International Hotel and have a successful career in the Hotel industry since the reward pay relationship with employee job performance is not very strong.

5.3 DIRECTION OF FUTURE RESEARCH

The direction of the future research should encompass more extrinsic and intrinsic variables to have a better understanding and analysis of the different variables and correlations with employee job performance. This study has only used three variables for extrinsic and six variables for intrinsic and if more variables can be used and analyzed, the management can have sound decisions for the future in relation to the effect of reward management and employee job performance in other Hotels.. .

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QUESTIONNAIRE

Addis Ababa University

School of Commerce

MA in Human Resource Management Program

Dear Respondents,

This questionnaire is designed by a graduate student from Addis Ababa University to conduct a study in partial fulfillment of a Master's degree programme in Human Resources Management (HRM). As part of the requirement for the award of the degree, I am expected to undertake a research study on the Effect Reward Management on Employee Job performance in the case of Jupiter International Hotel.

I am therefore, seeking your assistance to fill the questionnaire attached. The attached questionnaire will take about twenty to thirty minutes to complete. Your response to the questions is highly appreciated.

The outcome of this study will enhance knowledge on the Effect of Reward Management on Employee Job Performance. Participation in this study is voluntary, and all who participate will remain anonymous. Your name is not needed. All information offered will be treated confidentially, and the results will be presented in such a way that no individuals may be recognized.

Thank you in advance for the valuable information you are sharing and your precious time you are going to spend for this purpose.

If you have any enquiry, please do not hesitate to contact the researcher on

Email: amanuelzewde@gmail.com

Mobile: 0911119635

PART I

Demographic Question

Instruction: - Please put a tick “ ” mark just inside the given box

1. Gender **Male** **Female**

2. Age **18-29** **30-39**

40-49 **50-59**

60 & above

3. Educational Level

Below 12th Grade

High school graduate/Technical school

Diploma **Degree** **Masters Degree** **PhD**

4. Year of Experience in the current organization (Tenure)

Less than one year **1-3 Years** **4-7Years**

8-10 years **above 10 Years**

Current position: **Managerial** **Non Managerial**

A. Salary Range

In which of the following salary ranges fall your salary?

3, 500 to 5,001

5,001 to 8,000

8,001 to 10,001

above 10,001

B. Reward Management Questionnaire

	1	2	3	4	5
	<u>Strongly Disagree</u>	<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>	<u>Strongly Agree</u>
I clearly understand the reward policy of the Hotel					
Employees are paid well					
The reward of employees is transparent					
The pay of employees based on management objectives					
The Hotel rewards recognition of series of achievements					
Each Strategic objective has a reward for being met					
The reward for employees is within a very close range					
Employees are paid according to their job value and size					
There are special allowances for certain kinds of responsibility					
The employees are spread into job groups					
The job groups are based on professional qualification					
The job groups are based on experience					
Promotion to the next job group is based on performance					
Employees of the same job group earn similar rewards					
There are wide differences in reward across different job groups					

The hotel pays for overtime					
The Hotel has bonuses based on productivity					
The Hotel has incentives for the employees					
The hotel gives additional benefits for their employees					
The reward of the hotel is more competitive than other Hotels					
The Hotel incentive is more competitive than other Hotels.					
The hotel has a system in place to ensure that its e rewards are competitive compared to other hotels.					
Extrinsic Reward					
Payment					
The payment system is clearly stated and communicated to all employees.					
The basics of payment for example, over time payment are reasonable.					
My salary is satisfactory in relation to what I do.					
I earn the same as or more than other people on a similar job.					
Salary increments are dedicated to in a fair manner.					
The pay scale of the organization treats each employee reasonably					
Benefits					

The benefit system of the organization treats each employee reasonably.					
My medical scheme is satisfactory					
My pension benefits are good					
I never have a problem with my leave arrangements					
The Hotel Organization scheme enhances the satisfaction of employee.					
Promotion					
The opportunity for promotion exists in this organization					
The criteria for promotion are acceptable.					
Staffs are promoted in a fair and transparent way					
I am satisfied with the promotion system of the organization					
Everyone has an equal chance to be promoted.					
Intrinsic Reward					
Working Condition					
My working hours is reasonable					
I am never overworked					
The office layout is convenient to do my job.					
I get the opportunity to mix with my colleagues and to communicate on aspects of our work.					
Basic resources are available for my work.					

I communicate well with others.					
I am satisfied with the way my co-workers get along with each other.					
Supervision					
My Supervisor is satisfied easily with my workout put					
My supervisor will support me if there are problems.					
My supervisors can be convinced and persuaded about my work.					
My supervisor absorbs the talents of his subordinate and directs to improve it,					
My supervisor gives me opportunities to express my ideas.					
I receive enough support and guidance from my supervisor.					
My supervisor treats me equally with others.					
Employee Empowerment					
I have the authority to correct daily problem when they occur.					
I am encouraged to handle daily problems by myself.					
I have control over how I solve daily problems.					
I am able to control the social contact with others.					
Recognition					
I am praised regularly for my good work.					
I receive constructive criticism about my work.					

I get credit for what I do.					
I am always told when I am making progress.					
Personal Growth & Career Advancement.					
My direct supervisor takes interest in my career development.					
I have a good access to development opportunities in my current job.					
I see a future for myself in a higher level role in this organization					
My organization has a formal monitoring program for jobs like mine.					

C. Employee Job Performance

Give your view on the following statement about employees in your Hotel?

	1	2	3	4	5
	<u>Strongly Disagree</u>	<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>	<u>Strongly Agree</u>
Employees are rewarded based on his/her individual performance.					
The existing benefit package (medical cost average) are helping employees for higher levels of performance.					
The existing benefit package (medical cost average) are helping employees for higher levels of performance.					

The Hotel work environment is good or young employees in enabling them to optimally utilize their skills, knowledge and strong potential.					
The organization has a good culture of recognizing employees for successful completion of tasks.					
The Hotel has good teamwork and team spirit					
I clearly understand and meet the desired performance target for my Hotel.					
I handle our customers with human face.					
I adequately respond to challenges faced by customers					
I maintain high professionalism					
I maintain decorum and etiquette at all times					
I give timely quality service to our customers.					

D, Perception of employees on reward management practice of the Hotel.

Employees in my Hotel	1	2	3	4	5
	<u>Strongly Disagree</u>	<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>	<u>Strongly Agree</u>
The reward management at the Hotel focuses on the real needs of employees					
Employees are rewarded in the Hotel immediately when they perform best					
The rewards at the Hotel are distributed fairly.					
The rewards distributed matches my work effort.					
Immediate rewarding of employees for achieving best performance will help to repeat that performance in the future.					
I am satisfied with the quality (appropriateness, distributive and procedural justice) of rewards.					

Questions for the Managing Director

1. Briefly explain about from the inception to the current status of the Hospitality Industry from your point of view?

The Jupiter Hospitality group was founded about 9 years ago with the aim to build a strong local brand against the backdrop of the other long existing international flagships. We certainly felt the need for a mid – market hotel for those people who might want the comfort and cost of a mid – market. We strongly believe that the need in Ethiopia is still there, probably stronger than ever and that is why we are very optimistic about the growth opportunities of our brand in the country.

As for Addis Ababa, since we are growing from a baseline of very minimum number, i am quite optimistic of the future. We see plent opportunities not only in hotels, but also in time – share business and hotel convention centers. In addition to this we need to engage investors in the area of water parks, golf courses, recreation centers, and value – hotels in optimal locations throughout the country.

2. How do you look at human resources aspect in your Hotel?

I believe we are strategically more service– oriented and customer focused and ultimately this one grand stratagem will be the deciding factor in determining who will be the survivors in our business. Look, if you don't deliver service, guest will walk out and pay more somewhere else. This logical approach is the foundation for our proprietary and service – oriented employee culture. We invest quite a lot in our team to empower them and give them significant latitude to meet and exceed our guests' needs and expectation. And in turn, this philosophical approach has given us many years of double digit growth both in occupancy and rate.

3. What kind of reward mechanism do you design in your recruitment of personnel?

In a competitive business climate such as ours, it is essential to have a strategic reward system for employees that addresses these four areas: compensation, benefits, recognition and appreciation. The problem with many hotel reward systems in our city is only twofold: They normally miss recognition and/or appreciation. And the elements that *are* addressed aren't properly aligned with the hotel's other corporate strategies. However, as a hotel we do apply all four and align it carefully with our end goal.

4. Do you foster education in career development?

Hospitality is an industry that is known for promoting from within and for having a large number of young managers. Our talented team do advance quickly in the exciting and fascinating world of Hospitality Management with the right set of trainings in place. That said, we absolutely encourage for our young managers and leaders to attain higher education to help them gauge their career path.

5. What are the challenges in the Hospitality Industry from management point of view?

By far, the limited supply of the talent pool is at the forefront. Not having a well-trained human capital has been inhibiting the sector transformation and it is something that we are addressing as an association. We are currently pushing for a public-private partnership with the local government to build a full-fledged hospitality academy. Second challenge would be the basis of the current incentive scheme which treats all investors here in Addis and the major tourist destinations equally. And we really believe that both the federal and local governments need to incentives developers that are willing to invest in these areas greatly.

6. What kind of trainings do you provide in your Hotel?

We have a very flat structure with 4 layers of hierarchy and each are trained accordingly starting with an intensive week long induction. As you can see below in our Competencies chart trainings are conducted in every step of their career development path.



7. What type of extrinsic/financial rewards do you provide for top performance?

We do have a performance base bonus scheme set at the beginning of the year and paid out at the beginning of the following budget year.

8. Do you have family day/staff day with your staff?

Absolutely, we are in the midst of exploring different ideas on how to celebrate our upcoming tenth year in a more elaborated way.

9. What kind of team building events do you have in your hotel?

The most recent team building event engaged our entire kitchen department. Our Executive Chef and the T&D manager took the team in a group of 8 to big global chain hotels as part of exposure program to benchmark their success stories.

10. Are accomplishments recognized verbally and in reward in your hotel? Like year of the employee and employee of the month?

We do recognize accomplishments in many way starting with employee of the month program to all the way employee of the year. And we employ a well crafted selection process to make sure the right candidates are recognized.