

THE EFFECT OF REWARD MANAGEMENT PRACTICE ON
EMPLOYEES' MOTIVATION IN THE CASE OF ETHIOPIAN
COMMODITY EXCHANGE



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award of Master of Arts Degree in Human Resource Management**

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Declaration

I, Belay Getahun the undersigned, declare that this study entitled “**The Effect of Reward Management Practice on Employees’ Motivation in the Case of Ethiopian Commodity Exchange**” is my own work. I have undertaken the research work independently with the guidance and support of my research advisor. This study has not been submitted for any program in this or any other institutions and that all sources of materials used for this thesis have been duly acknowledged.

Belay Getahun _____

Signature

Date

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Table of Contents

Declaration	i
Certification	ii
Acknowledgements	iii
List of Tables	vii
List of Figures	viii
List of Abbreviation/Acronyms	ix
Abstract	x
CHAPTER ONE	1
INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem	2
1.3. Research Question	4
1.4. Objectives of the Study	4
1.4.1. General Objective	4
1.4.2. Specific Objectives	5
1.5. Significance of the Study	5
1.6. Scopes of the Study	5
1.7. Operational Definition of Key Terms	6
1.8. Limitations of the Study	6
1.9. Organization of the Study	6
CHAPTER TWO	7
REVIEW OF RELATED LITERATURE	7
Introduction	7
2.1. Theoretical Review	7
2.1.1. The Concept of Reward	7
2.1.2. Types of Rewards	8
2.1.3. Concepts of Motivation	10
2.1.4. Types of Motivation	10
2.1.5. Theoretical Perspectives of Motivation	11
2.2. Empirical Review	16

2.3. Conceptual Framework	18
2.4. Research Hypothesis	19
CHAPTER THREE	19
RESEARCH DESIGN AND METHODOLOGY	19
Introduction.....	19
3.1. Research Approach	20
3.2. Research Design.....	20
3.3. Target Population, Sampling Technique, and Sample Size Determination	20
3.3.1. Target Population	20
3.3.2. Sampling Technique	21
3.3.3. Sample Size Determination	21
3.4. Data Type and Source	22
3.5. Data Collection Instruments.....	22
3.6. Data Collection Procedure	22
3.7. Method of Data Analysis.....	22
3.8. Validity and Reliability	23
3.8.1. Validity Test	23
3.8.2. Reliability	23
3.9. Ethical Considerations.....	24
CHAPTER FOUR.....	25
DATA PRESENTATION, ANALYSIS, AND DISCUSSION.....	25
Introduction.....	25
4.1. Questionnaire Response Rate.....	26
4.2. Demographic Features of the Respondents	26
4.3. Descriptive Statistics Measurement of Variables.....	28
4.3.1. The Effect of Recognition on Employee Motivation	28
4.3.2. The Effect of Training and Development on Employee Motivation.....	29
4.3.3. The Effect of Performance Appraisal on Employee Motivation	30
4.3.4. The Effect of Working Condition on Employee Motivation.....	31
4.3.5. The Effect of Payment on Employee Motivation	32
4.3.6. The Effects of Benefit on Employee Motivation.....	33

4.3.7. The Effect of Promotion on Employee Motivation	34
4.4. Employee Motivation	35
4.5. Comparison of Factors	36
4.6. Results of Inferential Statistics.....	37
4.6.1. Correlation Analysis	37
4.6.2. Model Assumptions Test	39
4.6.3. Homoscedasticity Test.....	42
4.7. Regression Analysis Result and Discussion.....	44
4.7.1. Model Summary	44
4.7.2. The Analysis of Variance (Model Fitness).....	45
4.7.3. Multiple Regression Analysis.....	46
4.8. Hypothesis Summary	47
4.9. Discussion	48
CHAPTER FIVE	51
SUMMARY, CONCLUSION, AND RECOMMENDATION	51
Introduction.....	51
5.1. Summary of Major Findings	51
5.2. Conclusion.....	52
5.3. Recommendation.....	53
5.4. Suggestion for Further Research	55
Reference	56
Appendix.....	60

List of Tables

Table 3. 1: Reliability Statistics	24
Table 4. 1: Response Rate of Respondents	26
Table 4. 2: Demography of the respondents	26
Table 4. 3: The Effect of Recognition on Employee Motivation	28
Table 4. 4: The Effect of Training and Development on Employee Motivation	29
Table 4. 5: The Effect of Performance Appraisal on Employee Motivation	30
Table 4. 6: Descriptive Statistics of Working condition.....	31
Table 4. 7: Descriptive Statistics of Payment	32
Table 4. 8: The Effects of benefit on employee motivation	33
Table 4. 9: The Effect of Promotion activities on Employee Motivation.....	34
Table 4. 10: Mean and Standard Deviation for Measures of Employee Motivation	35
Table 4. 11: Ranking of the major determinants of Employee Motivation	36
Table 4. 12: Pearson Correlation Matrix between Reward and employee Motivation.....	38
Table 4. 13: Multicollinearity Test	41
Table 4. 14: Model Summary	44
Table 4. 15: The Analysis of Variance	45
Table 4. 16: Regression Coefficients Analysis	46
Table 4. 17: Analysis of Hypothesis	47

List of Figures

Figure 2. 1: Abraham Maslow’s theory	12
Figure 2. 2: The conceptual framework or model of the study.....	19
Figure 4. 1: Normality Test.....	40
Figure 4. 2: Linearity Test Results.....	40
Figure 4. 3: Heteroscedasticity	43

List of Abbreviation/Acronyms

HRM-Human Resources Management

ECX-Ethiopia Commodity Exchange

SPSS-Statistical Package Software for Social Science

Abstract

Motivation is one of the most critical elements in the area of Human Resources Management. Companies design motivation systems not only to encourage employees to perform their best most efficiently but also to attract future candidates to apply for specific posts. To this end, the main objective of this study is to examine the effect of reward management practice on employees' motivation in Ethiopian commodity exchange. Data was gathered from both primary and secondary sources. The primary data for the study was collected from 261 permanent employees of Ethiopian Commodity Exchange by using a questionnaire with both open-ended and close-ended questionnaires. Secondary data collection tools included assessing the institution's annual report, and articles. In the study, the descriptive and explanatory research designs, and qualitative and quantitative research approaches were used to fulfill the objectives of the research. The data obtained was analyzed using the Statistical Packages for Social Science (SPSS) program, descriptive analysis, normality test, reliability test; multicollinearity test Person's Correlation, and multiple-linear regression was employed to analyze the data. The finding of the study revealed that both extrinsic and intrinsic reward variables have effect on the employee motivation, and it has shown significantly positive relationship between all dimensions of reward variables and employee motivation and it is also supported by the results of regression analysis. The study concludes that the relationship between reward management practices and employee motivation was statistically significant. Based on the findings; the researcher recommended that monetary compensation alone is insufficient to motivate employees. Other factors such as giving greater recognition, promotion, performance appraisal, benefit, payment, promotion, and creating conducive work environment have the greatest impact on employee motivation. In addition to that, the reward should be given to employees when they meet large goals as well as smaller.

Keywords: Reward Management practices, Employee motivation, Intrinsic Rewards, Extrinsic Rewards

CHAPTER ONE

INTRODUCTION

This introductory part of the paper presents the background of the study, the statement of the problem, the objective of the study, the significance of the study, the scope of the study, and the organization of the paper.

1.1. Background of the Study

In today's competitive business environment, the success and failure of any organization depends on its human resources and to get the efficient and effective result from human resource motivation is necessary. Human resources are considered the most important asset of every organization. In the age of global competition, acquiring the right workforce and retaining it becomes the most important challenge of all organizations. To get the maximum from this resource, employees must be motivated (Ayesha, 2014).

As a result, how a firm treats its people are increasingly determining whether it will grow or even survive. Organizations are recognizing the need to maintain an appropriate balance between employee contribution to the organization and the organization's contribution to the employee to ensure that individuals are treated equitably. The primary goal of firm reward management is to keep high-performing personnel, as well as to recruit, encourage, gratify, and maximize employee performance so that owners can achieve their aims by attaining higher results and better quality. Organizations frequently utilize incentives to motivate their staff to work hard (Armstrong & Taylor, 2014).

Employee motivation becomes crucial because it can influence employees to perform upright performance in their jobs. It is for this reason that without employee motivation employees will not have the spirit to work very well to achieve the organization's goal; in addition, motivation can raise employees' ability and strengthen their work so that the employees can exert themselves properly (Ghani, 2011).

Ethiopia Commodity Exchange (ECX) is an institute wholly state-owned market in Ethiopia, and began its operations in April 2008 as the first organized commodity market in the country, and among the first of its kind in Africa. This organization has a comprehensive human resource policy manual that embodies core values, principles, and guidelines that help to manage employee performance and allocate rewards. As this policy manual clearly shows, recognition is one of the core values that emphasize that human resources is the company's greatest asset, and thus the

motivation and competence of the Exchange's staff is the single most important factor in determining the success of the company. It is also stated out, Ethiopian commodity exchange must attract the best of the best and retain and encourage its staff into ever-increasing performance levels (Human Resources Policy Manual; 2008).

Performance management in the organization aims to facilitate an ongoing, proactive effort designed to facilitate high performance in pursuance of the strategic goals and objectives of the organization as well as to manage and enhance employee competence. The policy further defines a performance management system as a management tool aimed at integrating individual performance to the wider organizational strategy and the pursuit of organizational excellence. Its major goal is to manage employee performance, provide feedback, and take steps to improve performance, and ultimately reward good performance (ECX HR policy manual; 2008).

As observed from its employees' reward practice, the organization has rewarded employees based on the ratings of their performance. However, the implementation of the reward system seems not a continuous process that is uniformly and consistently applied across the organization. In this organization, performance management has often been seen as a tedious once-off process that is only associated with performance rewards towards the end of each financial year and it is not considered a critical management function that is aimed at inculcating a performance-driven and result-oriented culture that encourages and rewards excellent performance. Therefore, to survive this situation, the Ethiopian Commodity Exchange must maintain high-quality human resources at all levels. In light of the realities raised as mentioned above, the basic aim of this study is to investigate the effect of reward practices on employees' motivation, in the case of the Ethiopian Commodity Exchange.

1.2. Statement of the Problem

One of the most difficult human resource tasks that are faced by managers is the design and management of motivational incentive systems. When employees are given the right motivation technique at the right time, their morale and confidence improve, which has a direct positive impact on individual and organizational performance (Sekhar, et. al 2013). Efficient reward practices help attract result-driven professionals who can flourish and succeed in performance-based environments. Hence, it is a crucial motivator and may contribute towards the enhancement of the productivity of the employees.

Effective reward systems help an organization be more competitive, retain key employees, and reduce turnover. Reward systems also can enhance employee motivation and reinforce the image of an organization among key stakeholders or future employees. Without rewards, people would not intend to join, work, or perform to attain the organizational objectives. Executives and managers often think of rewards only as compensation, but rewards go beyond pay, which includes systems, programs, and practices that influence the actions of people (Wilson, 2003).

Thompson, A. Peteraf, E. Gamble, & Strickland (2005) stated a properly designed motivational system is a powerful tool for management to mobilize organizational commitment in executing successful strategy and productivity. According to Arnolds C., (2007), organizations have a big crisis in motivating employees. Their study showed that billions of money is spent on courses and incentives to help increase employees' motivation each year; however, it does not always give out higher levels of employee motivation. This is because there is a different perception between employees and management on how the goals and objectives of the organization must be attained. Management and employees give different importance to the many motivational incentives taking into consideration the situation on the ground. There is however lack of conclusive substantiation on monetary incentives impacting on motivation of employees.

A study conducted by Arnolds C., (2007) showed that employees mostly at the lower level give much importance to recognition therefore the use of only money to motivate this caliber of employees will cause problems since different people are motivated by different factors. Bagraim, (2007) also stated that there is a category of employees that are motivated by financial goals, others that are motivated by professional goals, and others that are motivated by personal goals. Because of this one incentive cannot be used to motivate all staff at all levels. Considering the above, there are debates on whether financial rewards should be used to motivate employees disregarding non-financial.

In addition, today's labor market is a competitive environment. In such an Environment, the capability to retain an efficient and experienced workforce an organization is very crucial for the overall performance of the organization. Highly motivated employees serve as a competitive advantage for companies because their performance leads an organization to well accomplishment of its goal (Ayele, 2017). However, seeking to acquire or acquire highly qualified employees may not result in success without being able to motivate employees to attain the organizational goals (Ibid).

In the Ethiopian, many organizations, struggle with effectively implementing reward management systems to motivate employees. This challenge stems from the need to address structural gaps, revisit HR policies, and strike a balance between financial and non-financial rewards to enhance employee satisfaction and performance.

When comes to the Ethiopian Commodity Exchange, the employees' satisfaction survey which has been made by an external consultant shows that most of the problems in the Ethiopia Commodity Exchange are related to structural gaps; there is a need to revisit HR policy frameworks, organization structure, and different rules and regulations prevailing in the company. Among others consider; salary, benefit, and other rewards setting policy and procedure, grievance handling and conflict management mechanism, performance management policy and procedure, etc. (ECX employee satisfaction survey, 2013).

Besides, as to the researcher's observation and being an employee of Ethiopian Commodity Exchange, even if practicing the above-mentioned reward mechanism from the importance that it has toward motivating employees, rewarding employees with financial and as well non-financial mechanisms in the office needs further attention and research. Therefore, the purpose of this study is to assess reward management systems practices being implemented in the Ethiopian Commodity Exchange and its effect on the motivation of its employees.

1.3. Research Question

The study was based on the following research question

1. To what extent did intrinsic reward (recognition, training and development, and performance appraisal) influence employee motivation at the Ethiopian Commodity Exchange?
2. To what extent is extrinsic reward (payment, benefit, promotion, and work conditions) in use impacting employee motivation at Ethiopian Commodity Exchange?
3. Which reward scheme (intrinsic or extrinsic) has more impact on employee motivation at the Ethiopian Commodity Exchange?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study is to examine the effect of rewards management on employee motivation in the Ethiopian Commodity Exchange.

1.4.2. Specific Objectives

The specific objectives of this study was;

1. To examine to what extent different intrinsic rewards (recognition, training and development, and performance appraisal) influenced employee motivation at Ethiopian Commodity Exchange.
2. To determine to what extent extrinsic rewards (payment, benefit, promotion, and work conditions) are in use impacting employee motivation at Ethiopian Commodity Exchange.
3. To evaluate which reward scheme (intrinsic or extrinsic), has more effect on employee motivation at Ethiopian Commodity Exchange.

1.5. Significance of the Study

This study will attempt to examine the effect of reward practices on employee motivation in the Ethiopian Commodity Exchange. Therefore; the outcome will have the following importance: The study will contribute to the Ethiopian Commodity Exchange to realize how employee motivation is related to reward schemes. The study will certainly contribute to current literature in the field of employee motivation and reward nexus which may provide relevant information for researchers who are interested in conducting research in related area. The study may also enable the researcher undertaking this study to obtain an in-depth understanding of related issues through the reference to the massive amount of literature in this field of study. Finally, it can also serve as an ingredient for future studies in the area for reference.

1.6. Scopes of the Study

The study is delimited geographically, conceptually, methodologically, and timely. Geographically, Although, ECX owns and operates a network of 10 warehouses in the main production areas in Ethiopia as well as an additional 20 remote terminal centers in major market centers, the study is confined to the reward practice in the head office of Ethiopia Commodity Exchange in Addis Ababa only. Conceptually the study is delimited to the relationship between rewards and employee motivations. Seven independent variables consisting of extrinsic rewards (payment, benefit, promotion, and work conditions), and intrinsic rewards (recognition, training and development, and performance appraisal) was employed with employee motivation as the dependent variable. Methodologically, the study was employed both quantitative and qualitative approaches and descriptive and explanatory research designs. The populations of the study were

including all permanent employees of Ethiopian Commodity Exchange in Addis Ababa. The study was done for 10 months; from September 2023 to July 2024 from the time aspect.

1.7. Operational Definition of Key Terms

Motivation: the process through which individuals are driven to behave or act in certain ways (Sandra & Anne, 2009).

Reward: something given or received in recompense for worthy behavior or in retribution for evil acts. It can also be defined as the return for performance of a desired behavior; positive reinforcement (Eze Chidinma, 2012).

Working environment: is all about the employee's work area surroundings which involve the physical, behavioral, and managerial aspects intended to affect the employees' job performance and their reason for staying with the organization (Pal, 2011).

1.8. Limitations of the Study

The major limitations of this study were sufficient records; publications regarding employee motivation were not available in the organization. To overcome the problem, the researcher reviewed different journal articles. The respondents delayed in filling and returning back the given questionnaires and this problem has made its impact on the research report writing process. For those who not back reserve can be needed. Few of the respondents may incomplete data on the questionnaire and screened out from the data analysis process. Even though the researcher faced such challenges expected number of questionnaire were returned successful.

1.9. Organization of the Study

This study is arranged into five chapters. Chapter one comprises the introduction, statement of the problem, research questions, objectives of the study, significance of the study, the scope of the study and organization of the study. Chapter two discusses a literature review on the concepts of rewards management and employee motivation. In this chapter, the researcher focused on related empirical and theoretical literature in the area of rewards management and employee motivation. These issues enhance and assist in strengthening the statement of the problem as well as the conceptual framework of the study. In chapter three, the research design and methodologies are presented. Sample and sampling techniques, source of data, procedures of data collection, and methods of data analysis are explained. In Chapter Four, the results and discussion was stated. The findings also interpreted based on a related literature review. Finally, in chapter five, a summary, conclusion, and recommendation are made.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter's main objective is to address the different kinds of definitions, theories and perspectives, which were viewed by numerous authors and management scientists, concerning the effect of reward on employee motivation.

2.1. Theoretical Review

2.1.1. The Concept of Reward

Reward has been defined in various ways by different scholars. According to Jeffery Gold (2010), reward refers to all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. Similarly, Bintoro & Daryanto (2017) defined reward as a benefit that is given by employers in the form of money/cash, benefits, or promotion and drives satisfaction from the job like the feeling of accomplishment, pride in work of an employee, and/or being a team member. A higher level of satisfaction is produced as a result of rewards, and reward enables an employee to get things/tasks done. A reward is a tool to recognize an employee for doing an exceptional job. It promotes the perpetual improvement of performance that leads to career growth and a boost of morale (Ngwa, Adeleke, Agbaeze, Ghasi, & Imhanrenialena, 2019). Reward is an external factor that is managed to carry out the desired tasks, which is adopted by private institutions or the government as incentive tools for employees if they are presented in private companies or the government sector (Rys, 2007). Rewards can be extrinsic or intrinsic. Extrinsic rewards are all tangible rewards that can include salary or wages, incentives, rewards, promotions, job security, etc., Intrinsic rewards are kinds of rewards that cannot be touched as they emanate from the employee's sense, such as appreciation and facing self-challenges within the work environment, positive and caring attitude from employer, and job rotation after attaining the goal (Hafiza et al., 2011).

Van Rooy & Bussin (2014) also define rewards as a significant tool to attract, motivate, and retain employees. Similarly, Kwon, Hewitt, and Hein (2013) agree with this definition by stating that reward is a way of attracting, motivating, and retaining employees. They also suggest that companies who apply total rewards are likely to experience a better and stronger return on their investment in their employees.

An employee reward system comprises an organization's coherent strategies, procedures, and system for recognizing the employee in terms of their involvement, skills and, potential, and their market value. This system is created within the structure of the organization's reward beliefs, strategies, and policies. It consists of an arrangement in the framework of progression, routine, structure" that will impart and perpetuate the apt type and level of pay, benefits, and, other forms of reward. The reward system intends to attract, retain, and motivate the workforce (Wasiu, & Adebajo, 2014). This system plays a vital role in ensuring employee engagement by providing each individual with the most suitable motivational factor. Since every individual has different needs and goals, they are driven by different sets of motives, as some may seek a bonus whereas others may desire a sense of recognition or a promotion to a higher post. Thus, these factors influence their performance, behavior, and commitment to the job. Henceforth, developing a reward system that caters to every employee's needs is extremely crucial (Bhattacharya & Mukherjee, 2009).

2.1.2. Types of Rewards

There are two types of rewards, extrinsic and intrinsic rewards;

2.1.2.1. Extrinsic Rewards

Extrinsic rewards are tangible rewards and the rewards are external to the job or task performed by the employees. They can be in terms of salary or pay, incentives, bonuses, promotion, and/or job security. They are also called financial rewards (Baron (1983) as cited in Eshak et al (2016). McCormick (1979) defines extrinsic rewards as those that are external to the task of the job such as pay, work conditions, fringe benefits, security, and promotion, contract of service, the work environment, and conditions of work. He notes that such tangible rewards are often determined at the organizational level and may be largely outside the control of individual managers. There are various ways a company can choose to reward its employees. According to (Thomas 2009), some of extrinsic rewards are:

Working condition: An employee spends a lot of time at the workplace, completing tasks of the organization and for the organization. An organization must acknowledge such attribution and reward its employees by providing a comfortable workspace. Comfortable furniture, air-conditioned rooms, the latest models of computers, etc. are some factors that contribute to an improved workspace (Thomas, 2009).

Pay: an organization can design good payment for the employees as a reward for contributing their precious time and energy to achieving the organization's goal. A good payment is motivational and is a major factor that affects job satisfaction. Benefits are extra facilities provided to the employees in addition to their salary. Benefits can be an organization's carefree life/health insurance, employee discount scheme, pension plan, etc. (Ibid)

Promotion: Some employees are average performing, while others are intensely hard-working, because of which they make a huge difference in the organization's status. Such employees can be rewarded by handing them over new responsibilities and duties. Promotion is indirectly related to increment in status, payment, and power (Ibid).

Bonus: When an organization earns profit due to the effort of an individual or group of employees, the organization should appreciate their contribution by giving them additional payment as a bonus or commission. Extrinsic rewards are always known to have received more value from the employees (Ibid).

2.1.2.2. Intrinsic Rewards

Intrinsic rewards as non-formal rewards, nonmonetary/non-cash which can be in the form of social recognition, praise, and genuine appreciation. He observes that recognition is to acknowledge someone before their peers for desired behavior or even for accomplishment (Thomas, 2009). Appreciation, on the other hand, centers on showing gratitude to an employee for his/her action. Such rewards enable the employees to gauge themselves and their performance to know whether they are doing well or not (Sarvadi, 2010). Intrinsic rewards as the psychological rewards that are experienced directly by an employee (Edirisooriyaa, 2014). According to Thomas (2009), the following are descriptions of the four (4) types of intrinsic rewards and how employees view them:

- meaningful

Sense of achievement: It takes much effort, skills, and courage to perform any task and there is no better feeling than the joy one feels seeing hard work pay off (Ibid)

Recognition: Everyone wants to be renowned at the place where he/she works. It is rewarding for employees when their co-workers and other members of the company for the work recognize them they have done (Ibid).

Work freedom: When employees continue to make better output, supervisors may bother less to manage them. The freedom that employees receive to make their own decisions and work as per their schedule is also a form of intrinsic reward (Ibid).

2.1.3. Concepts of Motivation

There are variations of definitions to describe the concept of motivation. It is defined by several authorities in several ways, depending on their orientation, context, environment, and situation. The definition of motivation starts with the root word, motive. Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as; the act of providing a motive that causes someone to act (Shanks, 2012). Stephen P. Robbins et al., (2013) defined motivation as a process by which a person's efforts are energized, directed, and sustained toward attaining a goal. Effort that's directed toward, and consistent with, organizational goals is the kind of effort required from employees. Smith (2015) also defined motivation as "the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal". Intensity is related to the drive or energy behind individual action and effort. Direction refers to how efforts are correctly channeled into the direction that will benefit the organization and persistence deals with how long an individual can maintain efforts to achieve goals. Besides, Stieh, et al., (2015) defined motivation as the choice of a person to perform, the effort that an individual puts into completing a task, and the effort determination. Motivation can also be defined as a multifaceted area that has no omnipresent description even though the issue has been researched by a huge number of scholars because each person has a unique mind. Motivation is a drive that influences people to work hard. It is vital to boosting productivity and performance (Korlen, Essen, Lindgren, Wahlin, & Schwarz, 2017). Sajjad *et al.*, (2013) defined Motivation as a reason that enables the individual to show certain behavior. Likewise, motivation is a driving force that moves the employees to achieve the goals of the organization.

2.1.4. Types of Motivation

There are two main types of motivational classification is available as intrinsic and extrinsic.

2.1.4.1. Extrinsic Motivation

Antonioli, et al., (2016) defined extrinsic motivation as the factors that affect the behavior of an employee and rewards that are generated by the necessity to accomplish an outcome. This type of motivation can be described as the practices where employees live up to their needs in exchange for tangible rewards provided by organizations. These rewards include salary and wages, overtime payment, bonuses, and perks of the job. Furthermore, researchers argue that extrinsic motivation is a forceful method to control the behavior of employees and is also more efficient and effective when it comes to motivating employees than intrinsic motivation (Mickel and Barron, 2018).

2.1.4.2. Intrinsic Motivation

K. E. Perera, (2017) defined Intrinsic motivation as an inner drive to motivation that comes from inside a person rather than from any other rewards, such as money or grades. If a person is intrinsically motivated then he/she was able to work to find a solution to the prevailing problems and take that opportunity as a challenge with a pleasure mentality. Since a person is intrinsically motivated then it's easy for organizations to drive him/her towards achieving goals and objectives. Locke and Schattke, (2019) also defined intrinsic motivation as liking or wanting to do an activity to do it and is separated from any specific level of outcome. Other researchers suggest that intrinsic motivation takes place when an individual believes that he/she can develop intrinsic value from the action itself (Barile, Cullis, and Jones, 2018). Intrinsic motivation can be identified by an individual's interest in a task that is lacking an external factor such as punishment and reward. By way of explanation, when an action is taken by individuals for their fulfillment, the motivation for the action can be described as intrinsic (Van Yperen and Hagedoorn, 2003).

2.1.5. Theoretical Perspectives of Motivation

Burton (2012) states that many different theories try and help explain motivation. Scientists have been studying the topic of motivation for over a century and have made tremendous progress in explaining motivation which can be interpreted in the workplace. The following are some theories that have been proven and accepted by society. These include Maslow's hierarchy of needs, Herzberg's two-factor theory, goal-setting theory, and Expectancy Theory.

2.1.5.1. Maslow's Hierarchy of Needs Theory

Abraham Maslow was a psychologist who proposed that within every person is a hierarchy of five needs. Maslow's theory of motivation believes that humans are always in need. Whenever one attains some goals, he/she is motivated to go to the next step or hierarchy. Maslow's theory of motivation states that when a lower need is satisfied, the next higher becomes dominant and the individual's attention is turned to satisfying this higher need (Zeuch, 2016).

The first stage from the bottom is psychological needs (Čížek, 2012). This stage talks about providing a fair salary. The next stage is security needs, which talk about steady working conditions and benefits. After this comes the social needs and esteemed needs, these stages include social concerns and recognition concerns respectively. The third stage includes the employees having a quality relationship with peers, subordinates, and, the boss, which are also compatible with each other. The fourth level of needs by Maslow presents the recognition to be accepted and

valued by others. The highest or last level of Maslow's need is *self-actualization needs*: Self-actualization is to develop into more and more what one is to become all that one is capable of becoming (Čížek, 2012). This includes giving employees more challenging work to self-aware their potential which will lead to motivation. This theory helps in understanding the various stages of motivating employees and in finding out the stages that need to be strengthened.

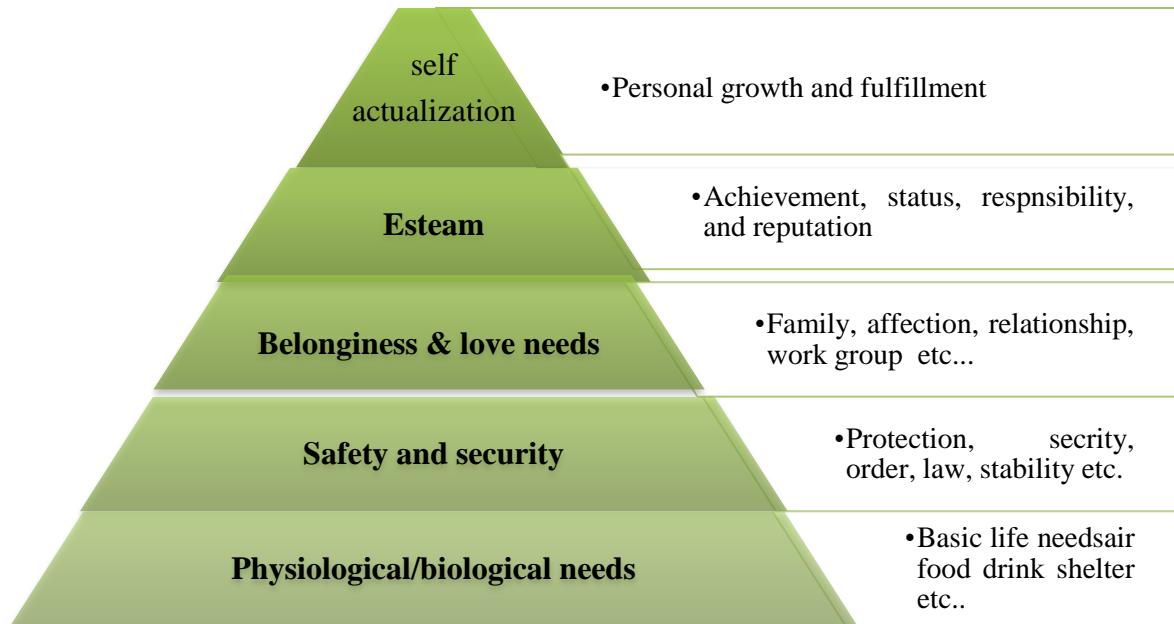


Figure 2. 1: Abraham Maslow's theory

2.1.5.2. Herzberg's Dual Factor Theory

Herzberg and Maslow Herzberg (1959) introduced a well-known motivation theory, which is the two-factor Theory, he described in his theory between motivators and hygiene factors. He emphasized that the factors can either be motivators or hygiene factors, but can never be both at the same time. Satisfiers or motivators are seen to be effective in motivating the individual to superior performance and effort. The other consists of dissatisfies, which mainly describe the environment and serve primarily to prevent job dissatisfaction while having little effect on positive job attitudes. These are called hygiene factors, implying that they are preventative and environmental (Wilkinson et al., 2010).

During his experiments, Herzberg found that certain characteristics tend to be consistently related to job satisfaction. Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement, and growth seem to be related to job satisfaction. When respondents questioned felt good about their work, they tended to attribute those factors to themselves. On the

other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy, administration, and supervision. Herzberg deduced from these experiments that the opposite of satisfaction is not dissatisfaction, as was believed. He found that removing dissatisfying characteristics from a job does not necessarily make the job satisfying. He thus proposed a dual continuum, where the opposite of satisfaction would be no satisfaction and the opposite of dissatisfaction would be no dissatisfaction (Robbins, 1993).

According to Herzberg's two-factor theory of motivation, organizations cannot begin to motivate employees until that which dissatisfies them has been removed. Hygiene factors such as salary, working conditions, and supervision are not motivators even when they are being met. Other types of hygiene factors include company policy, poor interpersonal relations, and job security. The meeting of lower-level needs of employees is not motivating but can have a demotivating impact if not met. True motivation only kicks in when an employee's higher-level needs are met (Roberts, 2005).

2.1.5.3. Goal Setting Theory

Goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. It potentially improves employee performance in two ways: (1) by stretching the intensity and persistence of effort and (2) by giving employees clearer role perceptions so that their effort is channeled toward behaviors that will improve work performance (Don, H., John, W., Slocum, 2011).

Conditions that must be fulfilled for goal setting are: Specific and challenging goals that serve as a motivating force. An employee tends to put more effort when they work toward specific goals than general goals. It can be measured, by the specific period for the accomplishment of the task, and a clear performance expectation. So an employee can direct their effort more efficiently and reliably. Challenging goals are also used to fulfill a person's self-actualization and achievement needs. As well challenging goals increase employee commitment. If an employee thinks the goal can be achieved or simpler the commitment (motivation) was less (Don, H., John, W., Slocum, 2011).

Goals must also be relevant to an individual's job and should not be beyond his/her control. Some employees show superior performance when they set their own goals. And sometimes employees also performed best when supervisors assigned goals. Participation is probably preferable to assigning goals that may avoid resistance to accepting difficult challenges. Feedback is also

another condition for effective goal setting; people perform better when they are provided with how well they are progressing toward their goals.

2.1.5.4. Expectancy Theory

Victor Vroom developed a mathematical model to explain motivation in organizations known as the expectancy theory. It focused not on the needs of a person but on the outcomes based on their effort. It is one of the most widely acknowledged descriptions of employee motivation because most of the evidence supports the theory (Robbins and Judge, 2007). He came up with three variables which are necessary for motivation namely, valence, instrumentality, and expectancy.

Valence is the value of the outcome of work, expectancy refers to one's belief that effort will lead to a particular outcome and instrumentality is the belief linking one outcome to another. The theory explains that an employee is willing to perform with a high level of effort if s/he believes that it will lead to desired outcomes (Armstrong, 2006).

Robbins and Judge (2007) posit that the theory focuses on three relationships, namely the performance relationship which is the perception of the individual that specific effort will lead to performance, the performance-reward relationship which is the belief by the individual that a certain level of performance will result to the desired outcome and the rewards-personal goals relationship is the extent to which organizational rewards will satisfy the individual's desired personal goals. It is hence important to understand the linkages between the three relationships for its application to be relevant.

2.1.5.5. Equity Theory

This theory looks at an organization's policies and procedures and their fair application, declaring that it influences the employee's level of motivation. The theory is proposed by J.S. Adams and posits that if rewards and punishments are accorded correctly, employees feel that the company is fair. Equity should not be confused with equality, which means giving everyone the same treatment (Armstrong, 2006). Robbins and Judge (2007) give friends, other co-workers, peers, counterparts in other organizations, or neighbors as the referent that an employee may choose to compare their experience or situation. Hodgetts and Hegar (2008) provide an example saying that if employees A and B earn the same salary and employee A feels that s/he does more work than employee B, employee A will feel s/he is being treated inequitably and may result in taking some action to rectify the perceived inequity if her/his salary is not increased. According to Robbins and Judge (2007), possible actions that employees may take to rectify an inequity are as follows :-

Reduce or increase the effort they put into their work, reduce or increase the level of their productivity, distort the perception they hold on their performance, change the referent they have been comparing themselves to, or choose to resign from the company. Stratheford (2012) declares that distributive justice, which ensures equitable allocation of rewards and penalties, is important to employee motivation and involves a system that deals fairly with salaries, bonuses, leave time, working hours, promotions, transfers, dismissals, training, demotions, and salary raises. More recently, Robbins and Judge (2007) asserted that distributive justice which the equity theory focused on has developed into organizational policy and procedure.

2.1.6. Impact of Reward Systems on Employee Motivation

Employees' work and satisfaction are what determine the level of progress, their performance, and how productive the employees are in their respective jobs. Taking care of employees is very important because most of the employees may not be happy with their jobs due to many factors like excessive responsibilities and workload, unsatisfactory rewards, etc. Hence interactions and solving problems of employees are important.

In many cases, the rewards system is used as a tool to enhance the employee's performance. The main reward system implemented is an increase in salaries and wages which is a monetary aspect of motivation (Pinto & dos Santos, 2018). Every employee needs a good salary package along with other benefits such as bonuses, allowances, medical claims, etc. But with the coronavirus infection everywhere, the created lockdown situation is making the work progress slow and hard for the employees. Employees are working through internet calls and online video conferences for completing their projects and employees are losing interest because of working in a home environment. But still, the firm is doing its best to provide monetary and non-monetary rewards to keep the employees motivated.

Employees are credited with their agreed salaries to their bank accounts to keep the continuous flow of work. When it comes to non-monetary rewards, the first thing is that learning and training opportunities are provided to employees who do not have much knowledge about their area of expertise because this is the best time to improve and motivate employees sitting at their homes which is quite difficult during the normal busy working hours. The second thing is employees are given recognition as they attend meetings and show their best efforts to finish the work during such hard times (Pinto & dos Santos, 2018).

2.2. Empirical Review

Various related studies are conducted by different researchers in different parts of the world. However, there are limited numbers of studies conducted in Ethiopia on the Impact of reward practices on employee motivation.

Nebiyat, N. (2010) researched the 'relationship between Reward and Nurse's motivation in Addis Ababa Hospitals'. The finding of the study revealed that there is a positive and significant relationship between reward and the nurse's work motivation. Payment is the most significant variable among financial rewards and recognition is the least significant from non-financial reward variable.

Yewubdar (2017) examined the effect of rewards on employee motivation: the case of United Bank. The study findings of the study showed that all extrinsic reward and intrinsic reward dimensions have a strong and significant relationship with employee motivation. The finding of the regression analysis also revealed that payments, benefits, promotion, supervision, working conditions challenging jobs, and recognition have significant positive effects on employee motivation. The result of the regression analysis shows that extrinsic and intrinsic rewards have significant and positive effects on employee motivation in the United Bank.

Selamawit (2015) examined the effect of financial and non-financial rewards on employee motivation in Dashen Bank. The study result showed that financial rewards are important for employee motivation. It is also found that salary is the most motivating factor and retirement benefit is the least one from financial reward. Job security and career advancement are also found to be highly motivating non-financial factors.

Temitime (2016) examined the impact of incentive management on employee motivation in Ethio-telecom. The findings of the study revealed that employees in the Ethio-telecom sector are moderately motivated. The association between total incentive and employee motivation is reasonably strong and statistically significant. Moreover, offering opportunities for job advancement.

Birku A. (2017) conducted research on the Effect of reward practice on employee motivation in Dashen Bank SC. The findings of the study show that the overall perception of respondents, and the independent variables (Payment, benefit, promotion, recognition, and supervision) are positively and significantly related to employee motivation as these variable changes directly affect employee motivation. And also moderate positive and significance between extrinsic reward

and employee motivation. On the other side, there is a positive relation with intrinsic reward but not significant.

Madhuri, K. (2014) researched the impacts of financial and non-financial rewards concerning overall levels of employee motivation in private sector organizations. The finding of the study revealed that there is a strong relationship between the level of reward and motivation. The finding also reveals employees in the private sector gave much more importance to financial rewards than non-financial rewards. Yet these may vary according to the status of the employee, lower-level and middle-level employees give much importance to financial rewards, and high-level staff like managers emphasize non-financial rewards. Reward variables that are given a high rank by the respondents are retirement benefits, salary and bonus from financial rewards and good interpersonal relationships, and freedom of work from non-financial rewards.

Selam (2020) examined the effect of rewards on employees' motivation in Meta Abo Brewery S.C. The finding of the study revealed that there is a positive relationship between rewards and work motivation. All variables chosen (payment, benefits, promotion, recognition, working conditions, empowerment, challenge, and work content) have positive and significant effects on the motivation of the employees working in the Company. The findings show that motivation is related to all intrinsic and extrinsic rewards which imply a change in the reward offered brings about a change in the level of motivation of the employees. The overall implication of the study result is that the employees of Meta Abo Brewery were motivated moderately by both rewards (financial and non-financial) beside the result of the correlation between employee motivation and reward is a strong and significant correlation with employee motivation.

Saira, Y., Madiha, L., Sumaira, A., & Anam, S. (2014) studied the effect of financial and non-financial rewards on the motivation of employees in the organization. The research was conducted in a private film company in; Pakistan. The finding of the study revealed that financial reward ranked top as an influential factor in creating employee motivation.

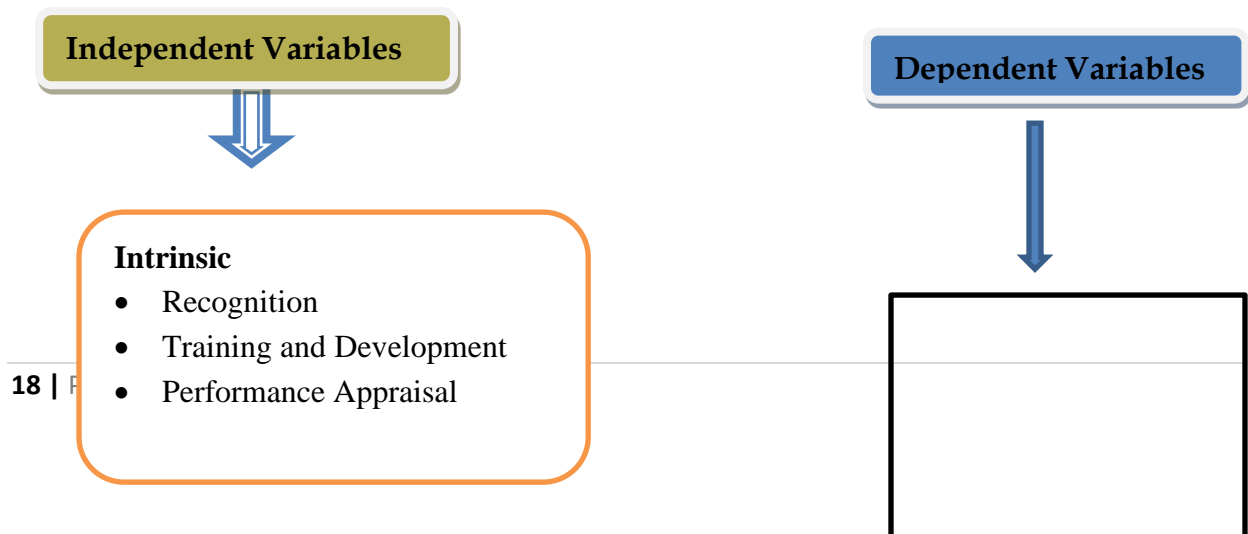
Leyila (2019) examined the effect of Reward Practices on employee motivation in Self-Help Africa. The finding of the study revealed that there are significant positive correlations between independent and dependent variables. There is a positive but insignificant correlation between Recognition and appreciation and employee motivations.

Abnet (2019) the result of the study examined reward management systems being implemented in the GIZ office. The finding of the study revealed that reward management practices have a

significant positive relationship with employee motivation. The findings of this study also propose that the integrated reward management approach (total reward) has a more positive and significant approach to motivation. The study also investigated which components of reward management have the largest contribution to employee motivation and the result shows that non-financial reward has the largest contribution to employee motivation relative to financial ones.

2.3. Conceptual Framework

In this study motivation is taken as the dependent variable and extrinsic, intrinsic rewards are taken as independent variables. The independent variables have been shown to affect employee motivation. The study examined the effect of reward by selecting from both extrinsic and intrinsic variables (payment, benefit, promotion, and work conditions) as extrinsic variables, and (recognition, training and development, and performance appraisal) as intrinsic variables as independent variables, and employee motivation as the dependent variable and answer by taking employees' of Ethiopian commodity exchange as a case of organization. The framework of the study is portrayed below.



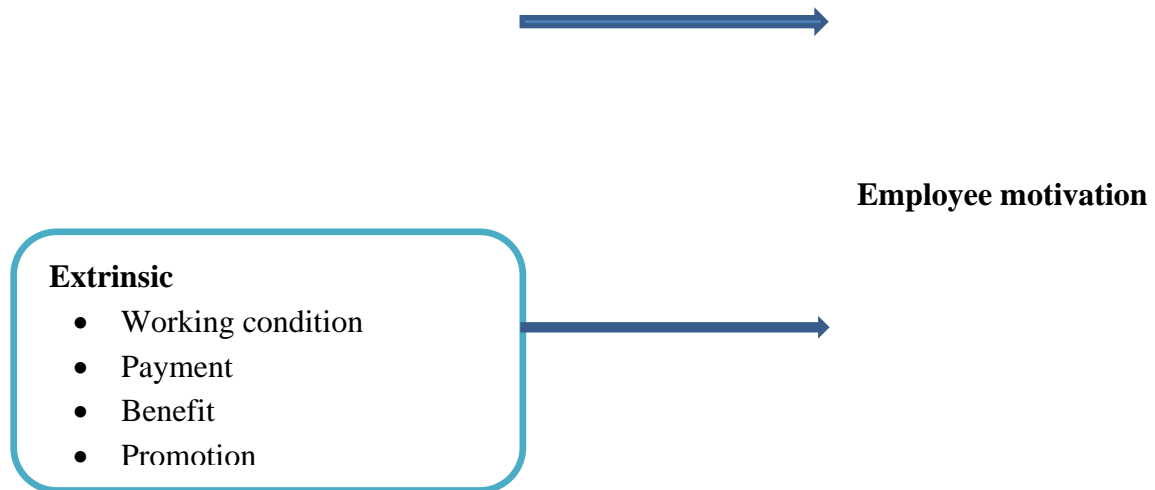


Figure 2. 2: The conceptual framework or model of the study

Source: Taken from Literature

2.4. Research Hypothesis

H1: Recognition has a positive and significant impact on employee motivation

H2: Training and Development has a positive and significant impact on employee motivation

H3: Performance Appraisal has a positive and significant impact on employee motivation

H4: Working condition has a positive and significant impact on employee motivation

H5: Payment has a positive and significant impact on employee motivation

H6: Benefit has a positive and significant impact on employee motivation

H7: Promotion has a positive and significant impact on employee motivation

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter presents the research methodology that was applied in this study. It comprises the research approach, research design that includes research method, sources of data, sample and sampling technique, data gathering instruments, procedure, and data analysis, as well as, the ethical issues that were followed in conducting this study.

3.1. Research Approach

This research is carried out by examining the effect of rewards management on employee motivation in the Ethiopian Commodity Exchange. To attain the objective of the study and answer the research questions, both quantitative and qualitative (Mixed) research approaches was used. This is done as a mixed research approach is useful to capture the best of both qualitative and quantitative approaches and the drawback in the descriptive approach is fulfilled by the other approach.

3.2. Research Design

According to Kothari (2004), the research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. To meet the objective of the research, the researcher was employed descriptive and explanatory research designs. The reason behind employing this descriptive research design is to obtain data that describes the characteristics of the topic of interest in the research. Whereas, the researcher was used an explanatory research design to explain, understand, and predict the cause-and-effect relationship between variables that is reward dimensions (independent variables) and employee motivation (dependent variable). The method is suitable and helpful in examining the relationship and conclusions from the findings. Furthermore, the study utilizes a cross-sectional study in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time.

3.3. Target Population, Sampling Technique, and Sample Size Determination

3.3.1. Target Population

The population is the total number of people, groups, or organizations that could be included in the study. This research is aimed to examine the effect of rewards management on employee motivation in the Ethiopian Commodity Exchange. Therefore, the total population of this research was including all permanent employees of Ethiopian Commodity Exchange. Ethiopian Commodity Exchange Human Resource report as of December 31, 2023, shows that the number of employees who are currently working in Ethiopian Commodity Exchange is 750. So, the target population of the study was 750 employees of ECX.

3.3.2. Sampling Technique

In this study, the researcher was employed a simple random sampling technique. The researcher used this sampling method because employees are available and this sampling technique gives an equal chance for all respondents to be included in the sample. A total of 261 employees were randomly selected from the total of 750 permanent employees in the Ethiopian Commodity Exchange.

3.3.3. Sample Size Determination

To enhance the results and reliabilities of the study, the researcher was used a large number sample size of the total population. The researcher has also tried to calculate the sample size after determining the target population. In addition, the size of the target population, the purpose of the research, size of the population, the level of precision or sampling error, the level of confidence or risk level, and the degree of variability or the distribution of attributes in the population determine the appropriateness of the sample size (Miaoulis and Michener, 1976). To determine the sample size for the study, an attempt is made to use the following simplified formula to calculate the sample sizes. The sample size was determined based on Yamane's (1967) sample size determination formula. The researcher was applied this formula because the formulae are applied when the population is finite and the population size is known. He also recognized that if the target population is large, his sampling method with an error of 5% in which the true value of the population is estimated and a confidence coefficient of 95% in which 95 out of 100 samples have the true population value within the range of precision. As a result, the researcher has determined the total sample size as follows.

$$n = \frac{N}{1 + N(0.05)^2}$$

Where, n = sample size, N= total population, and e = 5% the level of precision 95% confidence level

$$n = \frac{750}{1+750(0.05)^2} = \mathbf{261}$$

Therefore, samples of 261 respondents were selected to participate in the study and those respondents' responses were considered in the analysis.

3.4. Data Type and Source

There are two types of data, primary and secondary. Primary data are those which are gathered for the first time and thus collected for the case at hand on the other hand Secondary data is defined as data that have been previously collected for some purpose other than the one at hand (Kothari, 2004). For this study, both primary and secondary data was employed. Primary data was collected by distributing a structured questionnaire to the employees of Ethiopian Commodity Exchange. On the other hand, the secondary data was collected from sources like prior research, articles, books, the internet, and different manuals. The researcher was collected secondary data to complement the data obtained from the primary source.

3.5. Data Collection Instruments

A research instrument is a tool used to collect data for the research project. The research instrument used in this research paper was a questionnaire. For this study, the researcher was used a 5-point and use scale method for data collection. This questionnaire consisted of two parts with part 1 comprising items seeking demographic data such as gender, experience, age, income level, and qualification of Ethiopian Commodity exchange employees. Part 2 was items that seek to collect information about independent variables (recognition, training and development, performance appraisal, payment, benefit, bonus, promotion, and work conditions), and dependent variable employee motivation.

3.6. Data Collection Procedure

Data collection was preceded by obtaining consent and/or permits from the relevant authorities. Firstly, a formal introductory letter was obtained from the School of Commerce of Addis Ababa University. This was followed by seeking consent from the management of the Ethiopian Commodity Exchange targeted in the study. The questionnaires were issued by the researcher in person to the sampled respondents through the management and/or human resource department. The filled questionnaires were collected after about fourteen days from the date of their issuance.

3.7. Method of Data Analysis

The data that was collected through questionnaires was tabulated and analyzed using the Statistical Package for the Social Sciences (SPSS) software package version 21. Data collected from primary sources was edited, coded, and tabulated. These activities were done to ensure the

accuracy of data, completeness of data, and the detection of errors and omissions. The analysis techniques were performed using descriptive statistics such as frequency, percentage, mean, and standard deviation to summarize and describe the study variables. Furthermore, inferential statistics like correlation and multiple linear regressions was used. Correlation analysis was employed to examine the relationship between the independent variables (recognition, training and development, performance appraisal, payment, benefit, bonus, promotion, and work conditions) with the dependent variable employee motivation. Besides, multiple regression analyses was used to determine the explanatory power of the independent variables on employee motivation.

3.8. Validity and Reliability

3.8.1. Validity Test

Validity refers to the extent to which a test measures what we wish to measure. It means that the test measures what it actually wants to measure, and that all questions relate directly to the effect of contribution-based incentive schemes on employee motivation. In other words, the right questions are being asked to obtain meaningful responses for the study. For this study, all measures that were used to construct the instruments were an acceptable level of construct and content validity in previous studies the researcher was used in this study with slight modification. Besides, proper detection by an advisor was also taken to ensure the validity of the instruments. Additionally, several measures were employed to ensure that the results are free from material errors from the design of the questionnaire. Such measures are clarity of instructions, clarity of the questions, the layout of the questionnaire, and other comments. Since the questionnaire was developed after a thorough review of reward management practices and employee motivation academic literature, it is assumed that the construct validity is held.

3.8.2. Reliability

Reliability refers to the extent to which the data collection techniques and procedures will yield (Easterby Smith, et al., (2008). Reliability analysis was used to measure the internal consistency of questionnaires. There are different methods of reliability tests. For this study, Cronbach's alpha was used. Cronbach alpha reliability coefficient normally ranges between 0 and 1. George & Mallery (2003) provides the following rule of thumb for Cronbach's alpha >.9 excellent, >.8 good, >.7 acceptable, >.6 questionable, >.5 poor, and <.5 unacceptable. Accordingly, the reliability results of the measurements for the variables of employee motivation are depicted in the table below.

Table 3. 1: Reliability Statistics

Variables	Cronbach's Alpha	No of Items
Recognition	.834	5
Training and development	.722	4
Performance appraisal	.745	4
Working condition	.827	6
Payment	.799	6
Benefit	.811	6
Promotion	.707	6
Employee Motivation	.855	10

Source: Survey, 2024

As illustrated in the table above, all reward management practice factors (recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion) and employee motivation were classified as acceptable which is greater than 0.70. Generally, the overall Cronbach's alpha value of the dependent & independent variables has fulfilled the requirement of Cronbach alpha. This indicated that Cronbach's alpha coefficient of all variables fell within the stated range and concluded that there is internal consistency.

3.9. Ethical Considerations

Before starting this research study, the researcher was granted permission by the School of Commerce, Human resource management department. The researcher was followed all the college ethics guidelines during the process of gathering data and throughout the research. All the individuals who participate in a research study were given as much information as to decide whether they wish to participate in the research or not. All researchers need to supply the participants with a detailed consent form, and they may agree to take part in the research if they wish. The consent form was needed as the research requires collecting detailed information from employees who work in the Ethiopian Commodity Exchange. A consent form regarding the research study was sent to each participant. Moreover, a statement confirms the prohibition of including any identity detail or personal references in the questionnaire. This is to avoid any biased

responses or unauthentic data provided by respondents and to make participants safer in filling out the questionnaire. After that, the researchers was collected the information and analyze the study according to the responses. Findings were reported completely and honestly, without misrepresenting what has been done or intentionally misleading others as to the nature of it. Data was not being fabricated to support a particular conclusion. Finally, a copy of the final report was given to the School of Commerce.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND DISCUSSION

Introduction

This chapter presents the assessment made to examine the effect of rewards management on employee motivation in the Ethiopian Commodity Exchange, This section reports the major findings from the statistical procedures used to provide answers to the basic research questions. The data were analyzed by using SPSS Version 21 software. Generally, the presentation included response rate, descriptive analysis of demographic characteristics of respondents, descriptive analysis of major variables of the study, correlation analysis between predictors of recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion, regression analysis which explain how much the combination of the independent variables explained the dependent variable and finally the study finding and the subsequent analyses of the findings are presented in this chapter.

4.1. Questionnaire Response Rate

This study aimed to examine the effect of rewards management on employee motivation in the Ethiopian Commodity Exchange. Therefore, quantitative data was gathered from all permanent employees of Ethiopian Commodity Exchange by employing a survey instrument. The total number of questionnaires distributed to the study participants was 261. Almost all the distributed questionnaires were returned to the researchers, however, 6 questionnaires, which represent a response rate of 2.30% of the total responses were rejected due to defective, incorrect, and incomplete responses given by the participants, whereas usable and non-defective responses were 255, which is equivalent to a response rate of 97.70% of the total responses as table 4.1 below demonstrates.

Table 4. 1: Response Rate of Respondents

Description	Respondents
Questionnaire distributed	261
Questionnaire returned	255
Response rate (%)	97.70

Source: Survey, 2024

4.2. Demographic Features of the Respondents

The demographic features were analyzed in this section of the analysis and the features highlighted were: gender, age, educational attainment and years of work experience.

Table 4. 2: Demography of the respondents

Variables	Description	Frequenc y	Percent
Gender	Male	163	63.9
	Female	92	36.1
	Total	255	100.0
Age of the Respondent	20-30	112	43.9
	31-40	115	45.1
	41-49	19	7.5
	50 and above	9	3.5
	Total	255	100.0

Educational Qualification	Diploma	13	5.1
	Bachelor's degree	134	52.5
	Master's Degree and above	108	42.4
	Total	255	100.0
Work Experience	< 2 years	66	25.9
	3-5 years	125	49.0
	6-10 years	42	16.5
	10 years and above	22	8.6
	Total	255	100.0

Source: Survey, 2024

As demonstrated in table 4.2 above, regarding the gender of respondents 163 (63.9%) were Male, while 92(36.1%) were female. This indicated that among the total number of respondents, the majority of Ethiopian Commodity Exchange respondents were male. The findings of this study were majorly influenced by the views and opinions of the male gender.

Regarding respondents age 112(35.9%) of the respondents were aged between 20-30 year, 115(45.1%) were between the age of 31-40 years, and of 19(7.5%) of respondents between the age of 41 -50 years and the rest 9(3.5%) of respondents were aged above 50 years. This meant that the organization had diverse age representation among its employees. This implied that most of the employees are youth and very energetic which helps the companies to achieve their objectives and to be profitable.

Regarding educational level, the majority 134(52.5%) of the employee have first degree, 108(42.4%) of the have Master's degree and above constitute. The remaining employees which are Diploma holders constitutes of 13(5.1%) This implies that the organization have well educated employee. This meant that the majority of the respondents believed to have sufficient knowledge regarding reward management practices and employee motivation.

The respondents were also asked to indicate the number of years they had worked in the Ethiopian Commodity Exchange, accordingly, the majority 125(49.0%) of them had worked between 3-5 years, 66 (25.9%) had worked less than 2 years, 42(16.5%) had worked 6-10 years, and the remaining 22 (8.6%) worked greater than 10 years. From this, the researcher can conclude that most respondents had 3-5 years of work experience. The result indicates almost all of the

respondents had sound knowledge and experience in Ethiopian Commodity Exchange so that they gave rigorous and reliable information to the research questionnaires.

4.3. Descriptive Statistics Measurement of Variables

The descriptive statistics of the study variables are summarized in the table below. The average score from the 5-point Likert scale with 5 referring to strongly agree and 1 referring to strongly disagree. Where the mean for the variable is based on the criteria designed by Pimentel, 2010; Agreement level 1.00-1.80 means strongly disagree, Agreement level 1.81-2.60 means disagree, Agreement level 2.61-3.40 means neutral, and Agreement level 3.41-4.20 means agree, and agreement level 4.20-5.00 means strongly agree.

4.3.1. The Effect of Recognition on Employee Motivation

The study was required to find the effects of recognition on employee motivation in Ethiopian Commodity Exchange. The findings of the study are discussed below.

Table 4. 3: The Effect of Recognition on Employee Motivation

Descriptive Statistics			
Recognition	N	Mean	StD.
Management team are recognizing employees whose effort make difference	255	3.94	1.51
The company grants a tangible gifts/trophy, I am more motivated to perform Better	255	3.89	1.47
My supervisors pay close attention to my ideas and suggestions at the company	255	3.83	1.51
The existence of recognition and appreciation for good work, has given me an opportunity to do extra work	255	3.75	1.56

There is satisfactory recognition and appreciation for those who have better achievement in the organization	255	3.63	1.61
Aggregate mean	255	3.81	1.53

Source: Field survey, 2024

The above table shows respondent’s level of agreement on the effect of employee recognition on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified those Management teams are recognizing employees whose effort makes difference with respect with a mean response of (M =3.94 and SD =1.51). There was also a low moderate response rate in connection with the statement which specified that there is satisfactory recognition and appreciation for those who have better achievement in the organization with a mean response of (M = 3.63 & SD = 1.61). In general, it could be understood that employees have highly agreed with a total mean response of (M =3.81 and SD =1.53). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange feel that the management recognizes their efforts, which is a positive factor for employee motivation.

4.3.2. The Effect of Training and Development on Employee Motivation

The study was required to find the effects of training and development on employee motivation in Ethiopian Commodity Exchange. The findings of the study are discussed below.

Table 4. 4: The Effect of Training and Development on Employee Motivation

Descriptive Statistics			
Training and Development	N	Mean	StD.
There is equal access to job-related training opportunities	255	3.60	1.80
My organization has a sponsorship programs that assist employees to pursue academic and professional education programs	255	3.80	1.51
The company have good training and orientation opportunity	255	3.70	1.54
There are really high chances of training on my job	255	3.74	1.57
Aggregate mean	255	3.71	1.61

Source: Field survey, 2024

The above table shows respondent’s level of agreement on the effect of employee training and development on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified

those the organization has a sponsorship programs that assist employees to pursue academic and professional education programs with a mean response of (M =3.80 and SD =1.51). There was also a low moderate response rate in connection with the statement which specified that there is equal access to job-related training opportunities with a mean response of (M = 3.60 & SD = 1.80). In general, it could be understood that employees have highly agreed with a total mean response of (M =3.71 and SD =1.61). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange have a positive view of the impact of training and development on their motivation at the organization.

4.3.3. The Effect of Performance Appraisal on Employee Motivation

The study was required to find the effects of performance appraisal on employee motivation in Ethiopian Commodity Exchange. The findings of the study are discussed below.

Table 4. 5: The Effect of Performance Appraisal on Employee Motivation

Descriptive Statistics			
Performance Appraisal	N	Mean	StD.
Job promotions of Ethiopian commodity exchange is strictly based on performance appraisal	255	3.65	1.60
The company conducts regular performance appraisal discussion with the employees	255	3.85	1.57
The existing performance appraisal has significant impact on job motivation	255	3.73	1.56
The Performance appraisal system of the company is adequate	255	3.77	1.50
Aggregate mean	255	3.75	1.56

Source: Field Survey, 2024

The above table shows respondent’s level of agreement on the effect of performance appraisal on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified the company

conducts regular performance appraisal discussion with the employees with a mean response of (M =3.85 and SD =1.57). There was also a low moderate response rate in connection with the statement which specified that job promotions of Ethiopian commodity exchange is strictly based on performance appraisal with a mean response of (M = 3.65 & SD = 1.60). In general, it could be understood that employees have highly agreed with a total mean response of (M =3.75 and SD =1.56). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange generally agree that performance appraisal positively impacts their motivation at the Ethiopian Commodity Exchange.

4.3.4. The Effect of Working Condition on Employee Motivation

The study required to establish the effects of working condition on employee motivation in Ethiopian Commodity exchange. The findings of the study are discussed below.

Table 4. 6: Descriptive Statistics of Working condition

Descriptive Statistics			
Working Condition	N	Mean	StD.
The arrangement of office layout is convenient for me	255	3.71	1.58
Supervisor and subordinate communication system of this company is good	255	3.77	1.56
There is better co-ordination among co-workers to succeed	255	3.67	1.59
Employees are treated fairly with respect	255	3.85	1.51
The existence of safe working conditions has encouraged me to give sustained high performance at work.	255	3.69	1.62
I get the opportunity to mix with my colleagues and to communicate on aspects of our work	255	3.87	1.52
Aggregate mean	255	3.76	1.56

Source: Field survey, 2024

The above table shows respondent’s level of agreement on the effect of working condition on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified that Employees

are treated fairly with respect with a mean response of ($M = 3.85$ and $SD = 1.51$). There was also a low moderate response rate in connection with the statement which specified that there is better co-ordination among co-workers to succeed with a mean response of ($M = 3.67$ & $SD = 1.59$). In general, it could be understood that employees have highly agreed with a total mean response of ($M = 3.76$ and $SD = 1.56$). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange feel that they are treated fairly with respect, which is a positive aspect of the working conditions. However, there seems to be room for improvement in terms of coordination among co-workers to enhance success. Strengthening teamwork and collaboration could further boost employee motivation and overall satisfaction.

4.3.5. The Effect of Payment on Employee Motivation

Payment is one of the motivational tools used for the study and responses for the six research questions under this factor are summarized in table 4.7. The analyses of each of the six questions under the Payment factor were analyzed and interpreted as follows.

Table 4. 7: Descriptive Statistics of Payment

Descriptive Statistics			
Payment	N	Mean	StD.
The payment system is clearly stated and communicated to all employees	254	4.02	1.48
My salary is satisfactory in relation to what I do	255	3.85	1.45
Performance related incentives improve my work motivation	255	3.81	1.49
My salary is fair when compared with that of similar jobs in other companies	255	3.58	1.56
The basis of payment, for example overtime payment is reasonable	255	3.71	1.43
Salary adjustment is made according to the current market	255	3.75	1.47
Aggregate mean	254	3.79	1.48

Source: Field survey, 2024

The above table shows respondent's level of agreement on the effect of payment on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified that the payment system is clearly stated and communicated to all employees with a mean response of ($M = 4.02$ and $SD = 1.48$). There was also a low moderate response rate in connection with the statement which

specified that the basis of payment, for example overtime payment is reasonable with a mean response of ($M = 3.71$ & $SD = 1.43$). In general, it could be understood that employees have highly agreed with a total mean response of ($M = 3.79$ and $SD = 1.48$). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange appreciate the clarity in the communication of the payment system. However, there are some concerns about the perceived fairness of certain aspects, such as overtime payment. To further enhance employee motivation, it would be beneficial for the company to ensure that all payment policies are not only clearly communicated but also perceived as reasonable and fair by the employees.

4.3.6. The Effects of Benefit on Employee Motivation

The study required to establish the effects of benefit on employee motivation in Ethiopian Commodity exchange. The findings of the study are discussed below.

Table 4. 8: The Effects of benefit on employee motivation

Descriptive Statistics			
Benefit	N	Mean	StD.
My Company offers a comprehensive benefit package	255	3.62	1.76
The benefits offered provide security for me and my family	255	3.78	1.57
The Benefits department provides accurate and helpful information	255	3.67	1.65
The benefit that I get is fair and equal with others who have similar jobs and position in the organization	255	3.74	1.58
The medical coverage that provided by the organization is attractive	255	3.82	1.61
Transportation benefit is fair with the current cost of transportation service	255	3.80	1.69
Aggregate mean	255	3.74	1.64

Source: Field survey, 2024

The above table shows respondent’s level of agreement on the effect of benefit on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified that the medical coverage that provided by the organization is attractive with a mean response of ($M = 3.82$ and $SD = 1.61$). There was also a low moderate response rate in connection with the statement which specified that the Company offers a comprehensive benefit package with a mean response of ($M = 3.62$ & $SD = 1.76$). In general, it could be understood that employees have highly agreed with a total mean

response of ($M = 3.74$ and $SD = 1.64$). From the analysis, it can be concluded that employees at the Ethiopian Commodity Exchange value the medical coverage provided by the organization, but there are some concerns about the comprehensiveness of the overall benefit package. To improve employee motivation, it may be beneficial for the company to review and enhance its benefit offerings to better meet the needs and expectations of employees.

4.3.7. The Effect of Promotion on Employee Motivation

The study was required to find the effects of promotion activities on employee motivation in Ethiopian Commodity Exchange. The findings of the study are discussed below.

Table 4. 9: The Effect of Promotion activities on Employee Motivation

Descriptive Statistics			
Promotion	N	Mean	StD.
The company promotes workers in a fair and transparent manner.	255	3.61	1.76
The company's promotion policy is clearly communicated to all employees.	255	3.89	1.57
Those who do well on their job stand a fair chance of being promoted	255	3.81	1.75
Qualification and experience are considering to promotion	255	3.67	1.58
The company promotes workers to develop a new skill.	255	3.83	1.72
My job motivated me since it has a return for growth	255	3.73	1.57
Aggregate mean	255	3.77	1.66

Source: Field survey, 2024

The above table shows respondent's level of agreement on the effect of promotion on employee motivation in Ethiopian Commodity Exchange. Accordingly, as shown from the table, there was a high response rate in connection with the statement which specified that the company's promotion policy is clearly communicated to all employees with a mean response of ($M = 3.89$ and $SD = 1.57$). There was also a low moderate response rate in connection with the statement which specified that company promotes workers in a fair and transparent manner with a mean response of ($M = 3.61$ & $SD = 1.76$). In general, it could be understood that employees have highly agreed with a total mean response of ($M = 3.77$ and $SD = 1.66$). From the analysis, it can be concluded that the employees at the Ethiopian Commodity Exchange a positive perception of the company's promotion policy is clearly communicated to all employees. However, there seems to be some

concern regarding the fairness and transparency of the promotion process. It is important for the company to address these concerns to ensure employee motivation.

4.4. Employee Motivation

The study sought to describe employee motivation in Ethiopian Commodity Exchange. Respondents were asked to indicate the extent to which they agreed that the statements on the items of employee motivation described their firms. The results are presented below:

Table 4. 10: Mean and Standard Deviation for Measures of Employee Motivation

Employee Motivation	N	Mean	StD.
The reward allocation of the Ethiopian commodity exchange is fair	255	3.77	1.58
My input is equitable with my outcome	255	3.80	1.49
The Ethiopian commodity exchange acknowledge excellent performance	255	3.94	1.59
The Ethiopian commodity exchange value good performance than tenure, seniority, status, loyalty	255	3.69	1.63
The Ethiopian commodity exchange recognition of good performance has an impact on my level of motivation positively	255	3.84	1.61
The institution treats its employee in equitable manner	255	3.74	1.58
The institution has clear and specific goals for each job	255	3.89	1.46
I am free to schedule my job	255	3.78	1.50
My job has visible and recognizable outcome which I am aware of.	255	3.77	1.52
My job requires various skills	255	3.68	1.65
Aggregate mean	255	3.79	1.56

Source: Field survey, 2024

As shown from the table above, the descriptive statistics provided in the table demonstrate the perceived impact of reward management practices on employee motivation in Ethiopian Commodity Exchange. According to the data, the Ethiopian commodity exchange acknowledge excellent performance with a mean score of (M=3.94, and SD=1.59), the institution has clear and specific goals for each job with mean score of (M=3.89, and SD=1.46), The Ethiopian commodity exchange recognition of good performance has an impact on my level of motivation positively with a mean score of (M=3.84, and SD=1.61), My input is equitable with my outcome with a mean score of (M=3.80, and SD=1.49), I am free to schedule my job with a mean score of (M=3.78 and

SD=1.50), the reward allocation of the Ethiopian commodity exchange is fair with a mean score of (M=3.77 and SD=1.58), The institution treats its employee in equitable manner with a mean score of (M=3.74, and SD=1.58), The Ethiopian commodity exchange value good performance than tenure, seniority, status, loyalty with a mean score of (M=3.69, and SD=1.63), and My job requires various skills with a mean score of (M=3.68, and SD=1.65). The respondents also recognize the positive influence of recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion activities on overall employee motivation with an aggregate mean score of (M=3.79, and SD=1.56) it is evident that the employees perceive reward management practices to be important in driving various aspects of employee motivation in Ethiopian Commodity Exchange.

4.5. Comparison of Factors

Even though, all the recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion determine employee motivation, this does not necessarily mean that all determinant factors have equal effect. The following table compares the overall effect of all key determinants discussed in detail above.

Table 4. 11: Ranking of the major determinants of Employee Motivation

Descriptive Statistics	N	Mean	Std. Deviation
Recognition	255	3.81	1.53
Training and development	255	3.71	1.61
Performance appraisal	255	3.75	1.51
Working condition	255	3.76	1.56
Payment	255	3.79	1.48
Benefit	255	3.74	1.64
Promotion	255	3.77	1.66
Employee Motivation	255	3.79	1.56

Source: Survey, 2024

Table 4.11 above, indicates that relatively among independent variables recognition has the highest mean distribution of (M=3.81 and SD=1.53), while training and development has the lowest mean distribution of (M=3.71 and SD=1.61). As far as the other independent variables payment has a mean distribution of (M=3.79 and SD=1.48), promotion (M=3.77 and SD=1.66), working condition (M=3.76 and SD=1.56), performance appraisal M=3.75 and SD=1.51), and benefit has

a mean distribution of ($M=3.74$, and $SD=1.64$), and employee motivation which is the dependent variable of the study has a mean distribution of ($M=3.79$, and $SD=1.56$).

4.6. Results of Inferential Statistics

Inferential statistics is one of two branches of statistics in which a random sample of data is taken from a population to describe and make inferences about the population. Etikan & Bala (2017) said inferential statistics assist a study in making data descriptions and drawing conclusions and inferences from the respective set of data. To formulate a suitable model to evaluate the relationship between reward management practices factors and employee motivation in Ethiopia Commodity Exchange, the study carried out an inferential analysis that involved the Pearson Correlation Coefficient and Linear Regression analysis and then fitting the data in the regression model to determine whether it's valid. The inferential analysis aims to make conclusions out of the data b/n the independent and dependent variables.

4.6.1. Correlation Analysis

Correlation analysis is a technique used to indicate the relationship of one variable to another and can be considered as a standardized covariance that shows the extent to which a change in one variable corresponds systematically to a change in another (Zikmund et al, 2013). This study employs correlation analysis, which investigates the strength of the relationships between reward management practices factors (recognition, training, and development, performance appraisal, working condition, and payment, benefit, and promotion activities) and employee motivation. To evaluate this relationship and for this study, Pearson correlation analysis was used to provide evidence. The relationship between the variables is obtained through Pearson product-moment correlation coefficient "r". The value of Pearson product-moment correlation coefficient "r" normally varies between -1.0 to 1.0. The coefficient (r) revealed the magnitude and direction of relationships. The sign indicates whether there is a positive correlation (as one variable increases, the other also increases) or negative correlation (as one variable increases, the other decreases) and it also shows the intensity of the relationship. Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk et al., 2005).

As per Dancey and Reidy (2004) a correlation result which is 0 indicates zero correlation, a result between 0.1 and 0.3 indicates a weak correlation among variables, a result which is between 0.4 and 0.6 shows a moderate correlation, a result between 0.7 and 0.9 indicates a strong correlation among variables while a result which is equal to 1 indicates a perfect correlation. The

following table shows the correlation between the seven reward management practices factors and employee motivation.

Table 4. 12: Pearson Correlation Matrix between Reward and employee Motivation

Correlations		Recognition	Training	Performance appraisal	Working condition	Payment	Benefit	Promotion	Motivation
Re	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	255							
Tr	Pearson Correlation	.361**	1						
	Sig. (2-tailed)	.000							
	N	255	255						
Pa	Pearson Correlation	.241**	.229**	1					
	Sig. (2-tailed)	.000	.000						
	N	255	255	255					
Wc	Pearson Correlation	.353**	.687**	.354**	1				
	Sig. (2-tailed)	.000	.000	.000					
	N	255	255	255	255				
Pay	Pearson Correlation	.312**	.641**	.382**	.668**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	255	255	255	255	255			
Be	Pearson Correlation	.224**	.635**	.261**	.745**	.651**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	255	255	255	255	255	255		
Pro	Pearson Correlation	.235**	.530**	.249**	.543**	.529**	.677**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	255	255	255	255	255	255	255	
Mot	Pearson Correlation	.414**	.738**	.437**	.772**	.851**	.765**	.663**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	255	255	255	255	255	255	255	255

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

Source: field survey, 2025

As shown in Table 4.12, all of the reward management practices factors have a positive relationship with employee motivation although the strength of the relationship varies across the seven reward management practice factors. Five of the seven reward management practices factors have statistically significant correlation, the strongest correlation being between payment and employee motivation (0.851); followed by working condition (0.772), Benefit (0.765), Training and development (0.738), and promotion (0.638). The remaining two factors have a moderately significant relationship with employee motivation: Recognition (0.414), and Performance appraisal (0.437). Thus, it is possible to conclude that reward management practices factors and employee motivations are positively related, which indicates that rewarded employees will motivate highly.

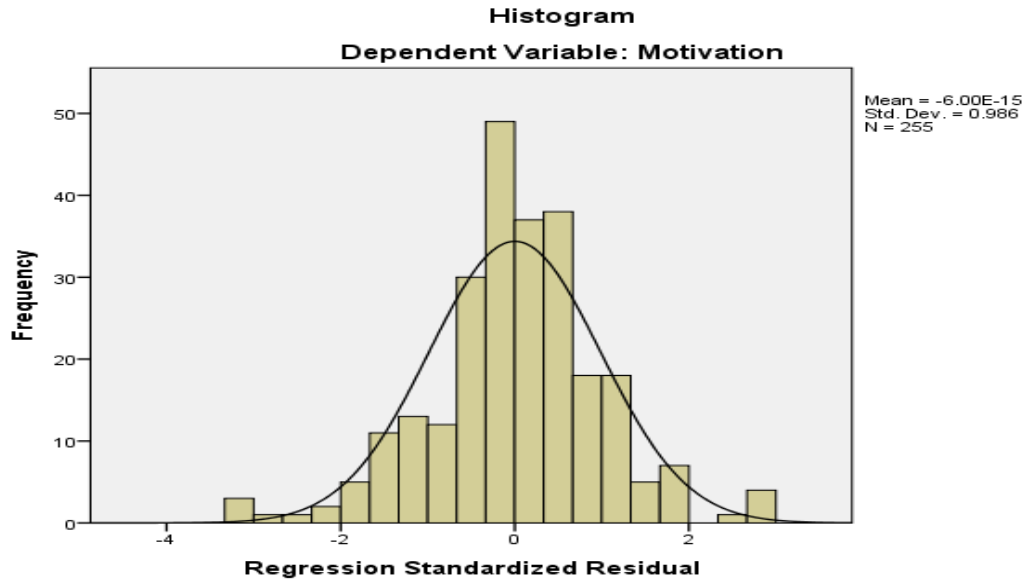
4.6.2. Model Assumptions Test

Before regression analysis was conducted, a series of diagnostic tests were performed. This was meant to ascertain that the data did not violate the assumptions underlying the application of linear regression. These tests included normality, multi-collinearity, and linearity.

4.6.2.1. Normality Test

To conduct a rigorous research analysis, it is essential to ensure that all variables used in multiple linear regressions are normally distributed. This requirement can be assessed by employing techniques such as histogram analysis and fitting a normal curve or normal P-P Plot. The underlying assumption of normality pertains to the mean of the residuals being zero. To verify this assumption, researchers often employ normality tests, which determine the degree to which a dataset adheres to a normal distribution. In the present study, the researcher opted to test the normality of the data using histogram methods. According to Fidell (2001), a bell-shaped histogram indicates that the residuals are normally distributed around a mean of zero. By examining Figure 4.1, it can be observed that the data conforms to the normality assumption, thus ensuring the validity of the analysis.

Figure 4. 1: Normality Test

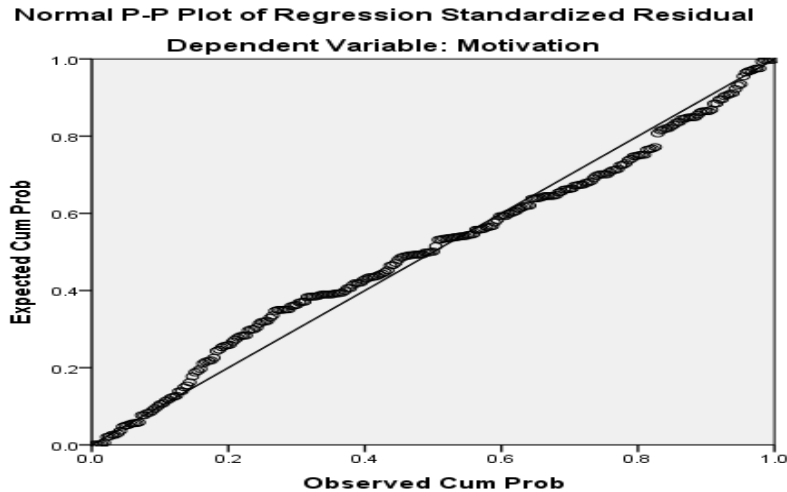


Source: Field Survey, 2024

4.6.2.2. Linearity Test

Linearity refers to the degree to which the variation in the dependent variable is related to the variation in the independent variables. Simply it explains the relation and movement of dependent and independent variables. The study conducted a linearity test to determine whether the relationship between independent variables (recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion) and employee motivation (dependent variable) is linear or not.

Figure 4. 2: Linearity Test Results



Source: Field Survey, 2024

As shown in the diagram, the diagonal line observed across the residual plots indicates a normal distribution of residuals. Furthermore, the absence of any noticeable variations in the redistribution of residuals suggests a clear linear pattern. The scatter plot of residuals also indicates a consistent spread without any significant deviations. Consequently, it is reasonable to conclude that the researcher's inferences regarding the population parameter based on the sample are valid, and the relationship between the variables can be deemed linear.

4.6.2.3. Multi-collinearity Test

Multi-collinearity problem arises when at least one of the independent variables is a linear combination of the others. The existence of multi-collinearity might cause the estimated regression coefficients to have the wrong signs and smaller t-ratios that might lead to wrong conclusions. In order to test whether multi-collinearity problem present or not, a simple pair wise Values of Tolerance and Variance Inflation Factor (VIF) were employed.

Table 4. 13: Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
Recognition	.817	1.224
Training and development	.431	2.319
Performance appraisal	.810	1.235
Working condition	.328	3.045
Payment	.432	2.316

Benefit	.313	3.198
Promotion	.515	1.941

Source: Survey, 2024

As shown in the collinearity Statistics table the result of the analysis shows that the tolerance values for independent variables (recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion) are .817, .431, .810, .328, .432, .313, and .515 respectively. Therefore there is no violation of the above-stated assumption. Also, the VIF results for Recognition, Training, and development, Performance appraisal, working condition, Payment, Benefit, and Promotion are 1.224, 2.319, 1.235, 3.045, 2.316, 3.198, and 1.941 respectively. As shown in the table, the value of the VIF of all independent variables was found to be smaller than ten and the tolerance test result is greater than 0.1. These values indicated that there is no Multicollinearity problem on this research explanatory variable.

4.6.3. Homoscedasticity Test

The assumption of Homoscedasticity indicates that the variance of error is equal and constant across all levels of the variables. Homoscedasticity is related to the assumption of normality because when the assumption of normality is met, the relationship between the variables is homoscedastic. Heteroscedasticity occurs when the variance of errors differs at different values of the independent variables. To assess homoscedasticity, the researcher created a scatterplot of standardized residuals versus standardized predicted values using SPSS and found that Heteroscedasticity was not a major problem as shown in the figure below.

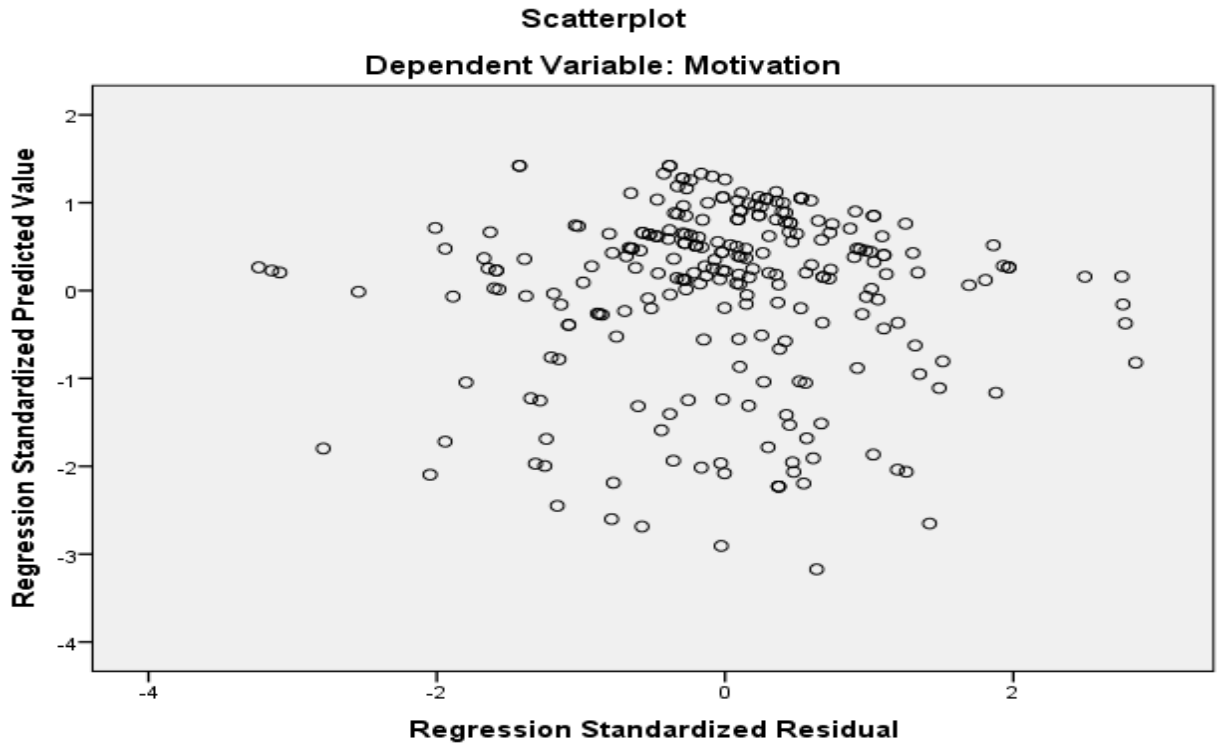


Figure 4. 3: Heteroscedasticity

Source: Survey, 2024

As shown from the figure above, testing for homoscedasticity lies with an assumption in regression analysis that the residuals at each level of the predictor variable(s) have similar variances. Using the plots of ZResid against ZPred, the distribution checks whether the graph looks like a random array of dots evenly dispersed around zero. This means that at each point along with any predictor variable, the spread of residuals should be fairly constant. It shows that the overall employee motivation is plotted against each predictor variable of reward management practice. The plot shows how the points are randomly and evenly dispersed throughout the plot. And, these patterns are indicative of a situation in which the assumptions of linearity and homoscedasticity have been met.

After the data was checked for the above-required multiple regression assumptions and the researcher confirmed that it has met all these assumptions, multiple regression analysis was carried out to determine how well the regression model fits the data (model summary), independent variables statistically significantly predict the dependent variable (ANOVA) and statistical significance of each of the independent variables (regression coefficients).

4.7. Regression Analysis Result and Discussion

Regression analysis was conducted in order to determine the explanatory power of the independent variables (Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, and Benefit) in the variance of dependent variable (EM). The coefficient of determination or percentage of variance illustrates how well changes in the dependent variable can be explained by changes in the independent variables. The results for the regression analysis are presented as follows.

4.7.1. Model Summary

This section presents the multiple linear regression results of that made to examine the effect of independent variables on employee motivation. Multiple regressions were performed between employee motivation as the dependent variable and Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, and Benefit as independent variables.

Table 4. 14: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930 ^a	.864	.861	.38423
a. Predictors: (Constant), Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, Benefit				
b. Dependent Variable: Motivation				

Source: Field Survey, 2024

The results of regression analysis presented in Table 4.14, indicate significant relationship between the dependent and independent Variable. This means the predictive variables each independent variables (Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, Benefit) and the dependent variable i.e., Employee motivation. The adjusted R-Square ($R^2 = .861$) shows the explanatory power of all variables involved in the study. Hence Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, and Benefit jointly determine (explain) 86.1% of the variance on Employee motivation whereas the remaining 13.9% of the variance in the dependent variable was explained by other variables that are not included in this model.

4.7.2. The Analysis of Variance (Model Fitness)

Model fit has been seen among the various components of employee motivation, for this survey, seven variables were selected. The effect of these seven independent variables; Promotion, Recognition, Performance appraisal, Training, and development, Payment, Working condition, and Benefit was examined on the dependent variable i.e. employee motivation using multiple regressions.

Table 4. 15: The Analysis of Variance

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	232.351	7	33.193	224.830	.000 ^b
	Residual	36.466	247	.148		
	Total	268.817	254			
a. Dependent Variable: Employee Motivation						
b. Predictors: (Constant), Promotion, Recognition, Performance appraisal, Training, and development, Payment, Working condition, Benefit						

Source: Field survey, 2024

As shown in Table 4.15 above, the analysis of variance (ANOVA) was conducted on the variables. The ANOVA provides an assessment of the overall significance of the model in terms of statistical significance. The results of the analysis indicated that the F ratio, with an F value of 224.830, is significant at a p-value of 0.000. This indicates that the seven independent variables (Promotion, Recognition, Performance appraisal, Training, and development, Payment, Working condition, and Benefit) collectively have a significant relationship with the dependent variable. The critical F-value at a 5% level of significance is 0.148. Since the calculated F-value of 224.830 is greater than the critical value, it confirms that the model is indeed significant. The magnitude of the F-value is large enough to conclude that the combined coefficients of the independent variables are not jointly equal to zero. This implies that the combination of these variables effectively predicts the dependent variable.

4.7.3. Multiple Regression Analysis

Multiple regression analysis is used to find out whether there was a statistically significant relation between employee motivation and the reward management practices or not. Multiple regressions are used to develop a formula that shows the relationship between the dependent variable (employee motivation) and the independent variables (Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, and Benefit). The standardized beta coefficient tells us the unique contribution of each factor to the model. A high beta value and a small p-value (<0.05) indicate the predictor variable has made a significant statistical contribution to the model. On the other hand, a small beta value and a high p-value ($p > 0.05$) indicate the predictor variable has little or no significant contribution to the model George et al (2003).

Table 4. 16: Regression Coefficients Analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.342	.119		-2.869	.004
	Recognition	.079	.022	.091	3.519	.001
	Training	.128	.031	.148	4.158	.000
	Performance appraisal	.085	.023	.097	3.718	.000
	Working condition	.108	.037	.120	2.942	.004
	Payment	.426	.035	.434	12.163	.000
	Benefit	.142	.037	.163	3.880	.000
	Promotion	.130	.032	.133	4.083	.000
a. Dependent Variable: Employee Motivation						

Source: Field Survey, 2024

The above regression examines the relationship between the independent variables such as (Promotion, Recognition, Performance appraisal, Training, Payment, Working condition, and Benefit), and the dependent variable, which is employee motivation. The significance level for all mentioned independent variables shows a level below 0.05, which means that there, is a significant relationship between these independent variables and employee motivation. Since all variables

received an error of less than 0.05. The alternative hypothesis was accepted stating that there is a relation between the independent variables and the dependent variable.

Regression equation

A multiple regression model was used to determine whether independent variables, as symbolized by Re=Recognition, Tr =Training, and development, Pa=Performance appraisal, Wc =Working condition, Pm=Payment, Be=Benefit, and Pr=Promotion, and altogether affected the dependent variable Mo= Employee motivation. The Multiple regression models were as follows:

$$Mo = \beta_0 + \beta_1X_1 + \beta_2x_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \Sigma_0 + e$$

$$Mo = \beta_0 + \beta_1(Re) + \beta_2(Tr) + \beta_3(Pa) + \beta_4(WC) + \beta_5(Pm) + \beta_6(Be) + \beta_7(Pr) + e$$

$$Mo = -.342 + .091(Re) + .148(Tr) + .097(Pa) + .120(WC) + .434(Pm) + .163(Be).133(Pr) + e$$

Where;

Mo= the dependent variable (Employee motivation)

Re= the first independent variable (Recognition)

Tr = the second independent variable (Training and development)

Pa= the third independent variable (Performance appraisal)

Wc = the fourth independent variable (Working condition)

Pm= the fifth independent variable (Payment)

Be= the sixth independent variable (Benefit)

Pr= the first independent variable (Promotion)

β_0 =intercept of the equation e = error term

4.8. Hypothesis Summary

Hypothesis testing was based on standardized coefficients beta and P-value to test whether the hypotheses were accepted or failed to be accepted.

Table 4. 17: Analysis of Hypothesis

Hypothesis	Beta Coefficient	Significant (P<0.05)	Decision
H1: Recognition has a positive and significant effect on employee motivation.	.091	.001	Accepted
H2: Training and development has a positive and significant effect on employee motivation.	.148	.000	Accepted
H3: performance appraisal has a positive and significant effect on employee motivation.	.097	.000	Accepted
H4: Working condition has a positive and significant effect on employee motivation.	.120	.004	Accepted
H5: Payment has a positive and significant effect on employee motivation	.434	.000	Accepted
H6: Benefit has a positive and significant effect on employee motivation	.163	.000	Accepted
H7: Promotion has a positive and significant effect on employee motivation	.133	.000	Accepted

Source: Survey, 2024

As shown in the table above, the research starting hypotheses were tested based on the standardized coefficients and beta and p-value to test whether the research hypotheses were accepted or rejected. Accordingly, based on the finding the researcher concluded that all the reward management practices factors were occasionally practiced and significantly contributed to the employee motivation. Each reward management factors Factor has a statistically significant and positive effect on employee motivation of ETUR Ethiopian commodity exchange.

4.9. Discussion

The results of multiple regressions, as presented in Table 4.13 above, revealed that Employee Recognition had a positive and significant effect on Employee motivation with ($\beta = .091$, $t = 3.519$ & $p = 0.001$). The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange

increases its effort to improve employees' recognition by (one) 1%, then its employee motivation will increase by 9.1%. This implies that Employee Recognition has statistically significant effect on Employee motivation. This finding is in line with the study conducted by Thumbran (2010); Zani, et al., (2011); Biniyam & Eyobe (2019).

The results of multiple regressions, as presented in the table above, revealed that employee Training, and development has a positive and significant effect on employee's motivation with ($\beta = .148$, $t = 4.158$ & $p = 0.000$). The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange increases its effort to improve employees' training and development by 1%, then its employee motivation will increase by 14.8%. This implies that Employee training and development has statistically significant effect on Employee motivation. This is consistent with findings from previous studies, which have reported that Employees raining has a positive and significant effect on Employee motivation Hammond & Churchill (2018); Scaduto, Lindsay, & Chiaburu, (2008), and Zafar (2014).

The results of multiple regressions, as presented in the table above, revealed that performance appraisal had a positive and significant effect on Employee motivation with ($\beta = .097$, $t = 3.718$ & $p = 0.000$). The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange increases its effort to improve performance appraisal by 1%, then its employee motivation will increase by 9.7%. This implies that performance appraisal has statistically significant effect on Employee motivation.

The results of multiple regressions, as presented in the table above, revealed that working condition has a positive and significant effect on employee's motivation in Ethiopian commodity exchange with ($\beta = .120$, $t = 2.942$ & $p = 0.004$). The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange increases its effort to improve working condition by 1%, then its employee motivation will increase by 12.0%. This implies that working condition has statistically significant effect on Employee motivation.

The results of multiple regressions, as presented in the table above, revealed that payment has a positive and significant effect on employee's motivation. As we can see in the above regression coefficient table payment has a beta value .434, and p value .000. The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the

Ethiopian commodity exchange increases its effort to improve payment condition by 1%, then its employee motivation will increase by 43.4%. This implies that payment has statistically significant effect on Employee motivation. This result of payment is consistent with Moncarz et al., (2009). According to his paper it can be explained that payment was the prime factor for the motivation of salaried employees.

The results of multiple regressions, as presented in the table above, revealed that benefit has a positive and significant effect on employee's motivation. The beta value of benefit shows .163 and p value .000. The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange increases its to its employee by 1%, then its employee motivation will increase by 16.3%. This implies that benefit has statistically significant effect on Employee motivation.

The results of multiple regressions, as presented in the table above, revealed that employee's promotion has a positive and significant effect on employee's motivation. The beta value of benefit shows .133 and p value .000. The result is significant at 5% level of significance. Thus, the proposed hypothesis was accepted. This statistic infers that if the Ethiopian commodity exchange gives promotion to its employee by 1%, then its employee motivation will increase by 13.3%. This implies that promotion has statistically significant effect on Employee motivation. This finding can be supported by (De Souza, 2002) which states that If organizations are not giving promotion to their employees then employees was de-motivated and their turnover rate was high.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

Introduction

The research study findings and results are discussed in this chapter. Conclusions and recommendations are made based on only the key research findings and results. The main objective of this study was to examine the effect of reward management practices on employee motivation in Ethiopian Commodity Exchange. Therefore; the researcher has given conclusions and recommendations based on the information collected and analyzed

5.1. Summary of Major Findings

The purpose of this study was to determine effects of reward management practices on employee motivation of Ethiopian Commodity Exchange. Based on the analysis of data and discussion of results, the followings are the summary of major findings of this study.

- A descriptive survey research design was adopted for this study. The population of the study consisted of 750 permanent employees of Ethiopian Commodity Exchange. The study adopted a simple random sampling technique to carry out the research on the sample size of 261. Structured questionnaires were used to collect data based on each study objectives. Data was analyzed using the Statistical Package for Social Sciences (SPSS) software. The data was interpreted using descriptive statistics like frequencies and percentages. Pearson correlation, and regression analysis was used for inferential statistics.
- In order to achieve the purpose of the study, some basic questions regarding reward systems and its impact on employee motivation was assessed. The view of Ethiopian Commodity Exchange employees towards the present reward systems and its contribution towards employee motivation, the factors, associated to reward systems implementation, effect of reward management practice and measures to be taken to address the problem of reward system in the organization. When we came to study, the result of the descriptive statistics tells that above average of respondents are satisfied by the current practice of recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion.
- The Pearson's Product Moment Correlation Coefficient was computed for the purposes of determining the relationships: the relationship between the different dimensions of the

reward variables and employee's motivation. Regarding the relationship of the identified dependent variable (employee motivation) and the independent variables (recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion their relationship using the coefficient of value, it was found high degree of positive and statistically significant relationship between independent and dependent variable. Both intrinsic reward variables and extrinsic variable have high degree of positive relationship with employee's motivation.

- Regarding the result of the multiple regression analysis, the coefficient of multiple correlations extrinsic R and Adjusted R that is the degree of association between selected reward variables and employees' motivation is 0.864. The value of the adjusted R square 86.4% of variation in employees' motivation is explained by recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion whereas 13.6% of variance is explained by other factors.
- The ANOVA table revealed that the constructed model is statistically significant at a 0.05% significance level.
- Concerning the result of the multiple regression analysis, the coefficient of multiple correlations there is appositve and significant relationship between all these independent variables and employee motivation

5.2. Conclusion

The objective of the study was to examine the effects of reward management practices on employees' motivation in Ethiopian Commodity Exchange. For organizations to be productive enough, creation of motivated and energetic employees is mandatory. Because organizations will be productive if and only if their employees are productive and this can happen in bringing a better reward management system that always considers and meets employee's expectations.

From the result of the study, it is possible to conclude that both Intrinsic and Extrinsic rewards are important factors for the motivations of employees of Ethiopian Commodity Exchange. According to finding, most of the respondents answered that they were satisfied with the current reward in the organization and it may lead them to look for a new job with better reward.

The Analysis has shown significantly positive relationship between all dimensions of reward variables and employee motivation and it is also supported by the results of regression analysis. The results of this study are quite according to the hypothesis. Furthermore, the result of this study

suggests that rewards are important factors that the Ethiopian Commodity Exchange need to focus to keep employee motivated. Neglecting this factors causes to build demotivated employees which are subject to lower performance or even worse to leave the exchange.

The aim of the study was to identify the effect of rewards on employee motivation. For the company in order to be successful, creation of motivated and energetic employees is mandatory. Because organizations will be productive if and only if their employees are productive and this can happen in bringing a better reward management system that always considers and meets employee's expectations. In conclusion, the major findings of this research show that reward is considered important factor for motivation of the exchange employees.

5.3. Recommendation

Based on the analysis of data, the results, and the discussion of the results, the conclusions that were drawn, the researcher was able to make the following recommendations:

The study discovered that the effect of recognition on employee motivation is significant, that the practice of recognition such as values of morals and the grants of a tangible gifts/trophy, time and effort to nominate, and the existence of recognition and appreciation for good work shows the impact of recognition in Ethiopian Commodity Exchange is good and it implies recognition has significant effect on employee motivation; moreover the study also recommend the management maintain employees aware of the procedures for nominating.

The finding implies that employees are satisfied with the Ethiopian Commodity Exchange entire recognition practice because the company recognizes them for good performance. As a result, Ethiopian Commodity Exchange should concentrate on enhancing its recognition practice by employing a variety of recognition approaches. Such as thanking colleagues on staff day, posting a list of "employees of the month" on a bulletin board, and writing Thank you letter and a simple thank you.

The study determined the effect of training and development on employee motivation is significant. The study also determined that training programs such as quality of the training program/s, the frequency employee undergo training, and the precondition employee selected for training are employed in Ethiopian Commodity exchange. The study recommends keeping this practice because the correlation between training and employee motivation is significant, besides the study also concluded that the company does not provide relevant training to the work, and relating training program with the jobs and the research recommends that such

kind of practice should be maintained and the management also arrange frequent training program to update new knowledge to its employees in time. Arranging frequent employees training program seems to be mandatory to enhance employees' abilities and competencies.

Promotion has a significant effect on employee motivation. However, Ethiopian Commodity Exchange is not performing well in this factor as indicated in the study findings. The Ethiopian Commodity Exchange must take promotion as a culture and hence, staffs get encouragement which in turn induces the effectiveness of the organization. It is recommended that effective and transparent promotion process should be established with clear requirements and procedures for promotion. If staff promotion opportunity is fair and transparent, promotions are based on performance and the organization policies and promotions are acceptable, employees will know their rights and the obligation of the employer's role and will perform well.

Since, majority of employees agreed on rewarding good performance it is important to provide rewards based on employee performance. If an employee believes that his/her good performance is acknowledged by company they tend to put their best efforts into practice. This leads to the expectancy that great effort will lead to performance which is noticed and rewarded.

Finally, a positive work environment is a productive work environment. Human resource management in Ethiopian Commodity Exchange should consider that by making some modification in the reward, the company able to raise employee work motivation and achieving the organization's overall goal.

5.4. Suggestion for Further Research

This study dealt with developing insight into the effects of reward management practices on employee motivation in Ethiopian Commodity Exchange. A study will provide an opportunity for government agencies; private organizations and non-government organizations to enlarge the knowledge and thoughtful of reward management practices and Employee motivation in a wider context. The author takes into account that this study needs to be broadened. This research was based on the context of Ethiopian Commodity Exchange. Therefore, it provides room for investigation of other sectors of the economy to see whether a positive relationship exists between reward management practices and employee motivation. Future research should also encompass its theoretical framework and take other major variables into the study to boost reward management practices awareness in organizations which in turn recall employee motivation. Further research could be done on another sector other than Ethiopian Commodity Exchange to connect reward management practices to the value of the company.

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Appendix
Addis Ababa University
School of Commerce
Human Resource Management Program

A Survey Questionnaire for a Study on the Effect of Reward Management Practice on Employees' Motivation in the Case of Ethiopian Commodity Exchange

Dear Respondents,

I am, Belay Getahun a graduate student at Addis Ababa University School of Commerce. Currently, I am researching to identify the Effect of Reward Management Practice on Employees' Motivation in the Case of Ethiopian Commodity Exchange for partial fulfillment of my Masters of Art in Human Resource Management. I kindly ask you to answer honestly and to the best of your knowledge, the questionnaire given. The information collected is used strictly for scholarly purposes and is handled as confidentially as possible. To this end, I kindly request you complete the following short questionnaire regarding the stated objective. It will take no longer than 15 minutes of your time. Your response is of the utmost importance to me. Therefore, your genuine, honest, and prompt response is valuable input for the quality and successful completion of the project.

General Instructions

- There is no need to write your name
- In all cases where answer options are available please tick in the appropriate box.
 - Belay Getahun
 - +2519 11 39 42 36

Thank you in advance for your time and consideration!

Section I: Demographic Information

Direction: Please put a tick (✓) mark in the appropriate box which expresses yourself

1. Gender Male Female
2. Age Below 18 19-29 30-39 40-49 50 years and above
3. Educational level Diploma Degree Master's degree PhD

4. Work experience. 1-5 years 6-10 years 11-15 years >= 15 years

Part –II Survey Questions on Attribute related to Reward Management Practice

Section two: The following tables are classified by the seven basic dimensions of reward management practices (i.e. recognition, training, and development, performance appraisal, working condition, payment, benefit, and promotion). Each table is composed of statements that the researcher believes can best explain the reward management practices of Ethiopian Commodity Exchange. There are five blank boxes beside each statement listed. The five numbers above the boxes represent the degree to which the respondent agrees with each statement. Therefore, the respondents are kindly requested to put “√” in the box that indicates ‘1’ means strongly disagree, ‘2’ Disagree, ‘3’ Neutral, ‘4’ agree, and ‘5’ strongly agree

No	Recognition	1	2	3	4	5
1.	Management team are recognizing employees whose effort make difference					
2.	The company grants a tangible gifts/trophy, I am more motivated to perform Better					
3.	My supervisors pay close attention to my ideas and suggestions at the company					
4.	The existence of recognition and appreciation for good work, has given me an opportunity to do extra work					
5.	There is satisfactory recognition and appreciation for those who have better achievement in the organization					
Training and Development						
1	There is equal access to job-related training opportunities					
2	My organization has a sponsorship programs that assist employees to pursue academic and professional education programs.					
3	The company have good training and orientation opportunity					
4	There are really high chances of training on my job					
Performance Appraisal						
1	Job promotions of Ethiopian commodity exchange is strictly based on performance appraisal					

2	The company conducts regular performance appraisal discussion with the employees						
3	The existing performance appraisal has significant impact on job motivation						
4	The Performance appraisal system of the company is adequate						
Working condition							
1	The arrangement of office layout is convenient for me						
2	Supervisor and subordinate communication system of this company is good						
3	There is better co-ordination among co-workers to succeed						
4	Employees are treated fairly with respect						
5	The existence of safe working conditions has encouraged me to give sustained high performance at work.						
6	I get the opportunity to mix with my colleagues and to communicate on aspects of our work						
Payment							
1	The payment system is clearly stated and communicated to all employees						
2	My salary is satisfactory in relation to what I do						
3	Performance related incentives improve my work motivation						
4	My salary is fair when compared with that of similar jobs in other companies						
5	The basis of payment, for example overtime payment is reasonable						
6	Salary adjustment is made according to the current market						
Benefit							
1	My Company offers a comprehensive benefit package						
2	The benefits offered provide security for me and my family						
3	The Benefits department provides accurate and helpful information						
4	The benefit that I get is fair and equal with others who have similar jobs and position in the organization						
5	The medical coverage that provided by the organization is attractive						
6	Transportation benefit is fair with the current cost of transportation service						
Promotion							
1	The company promotes workers in a fair and transparent manner.						

2	The company's promotion policy is clearly communicated to all employees.					
3	Those who do well on their job stand a fair chance of being promoted					
4	Qualification and experience are considering to promotion					
5	The company promotes workers to develop a new skill.					
6	My job motivated me since it has a return for growth					

Employee Motivation

Section three: The major indicators of employee motivation are listed below. Please indicate whether these employee motivation dimensions have been indicated in Ethiopian Commodity Exchange. After you read each dimension of employee motivation, evaluate them about Ethiopian Commodity Exchange and then put a tick mark (√) under the choices below. Where, 1 stands for Strongly Disagree, 2 for Disagree, 3 is Neutral, 4 is Agree, and 5 is Strongly Agree.

NO		1	2	3	4	5
Employee Motivation						
1	The reward allocation of the Ethiopian commodity exchange is fair					
2	My input is equitable with my outcome					
3	The Ethiopian commodity exchange acknowledge excellent performance					
4	The Ethiopian commodity exchange value good performance than tenure, seniority, status, loyalty					
5	The Ethiopian commodity exchange recognition of good performance has an impact on my level of motivation positively					
6	The institution treats its employee in equitable manner					
7	The institution has clear and specific goals for each job					
8	I am free to schedule my job					
9	My job has visible and recognizable outcome which I am aware of.					
10	My job requires various skills					

If you have any additional comments or suggestions please add them in the given space below

Thank you very much for filling out the questionnaire!!!!