



**The Relationship between Reward Practices and Motivation:  
(The Case of Co-Operative Bank of Oromia S.C)**

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**By**

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## **Acronyms**

BOD: Board of Directors

CBO: Cooperative Bank of Oromia S.C

EMT: Executive Management Team

SPSS20: Statistical Software Packages for Social Science, Version 20

## ***Abstract***

*This study examines the association between rewards and employee motivation in Cooperative Bank of Oromia S.C. The study is based on primary data and sample Size (N= 156) consisted of male and female employees from 25 branches operating in the city of Addis Ababa. Primary data collected by structured questionnaire. Nine different hypotheses were developed for the present study and were tested by Pearson Product Movement Correlation. The results showed that promotion is much important factor for employee motivation as compared to other variables factors like, working condition, work content and benefits.*

***Keywords:*** Reward, Motivation, Employee, CBO

## **Chapter One**

### **Introduction**

#### **1.1 Background of the Study**

Globalization is a concept that encompasses change and competition. Organizations who want to survive in an intense competition and to develop themselves are required to produce different kinds of solutions. There are lots of external factors that triggered organizations to work harder. Especially in global crises, businesses in terms of profitability and permanency should pay attention to change and development within their systems. Undoubtedly, the most important factor is human in organizations. One of the main management strategies of the organizations is to invest in employees. Organizations are seeking to develop, motivate and increase the performance of their employees in a variety of human resources applications. Among these applications is therefore the reward management system, which has been the most considerable practices of the human resource management system (Pınar Güngör, 2011).

(Yang, H. (2008) (as cited in Pınar Güngör 2011) stated, reward management system as a core function of human resource discipline and is a strategic partner with company managements. Besides, it has an important role on employee performance.

Reward management is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization. In order for an organization to meet its obligations to shareholders, employees and society, its top management must develop a relationship between the organization and employees that will fulfill the continually changing needs of both parties. At a minimum the organization expects employees to perform reliably the tasks assigned to them and at the standards set for them, and to follow the rules that have been established to govern the workplace. Management often expects more: that employees take initiative, supervise themselves, continue to learn new skills, and be responsive to business needs. At a minimum, employees expect their organization to provide fair pay, safe working conditions, and fair treatment. Like management, employees often expect more, depending on the strength of their needs for security, status, involvement, challenge, power, and responsibility (Puwanenthiren Pratheepkanth, 2011, P 85).



Despite reward management system able boost employee work motivation, many researches show that the design and management of motivational reward systems present managers with one of the most difficult human resource tasks. Bagraim, 2007 (as cited in Martha Harunavamwe and Herbert Kanengoni 2013) noted that, there is need to find out the needs and goals of employees in order to address them and achieve the required motivation. Thompson 2005 (as cited in Martha Harunavamwe and Herbert Kanengoni 2013) also indicate that a properly designed motivational reward structure is management's most powerful tool for mobilizing organizational commitment to successful strategy execution and productivity. Arnolds and Venter 2007, (as cited in Martha Harunavamwe and Herbert Kanengoni 2013) affirmed that there is a huge crisis of motivation in most large corporations. Their findings show that, business firms spend billions of money each year on courses and incentives, to increase employee motivation, but these interventions do not always translate into higher levels of employee motivation. This is as a result of the different perceptions between management and subordinates on the way organizational goals should be achieved. Employees and managers give different levels of importance to various motivational rewards depending on the situation. Delany and Turvey 2007, (as cited in Martha Harunavamwe and Herbert Kanengoni 2013) noted that, managers want a workforce with speed, high productivity and adaptability to change. Employees on the other hand want an entrepreneurial environment, strong skill development and opportunities for growth and competitive compensation to be motivated.

Reward system is very important tool that all banks can use to strait employees motivation in different ways. In other words, banks give rewards to employees and rewards system seek to attract employees to join the bank to keep than coming to work and also motivate them to perform to high level. A reward system is a scheme to perform of HR management which provides increases of those individual or group who perform well in any organization. Basically all types of rewards motivate to employees to perform well by attracting with well designed compensation package by banks. All employees of any bank must believe effective performance will lead to certain rewards (Malik Muhammad Shafiq, Mohammad Akram Naseem, 2013, P 2).

### **Background Profile of Cooperative Bank of Oromia S.C**

CBO was registered commercially on October 29, 2004 in accordance with article 304 of Commercial Code of Ethiopia. It was established in line with proclamation no. 84/1994 with authorized capital of 300 million ETB. It started operation on 8th march 2005, with paid up share capital of 112 million ETB.

Cooperative Bank of Oromia(S.C.) is a full- fledged private commercial bank in Ethiopia. As of 31 December 2014, above 400,000 customers were served through its 130 branches spread throughout the country. Cooperative Bank of Oromia has 9.76 billion ETB Asset, 1.4 billion ETB Capital and 6.73 billion ETB Deposit. Its head quarters are located at central Addis Ababa, Africa Avenue Flamingo area. Cooperative Bank of Oromia has broad ownership base and diversified ownership structure.

**Vision-**To be competent, reputable and socially responsible Bank in Africa

**Mission**

To Provide full-fledged and customer responsive banking services for cooperative societies, individuals, & other entities with special emphasis to agricultural and agro-based businesses financing, and to maximize shareholders value through use of competent and disciplined employee, visionary leaders and modern banking technologies.

## **1.2 Statement of the Problem**

“Reward is the benefits that arise from performing a task, rendering a service or discharging a responsibility.” (Colin Pitts, 1995, P 11 (as cited in Carolina Mikander, 2010, P 16).

(Thompson et al. (2005) (as cited in Martha Harunavamwe and Herbert Kanengoni (2013) indicate that a properly designed motivational reward structure is management’s most powerful tool for mobilizing organizational commitment to successful strategy execution and productivity

Reward Systems are a critical part of any organization's design. How well they fit with the rest of the systems in an organization has an important impact on how effective the organization is and on the quality of life that people experience in the organization (Edward E. Lawler Iii (1993).

An intrinsically motivated individual, according to Ajila (1997) (as cited in Puwanenthiren Pratheepkanth 2011) will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job.

Employment is a direct or indirect agreement between the employer and the employee where by the employee to perform in person the work specified in his contract of employment and on the other hand any employers in addition to special stipulations in the contract of employment have different obligations like to provide work, to provide him with materials and implements necessary for the performance of the work, to pay the worker wages etc. Therefore, both parties left with no uncertainty as to their respective rights and obligations. Among the many rights of employees mentioned earlier is the right to be rewarded for any of the obligations they discharge move toward second to none as their lives comprehensively lies on pay they receive from employers which is one of the component of extrinsic rewards and believed to be the most influential factor by many (Ethiopian Labor Law, 2004, P 5)

Many Companies do have employee reward systems in place. But, employees sometimes may not give their full effort because of lack of motivation due to poor or unsatisfying existing reward systems exercised by their organizations. Thus, companies to bring out of their employee’s all the potentials they need and to ensure that their employees work motivation is good enough to produce what they intends to produce, they should find out which reward type motivates them so that they can plan a suitable reward system and gain better results. The correct reward system can boost up the employee’s work motivation and enhance their commitment to their company.

Human beings are by nature not homogeneous entity. They have a variety of needs, aspirations, as well as differing perceptions of what constitute appropriate rewards for effective motivation. Therefore, motivating workers need an in-depth understanding of the human nature, individual differences and perceptions of appropriate rewards and incentives, as well as combination of extrinsic and intrinsic rewards (Abdu Nursebo Kebir, 2012, P 3).

### **Existing Reward Mechanisms at CBO**

CBO's Reward management policy in general is to enhance the achievement of business goals and satisfying stakeholders' need. But, more specifically, it is to: Create Benefit package, remuneration and compensation that encourage higher performance, make Salary administration embody the values of justice, equitability and fairness for all its employees in a transparent way by ensuring that salaries are internally equitable and externally competitive with similar banks businesses, attract and retain committed, competent, and qualified employees, enable negotiations with people having special knowledge (technical personnel) like in International Banking Department within salary range and rewarding academic achievement, years of experience and performance in a given job in accordance with established salary schedules.

The bank's Remuneration and reward policy supports fair consideration, remuneration, reward and incentives to all staff undertaking and contributing to the overall success of the organization.

Currently CBO provides a range of benefits and mechanisms to encourage and support the recognition, reward, attraction and retention of staff. This is achieved through the bank making available a range of financial and non financial rewards (normally subject to conditions) for staff undertaking the bank's activities like deposit mobilizing, foreign currency collection, remittance, providing loan to customers per loan procedures set by the bank and provision of foreign currency to importers and others. The financial rewards include : representation allowance (managerial), fuel allowance (managerial), transport allowance, housing allowance (up-country branches), cash indemnity to cashiers/tellers, acting allowance to employees assigned on managerial positions on temporary basis, provident fund, pension, hardship allowance, telephone allowance (managerial), drivers/motorist incentives-which are given whenever the drivers are able to make accident free drives and loan facilities. Yearly salary increment and Bonuses, both provided across the board to every employee except whenever there is disciplinary measure taken against the employee in the past six months are also rewards provided in the form of financial rewards.

Promotion, company car (for Directors, Vices and the President), insurance coverage, medical expense coverage, and the different types of leaves provided to the employees are among rewards that are given in the form of non-financial rewards. All the rewards provided to the employees are some of them being incorporated in the standing human resource manual of the bank and others given from time to time usually once in a year up on the request of Executive Management Team and approval of the Board of Directors. However, the BODs beside the provision of those rewards persistently want to know the motivational level of the employees with regard to the reward practice of the bank and requested EMT for the same which shows that the EMT has no accurate, dependable information to say anything on the motivational level of the employees with regard to these rewards.

Therefore, the aim of this study is to investigate and analyze how well the current reward practices available in Cooperative Bank of Oromia S.C. helps to generate employee motivation. More specifically it aims to find out which aspects of the reward system functions well, and which aspects could be further developed and improved in order to increase employee motivation and satisfaction.

### **1.3 Objectives of the study**

#### **1.3.1 General Objective**

The main objective of this study is to assess the impact of rewards on the motivational level of employees

#### **1.3.2 Specific Objectives**

The specific objectives of this thesis work are:

- Find out the relationship between extrinsic reward and employee motivation
- Examine the relationship between intrinsic reward and employee motivation
- To determine which types of rewards most contribute to work motivation of employees.
- To suggest ways in which reward program in the bank can be improved in order to boost employee motivation

## **1.4 Definitions of Terms**

**Reward:** the benefits that arise from performing a task, rendering a service or discharging a responsibility

**Work Motivation:** is a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behavior, and to determine its form, direction, intensity, and duration.

**Intrinsic Motivation:** refers to the motivation that comes from inside an individual. The motivation is generated through satisfaction or pleasure that one gets in completing or even working on a task.

**Extrinsic Motivation:** is something that is done to or for people to motivate them. It arises from factors outside an individual.

**Payment:** pay one received from his or her employer in exchange of service he or she gives

**Promotion:** the move that an employee moves to higher job category or income bracket

**Recognition:** acknowledgement one received from his/her supervisor

**Employee Benefits:** financial and non financial other than base pay one receives for services rendered to employers

**Work Content:** the nature and variety of jobs one performs

**Working Condition:** work environment in which an employee performs his/her work

**Supervision:** The relationships an employee does have with his/her manager

## **1.5 Significance of the Study**

The study will add to the scholarly research and literature in the field by becoming a reference to those who wish to replicate it and can also help improve reward management practices of the bank. Specifically, it will back decision makers in establishing and implementing of the best reward program

## **1.6 Delimitation/The scope of the study**

This research is delimited in terms of geographical location that the subjects of the study constitute employees of the bank working in branches in Addis Ababa only. Further, the study tries to address reward features that affect motivation using a model of De Beer (1987) nine dimensions of employee

motivational factors. But, as motivation is very immense and complex issue to be considered from the view point of many other factors, it can't be considered all-rounded per se. Moreover, a single motivational question was used to measure the motivational level of employees with regard to the nine reward aspects and the same response may not be received if it could have included more motivational question

### **1.7 Structure of the Research Paper**

This research paper is constructed in the following way. In the first chapter, the author presented clearly the introduction part consisting of the background of the study, statement of the problem; objectives of the research, significance of the study, and scope of the study. In chapter two, the writer discussed briefly literature related to the study followed by hypothesis and conceptual framework. And, in the chapter that follows the literature review, the author presented research methodology and chapter four of the study has presented, analyzed and interpreted the data. Whereas, Chapter five comprises of the major findings, conclusions drawn and recommendations

## **Chapter Two**

### **Literature Review**

#### **2.1 Reward Concept**

Reward is the compensation which an employee receives from an organization (mainly refer to enterprises) for his or her service. It not simply contains direct currencies and other forms which can convert to currencies, but also a comfortable office, favorable interpersonal relationship inside the organization, having access to decision-making involvement, the challenge and sense of achievement, preferable growth opportunities and so forth these kinds of forms which is difficult to measure in various currencies (Zhou Jiang, 2009, P 2).

Reward management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. It deals with the design, implementation and maintenance of reward systems (reward processes, practices and procedures) that aim to meet the needs of both the organization and its stakeholders (Michael Armstrong, 2007, PP623-629).

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization (Puwanenthiren Pratheepkanth, 2011, P 85).

Reward management system contains the organization's policies, processes and practices for rewarding its employees in accordance with their contribution, abilities and artifice. It is progressed within the organization's reward philosophy, strategies and policies, and includes agreements in the form of processes, practices, structures and procedures which will provide appropriate types and levels of pay, benefits and other forms of reward (Armstrong, M. (2003).

Different writers present varying purpose of reward management. But, the purpose of reward management according to (Capitulo, 2007, P 200), includes attracting and retaining good employees, reducing absenteeism, motivating enhanced performance, developing employee skills, facilitating organizational culture & strategic objectives, and defining and reinforcing organizational structure. Among these, the idea of having or attracting and retaining good employees worth further



enlightenment as many of the competitive advantage of firms in today's dynamic business environment lies more on having good pool of human resources than technology, good system in place and other production tools

Among many the aim of reward management are rewarding people according to what the organization values and wants to pay for; reward people for the value they create, convey the right message about what is important in terms of behaviors and outcomes, develop a performance culture, motivate people and obtain their commitment and engagement, help to attract and retain the high quality people the organization needs; create total reward processes that recognize the importance of both financial and non-financial rewards, develop a positive employment relationship and psychological contract, and align reward practices with both business goals and employee values. Further, it helps to operate fairly – make people feel that they are treated justly- the 'felt-fair' principle of Jaques (1961), apply equitably, function consistently and operate transparently (Armstrong's 2006, p 623-636).

Reward management is based on a well-articulated philosophy – a set of beliefs and guiding principles that are consistent with the values of the organization and help to enact them. These include beliefs in the need to achieve fairness, equity, consistency and transparency in operating the reward system. The philosophy recognizes that if HRM is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (i.e. the return on investment they generate (Michael Armstrong, 2006, P 623-636).

The elements of reward management consist of reward policies, practices, processes and procedures. notably, reward policies address broad issues of the level of rewards, taking into account 'market stance', achieving equal pay, the relative importance attached to external competitiveness and internal equity, the approach to total reward, the scope for the use of contingent rewards related to performance, competence, contribution or skill, the role of line managers and transparency – the publication of information on reward structures and processes to employees.

## 2.2 Total Reward Program

“Total Reward” total reward is the combination of financial and non-financial rewards available to employees. It comprises of total remuneration (base or basic pay, job evaluation, market rate analysis, grade and pay structures, contingent pay, employee benefits, performance management and non-financial rewards - rewards that do not involve any direct payments and often arise from the work itself, for example, achievement, autonomy, recognition, scope to use and develop skills, training, career development opportunities and high quality leadership (Michael Armstrong, 2006, P 623-636).

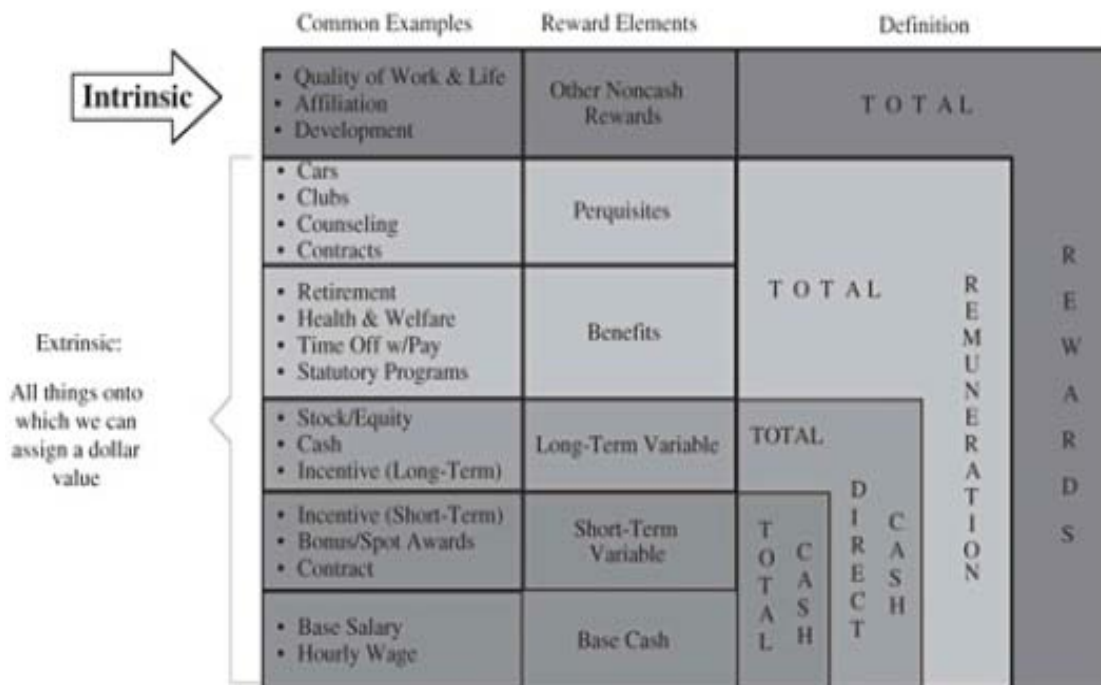


Figure 1.1 **Total Reward Program**. Manas, Todd M.; Graham, Michael Dennis (2003)

## 2.3 Types of Rewards

Types of rewards according to (Michael Armstrong, (2006), 629-636) Includes: Intrinsic and Extrinsic Rewards, Financial and Non-Financial Rewards, Performance Based and Membership Based Rewards and Individual, Team and Organization. Intrinsic rewards- an intrinsically motivated individual will be committed to his work to the extent to which the job inherently contains tasks that are rewarding to him or her. And an extrinsically motivated person will be committed to the extent that he can gain or receive external rewards for his or her job. Financial and non-financial rewards - The extrinsic rewards themselves can be divided as financial and non-financial rewards. Financial

rewards are rewards that enhance directly the financial well-being of the employee. For example, salaries, wages, and bonuses are financial rewards that the recipients can take home and use for any purpose. On the other hand, non motivational rewards do not increase the financial pay offs to the employee. Instead of making the employee's life better of the job like the financial rewards, they emphasize making life on the job more attractive. These types of rewards include things such as office furnishings, parking spaces, and top-line computers in the office.

Performance Based and Membership Based Rewards - Organizations may offer performance or membership based rewards. Performance based rewards are linked directly to performance by the individual or group. The essential point is that the organization evaluates the performance of the individual or the group and rewards the based on those evaluations. When giving membership-based rewards, the organization allocates the rewards on the bases of individual's membership in specified groups including membership in the organization.

The basis of rewards in companies contains job, skill, seniority and performance. Job as a base of reward is a traditional approach in distributing rewards. That is the manager evaluates the job in relation to other jobs then bases the rewards on such evaluations. This approach is based on the assumption that job worth can be determined, and that the person doing the job worth is worth only as much to the organization as the job itself. This assumption is valid in most circumstances, and it provides an objective basis for allocation of rewards. Further, Skill as the Base is another approach b which firms reward employees on the basis of the skills they posses. The assumption here is that the skills under considerations are those that can be used within the organization. The first advantage of a skill-based scheme is that employees believe that the organization values their personal growth. Seniority as the base is a common practice for many organizations, particularly government agencies, is to base their reward systems on seniority. That is, the organization uses the number of years that a person has been in a job as the basis for salary increases or bonuses. Compared with the bases of rewards discussed earlier, years of experiences in the job is an easy one. Lastly, Performance as a Base is considered another form of reward scheme by many companies which found rewards being depended upon the performance of employees. A simple example is the piece-rate adopted by many manufacturers.

Lastly, organizations should have reward communication policies. Organizations differ widely in how much information they communicate about their reward systems. Some organizations are extremely secretive, particularly in the area of pay. They forbid employees from talking about their

pay, give minimal information to individuals about how rewards are decided upon and allocated, and have no publicly disseminated policies about such things as market position, the approach to gathering market data, and potential increases and rewards. At the other extreme, some organizations are so open that everyone's pay is a matter of public record, as is the overall organization pay philosophy (Lawler, 1971).

## **2.4 Factors Affecting Satisfaction with Pay**

(Steyn & Van Wyk, 1999) as stated in (Samina Qasim, Farooq-E-Azam Cheema, Nadeem A. Syed, 2012), job satisfaction is defined as “the degree to which individuals feel positively and/or negatively about their jobs”.

An employee's overall satisfaction with his job is the result of a combination of factors (holistic feeling) and financial compensation is only one of them. Management's role in enhancing employees' job satisfaction is to make sure the work environment is positive. Work environment plays a vital role since it influences job satisfaction, as employees are concerned with a comfortable physical work environment that will ultimately renders more positive level of job satisfaction. According to Arnold and Feldman (1996) factors such as working hours, temperature, ventilation, noise, hygiene, lighting, and resources are all part of working conditions. The other determinant is Opportunity for Advancement. There is a consensus among the researchers that job satisfaction is strongly associated to opportunities for promotion (Pergamit & Veum, 1999). Employees are more satisfied with their current job if they see a path available to move up the ranks in the company and be given more responsibility and along with it higher compensation.

Adams (1965) claimed that in evaluating fairness, individuals first assess the ratio of their contribution (input) to the resulting economic or social compensation (output) and then compare the ratio with that of referent others. Receiving comparatively both too much (overcompensation) and too little (under-compensation) is evaluated as unfair, according to equity theory. Workload and Stress Level dealing with a workload that is far too heavy and deadlines that are impossible to reach can cause job satisfaction to erode for even the most dedicated employee. Falling short of deadlines results in conflict between employees and supervisors and raises the stress level of the workplace. Respects from Co-Workers - employees seek to be treated with respect by those they work with. A hostile work environment -- with rude or unpleasant coworkers -- is one that usually has lower job satisfaction. Relationship with Supervisors - Effective managers know their employees need recognition and praise for their efforts and accomplishments. Employees also need to know their

supervisor's door is always open for them to discuss any concerns they have that are affecting their ability to do their jobs effectively and impeding their satisfaction at the office. Ethica Tanjeen (2013) there are also particular demographic traits (age, education level, tenure, position, marital status, years in service, and hours worked per week) of employees that significantly affect their job satisfaction. Similarly, having adequate work equipment, resources, and training opportunities also significantly and positively affect employee job satisfaction.”

(Rashid Saeed, Rab Nawaz Lodhi, Anam Iqbal, Hafiza Hafsa Nayyab, Shireen Mussawar and Somia Yaseen, 2013) they said and argued that, if the employees are satisfied and content with the job security they will automatically be committed to and loyal to their organizations. An employee who is satisfied with his job security tends to perform better than the one who is not.

## **2.5 Ways to Increase Employee work Motivation using Rewards**

As (Shauna Geraghty, 2013) posted, there are endless ways to increase employee motivation using rewards. Seeking to increase employee motivation using rewards can sometimes be a daunting task for managers. But it shouldn't be. When armed with the right information and the proper techniques, managers can be experts at enhancing motivation using rewards in no time. Managers who are developing, revamping or currently implementing an employee rewards program should consider the following tips: Involve all employees in the development, implementation and revision of rewards programs. Involving all employees (or representatives from different positions) will encourage communication between employees and management about the rewards process. It will also ensure that both employees and upper management are onboard with the reward system, ensure that employees view the rewards as worth the effort. Including employees in the reward program development process is critical to ensuring that they value the rewards and see them as worth the effort. Managers should value employee input and select rewards accordingly. Employees, who see the rewards as worth the effort will be more motivated to work hard to obtain them, Make sure that employees understand how to earn the rewards. Managers should clearly delineate how employees can earn rewards. When employees have a comprehensive understanding of what is expected of them, they will be more capable of achieving performance standards, Set reasonable and transparent performance standards for rewards. Employees must see the rewards as attainable in order for them to engage in the necessary effort to obtain them. Check in with employees to ensure that they believe the rewards are within their reach. Also, providing the employees with a dashboard where they can view their performance in real time will allow them to accurately assess their own performance and

have realistic expectations for rewards, base reward determinations on objective performance data. When rewards are distributed based on objective data, employees are more likely to view the process as fair and are also more likely to have a concrete understanding of what is expected of them. This will increase their motivation to achieve the desired performance results, make sure employees view the reward system as fair. When employees view the reward system as fair, they will be more engaged in trying to obtain the reward. Rewards should be distributed consistently according to pre-determined policies. Never engage in favoritism or cut corners as this will have a detrimental impact on employee performance, always link rewards to performance. In order for rewards to have the most impact on influencing employee performance, they must be directly linked to the desired behavior. Tie praise, recognition, cash rewards and non-cash rewards to specific results. When employees understand the connection between their reward and their performance, they will be motivated to perform optimally in the future, recognize small and large accomplishments. Employees should be rewarded when they meet large goals as well as smaller milestones. This will ensure that they receive recognition for their progress and that their behavior is consistent with company expectations, reward teamwork and cooperation. Team-based incentives were found to be more effective at increasing performance than individual incentives. If team-based rewards are not already included in the company strategy, they should be. Additionally, the resources devoted to team-based rewards should be substantial. This could have a significant impact on cooperation, employee cohesiveness and the company's bottom line; never take a good performance for granted. It can be easy to stop rewarding top performers, but this could be a fatal flaw. In order to keep top talent on the team, ensure that your company continues to acknowledge and reward an excellent performance, and provide rewards immediately after the employee achieves the desired behavior. There is a temporal component to the effect of the reward. The longer the delay in providing the reward after the employee's achievement, the less of an impact it has shaping subsequent behavior. Reward behavior that meets performance standards immediately; match the reward to the employee. Allow each employee to select their own reward or decide what rewards employees should receive under predefined circumstances. This will enhance their commitment to achieving the reward by engaging in the required behavior. Understanding the needs of employees is central to this process. Of note, the reward that each employee wants may not necessarily be the reward with the most motivational influence. A recent study found that the majority of employees prefer cash rewards; however, many employees will perform better in pursuit of non-cash rewards of similar value (Jeffrey). Managers seeking to gain the biggest impact from their rewards programs should include cash and non-monetary rewards for performance, offer financial rewards, non-monetary rewards and recognition. Reward systems that

include a combination of cash and non-monetary rewards as well as social awards (e.g. recognition and praise) have the greatest impact on employee performance. Pay cash bonuses in a lump sum to maximize their effect as money only motivates when it is a significant amount, when employees learn an unfamiliar task, distribute rewards based on a continuous reinforcement schedule. The most effective way to encourage learning a new task is by reinforcing employee behavior on a continuous schedule. This can require considerable effort when executed by a manager, however, using an employee reward software program is a more feasible and cost effective solution, once the behavior becomes a habit, distribute rewards based on a variable ratio or variable interval schedule. Variable ratio and variable interval schedules of reinforcement result in the most significant behavior change once the behavior becomes a habit. This change in behavior is also more resistant to weakening. Therefore, one of these reinforcement schedules should dictate the reward distribution process after the behavior has become a habit, do not disclose the cash value of non-monetary tangible rewards. Employees who are unaware of the exact cash value of non-monetary rewards are more motivated by them. Do not disclose the amount unless necessary, use long-term rewards programs. Long-term rewards programs have the greatest effect on employee performance and the resulting gains last longer, balance competitive reward programs with non-competitive programs. Competitive incentive programs are just as effective as non-competitive reward programs in increasing performance. An effective rewards strategy should include both, make rewards an integral part of the company's strategy. Rewards are invaluable in aligning employee behavior with the organization's business strategy. Ensure that rewarded behavior is in line with company standards, objectives and strategy and change the rewards frequently. When the reward is changed frequently, employees will be more surprised and the process will be more exciting. When employees are excited about rewards, they will work harder to achieve them.

## **2.6 Motivation Concept**

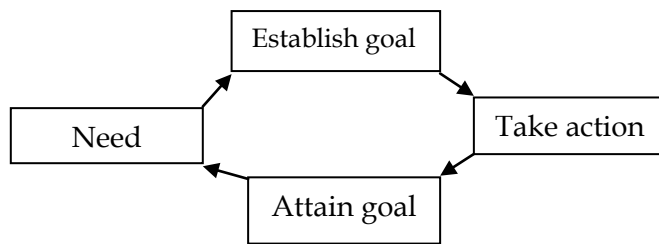
Motivation stems from the Latin word mover, which means to move or to carry. Motivation is the force that constantly induces to move and perform things. The most practical definition proposed by different social scientists is that, motivation is a psychological processes that origin the stimulation, direction and persistence of behavior.

It is also defined "the desire to achieve beyond expectations, being driven by internal rather than external factors, and to be involved in a continuous striving for improvement" (Torrington, Hall, Taylor & Atkinson, 2009, p. 276). In the context of work, it is also a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level

of willingness. The employees are willing to increase their work effort in order to obtain a specific need or desire that they hold (Torrington, Hall, Taylor & Atkinson, 2009, P 276).

Motivation is a motive or a reason for doing something – for moving in a certain direction. People are motivated when they expect that a course of action is likely to lead to the attainment of a goal – a valued reward that satisfies their particular needs. Well-motivated people are those with clearly defined goals who take action that they expect will achieve those goals (Beardwell, Julie & Claydon, Tim. 1994, P 694 and (Beardwell & Claydon, 2007, P. 492-493).

The Components of Motivation consists of three parts: Direction – what a person is trying to do, Effort – how hard a person is trying and Persistence – how long a person keeps on trying. Motivation theory tries to explain why people at work behave the way they do in terms of their efforts and strive for achievement. The process of motivation can be shown as following;



**Figure 1.2. The process of motivation.** (Michael Armstrong, 1988, P 107)

In this model motivation is initiated by the conscious or unconscious recognition of unsatisfied needs. These needs create wants, which in turn become desire to achieve or obtain something. In order to satisfy the needs and wants, goals are created and a behavior selected in order to achieve these goals. If the goal is achieved, the behavior is likely to be repeated when a similar need emerges. If the goal is not achieved, the same action is less likely to be repeated (Michael Armstrong, 1988, P 107).

According to (Ruth Blenkiron, P 5-7) motivation is categorized in to three. These include: needs based, cognitive and non-cognitive. In fact, the need based theory containing Maslow's need hierarchy, Alderfer ERG motivation theory, McClelland Theory and Herzberg's two factor Theory and cognitive theory constituting Equity Theory, Expectancy Theory and Goal Setting Theory



## **2.7 Types of Motivation**

The other classifications of motivation include intrinsic motivation and extrinsic motivation. Intrinsic motivation can arise from the self-generated factors that influence people's behavior. It is not created by external incentives. It can take the form of motivation by the work itself when individuals feel that their work is important, interesting and challenging and provides them with a reasonable degree of autonomy (freedom to act), opportunities to achieve and advance, and scope to use and develop their skills and abilities where as Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion; and punishments, such as disciplinary action, withholding pay, or criticism.

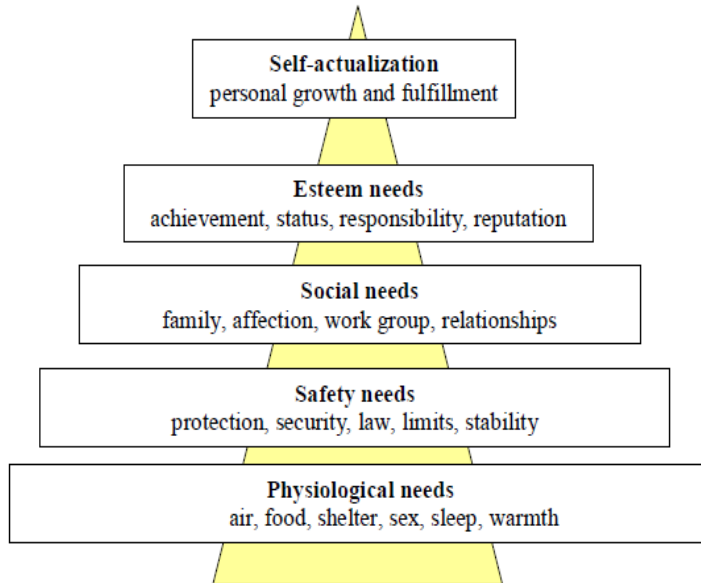
Extrinsic motivators can have an immediate and powerful effect, but will not necessarily last long. The intrinsic motivators, which are concerned with the 'quality of working life' (a phrase and movement that emerged from this concept), are likely to have a deeper and longer-term effect because they are inherent in individuals and their work and not imposed from outside in such forms as incentive pay.

Amongst the many fallacies about motivation are being continually nice to people is one of the best ways to motivate them, lunch or morning tea gatherings help to raise morale and are simple ways of motivating staff. They do play an important role, but don't view them as necessarily leading to positive motivation and more money leads to greater levels of motivation.

## **2.8 Essential Theories of Motivation**

Amid essential theories of motivation are the content theories of motivation which are based on the needs of individuals. These theories try to explain why the needs of individuals keep changing overtime and therefore focus on the specific factors that motivate them. In general, these theories explain motivation as the product of internal drives that encourage an individual to move towards the satisfaction of individual needs. Major content theories of motivation are Maslow's hierarchy of needs, McClelland's learned needs theory, Alderfer's ERG theory and Herzberg's motivation-hygiene (Tosi, Henry, Rizzo, John R & Carroll, Stephen J. 1994, P 620).

From the above mentioned content theories the researcher believe Maslow's Hierarchy of Needs and Herzberg's motivation-hygiene needs further explanations. Thus, Maslow's hierarchy of needs is a theory of personality that identifies five basic need categories: Physiological Needs, Safety Needs, Social, Esteem Needs and Self-Actualization Needs.



### 1.3 Maslow's Hierarchy of Needs. (Beardwell & Claydon (2007) P 491).

The basic needs are arranged in a hierarchy where the most basic need emerges first and the most sophisticated need last. In other words, the higher-order needs including belonging, esteem, and self-actualization are not seen important until the lower-order needs which are safety and physiological are satisfied. Managers should find out what motivates the employees at each of the levels and develop a reward strategy accordingly.

Maslow's hierarchy of Needs has been criticized because there is little evidence that support its strict hierarchy and the fact that people satisfy only one motivating need at a time. The theory also fails to prove any clear relationship between needs and behavior, and is therefore unable to predict when a specific need will be manifested.

Herzberg's two groups of factors affect job satisfaction: (1) those intrinsic to the job (intrinsic motivators or satisfiers) such as achievement, recognition, the work itself, responsibility and growth; (2) those extrinsic to the job (extrinsic motivators or hygiene factors) such as pay and working conditions

## **2.9 Factors that can affect employee work motivation**

(Bill Bastian II, 2011) in his study of the factors that can affect employee motivation, he indicated the magic ingredient to a winning team is their commitment, motivation, and engagement to each other and the goals of the team. Creating an environment that motivates employees is one of the toughest challenges our managers and leaders face today. It takes tremendous energy and time to build a motivated team, but the incremental benefits are critical to the long-term success of the organization. Thus, he identified twenty two factors that can affect motivation. Accordingly, hiring the right people from the start, implementing motivational factors for an employee that is continually changing (dynamic), interpreting an employee's motivators throughout his or her career and adjust that individual's work and opportunities accordingly, making processes within the company to be fair, focusing on intrinsic motivating factors as they have far more powerful than extrinsic incentives, having frequent communication with employees, developing the strength of the employee's peers/ co-workers and the culture of the company that build-up employee's energy and motivation, create a vision and common team goals, creating attractive overall business environment, creating happiness in an employee's personal life, producing compensation plan that is attractive and competitive, empowering employees, praising the current success of employees, instilling advancement and career development opportunities, availability of meaningful work, helping employees to migrate into achievers, fixing problems before they get out of control, don't assume what motivates your employees is the same thing that motivates you personally, try to create the more disciplined, harder working team and balance work and personal life can enhance an employee's motivation

As in cited in (Armstrong, M., 2009), avoiding of treating of employees with mere simplistic approaches based on instrumentality theory to motivate employees, creating work environment in which employees are valued for what they are and what they do, paying attention to the basic need for recognition, providing work which provides people with the means to achieve their goals, a reasonable degree of autonomy and scope for the use of skills and recognition of competences, fulfilling the need for the opportunity to grow by developing abilities and careers, creating a conducive cultural environment of the organization in the shape of its values and norms, developing leadership which sets the direction, encourages and stimulates achievement and provides support to employees in their efforts to reach goals and improve their performance can boost generally employee work motivation.

Compensation administration is an important tool to increase employee motivation in improving work performance so that the organization strategic objectives are achieved. Compensation administration policies should not only be able to motivate employees, but it should also attract and retain competitive employees.

Therefore, employees also expect that the compensation system of an organization is just and fair in providing a reward system that is at par with the skills and performance demonstrated. (Khulida Kirana Yahaya, Ho Jo Ann, Hj Yaakob Ibrahim, Nor Azimah Chew Abdullah, Norizan Azizan, Siti Zubaidah Othman, Tang Swee Mei and Wan Din Wan Daud, 2009) (Manas, Todd M.; Graham, Michael Dennis, 2003) identified eight factors for employee work motivation listed here in order from the most to the least significant:

- Opportunity to learn new skills (e.g., on-the-job training)
- Coaching and feedback from manager
- Nature of work
- Ability of top management to lead the company successfully in the future
- Recognition for a job well done
- Respectful treatment by supervisors
- Training and development opportunities (e.g., formal training)
- Pay—both direct and indirect

The facts demonstrate that people do not leave organizations for money. Therefore, although money is certainly a motivator, it is not the most effective motivator.

The importance of money as a motivator has been consistently downplayed by most behavioral scientists like Herzberg who point out the value of challenging jobs, feedback, cohesive work teams and other nonmonetary factors as stimulants to motivation. However, money is the crucial incentive to work motivation because it is the vehicle by which employees can purchase the numerous need-satisfying things they desire (Robbins et al. 2003)

## **2.10 Empirical studies on reward and motivation**

After considering theories that bear on the impact of extrinsic rewards on intrinsic motivation and discussing a specific study by two authors (Alfie Kohn and Daniel Pink) to demonstrate that extrinsic rewards can actually increase intrinsic motivation, Gerald E. Ledford Jr., Barry Gerhart, and Meiyu Fang, come to an outcome that rewards clearly tend to increase performance, and this is because they increase total motivation (extrinsic plus intrinsic). Detrimental effects of extrinsic rewards are not inevitable, and appropriate use of rewards can increase intrinsic as well as extrinsic motivation. Negative effects on motivation can be averted systematically by clearly understanding and avoiding the conditions that could create a negative effect. Further, the effects of the reward depend on the social context in which it is provided. If the reward is appropriately implemented, it should enhance, rather than undermine, intrinsic motivation — making the incentive effect that much more powerful than if it relies on extrinsic motivation alone. This requires appropriate communication about the importance of the task and the nature of the incentive; specific, meaningful performance goals; appropriate feedback and support from supervisors; selection systems that help sort out those who do not fit the desired culture (and reward strategy) of the organization; and an organizational culture in which incentives are supported by managers and employees. This discussion serves as a reminder that contextual factors are at least as important to success or failure of reward programs as the technical merits of the programs (Gerald E. Ledford Jr., Barry Gerhart, Meiyu Fang, 2013, PP 27-28).

In their study of investigating the effects of rewarding the attainment of constant versus progressively demanding performance standards on measures of intrinsic motivation, W. David Pierce, Judy Cameron, Katherine M. Banko, and Sylvia So found that people who are rewarded for meeting progressively demanding performance standards on an activity spend more time on the activity in a free-choice situation than those who are rewarded for attaining a constant level of performance or than those who are not rewarded for meeting performance standards. In other words, rewarding individuals for meeting a graded level of performance increases their intrinsic motivation (W. David Pierce, Judy Cameron, Katherine M. Banko, and Sylvia So, 2003, P 573).

Dow Scott and Tom McMullen (2010), discovered that base pay and benefits had the overall weakest relationship with the organization's ability to foster high levels of employee motivation compared to incentives, intangible rewards and quality of leadership on engagement. Quality of leadership had the strongest relationship with effectively motivating employees. As a result, compensation professionals should use pay packages to attract leaders who have demonstrated their ability to engage employees

and think in terms of total rewards and not just financial rewards. Develop employee engagement resources that are directed toward work environment or organization climate, work-life balance and the nature of the job and quality of the work, and career opportunities.

Tahira Nazir, Saif-Ur-Rehman Khan, Syed Fida Hussain Shah and Khalid Zaman (2013) observe that reward is very vital factor that has big contribution towards enhancing the employee job satisfaction and commitment. Organizations are continuously improving their reward system for retaining and becoming more productive of employees.

Reena Ali and M.Shakil Ahmed (2011) indicated that there is a statistically significant, direct and positive relationship between rewards (promotion, recognition, working conditions, benefits, the dimension of personal, leader/supervisor, general and work satisfaction and motivation ( $r = 0.86$ ,  $p < 0.01$ ).Hence, if rewards offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction.

Further, research by Hafiza, Shah, Humera Jamsheed (2011) as cited in Simhal Belay (2013) indicate that there is significant and positive relationship between extrinsic rewards and employee motivation but organizations are not offering right amount of financial rewards (extrinsic rewards) to their employees. Pay is a significant factor which affects employee motivation. Added, study by Ashgar Ali and Mohammed (2012) as cited in Simhal Belay (2013) pointed out that there is positive impact of financial rewards on employee's motivation and satisfaction. That is, financial rewards lead to employee's motivation. It is also discovered that new entrants in to an industry are highly motivated and the working conditions, environment and superior's behavior plays a vital role in determination of their satisfaction level

All the above studies have dealt with reward practices and their impact on work motivation, employee performance and employee satisfaction. The studies found that rewards generally have positive impacts. However, the results vary when seen in terms of magnitude by which they affect employee performance and employee satisfaction and motivation. As the needs of human beings vary significantly, the extent by which their motivation affected by one reward type to the other varies significantly.

## 2.11 Hypotheses of the study

A formal statement regarding the relationships between variables, and it is tested directly. The predicted relationship between the variables is either true or false (Samy Tayie, 2005, P19)

The following hypotheses are developed for testing.

- *H1 - There is positive and significant relationship between payment and employee work motivation*
- *H2 - There is positive and significant relationship between promotion and employee work motivation*
- *H3 - There is positive and significant relationship between benefit and employee work motivation*
- *H4 - There is positive and significant relationship between work condition and employee work motivation*
- *H5 - There is positive and significant relationship between recognition and employee work motivation*
- *H6 - There is positive and significant relationship between supervision and employee work motivation*
- *H7 - There is positive and significant relationship between work content and employee work motivation*
- *H8 - There is positive and significant relationship between personal and employee work motivation*
- *H9 - There is positive and significant relationship between general and employee work motivation*

## 2.12 Conceptual Framework

After the study of literature review, the following conceptual model is formulated to show the effect of rewards (intrinsic & extrinsic rewards) on employee motivation basing Herzberg's two-factor theory.

### **Variables**

A variable refers to a characteristic or attribute of an individual or an organization that can be measured or observed and that varies among the people or organization being studied Creswell (2004) as cited in Creswell (2002).

### **Independent Variables**

Are variables that (probably) cause, influence, or affect outcomes. They are also called treatment, manipulated, antecedent, or predictor variables

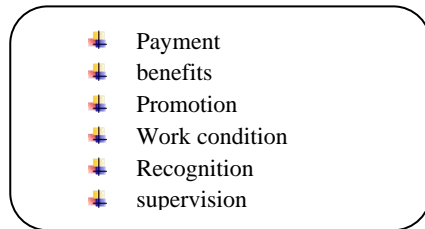
### **Dependent Variables**

Are variable that depend on the independent variables; they are the outcomes or results of the influence of the independent variables. Other names for dependent variable are criterion, outcome, and effect variables.

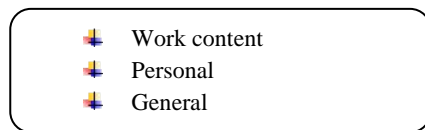
In this study employees work motivation is considered a dependent variable and intrinsic and extrinsic rewards are taken as independent variables. Within intrinsic variable are; work content, personal, general and within extrinsic variables are; Payment, Employee benefits, Recognition, Promotion, Leadership/supervision and Work condition.

### Independent Variables

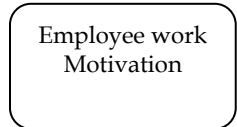
#### Extrinsic Rewards



#### Intrinsic Reward



### Dependent Variable



**Figure 1.4 Conceptual Frameworks**

**Source:** De Beer (1987)



## Chapter Three

### Research Methodology

This chapter describes research design that is in use. Specifically, it mentions the population, the method of sampling and its size, measuring instruments used pertaining to its validity and reliability; the procedure used to follow to gather data and the statistical methods that are used to analyze data.

#### 3.1 Research Design

Research design is a comprehensive plan for data collection in a research project. It is a “blueprint” for empirical research aimed at answering specific research questions or testing specific hypotheses (Samy Tayie, 2005).

Although there are endless ways of classifying research designs, from the viewpoint of objectives/purposes, a research can be classified as – *descriptive, co-relational, explanatory or exploratory*(Geoffrey Marczyk, Davis David De Matteo and David Festinger, 2005.)

Since the purpose of explanatory research design is explaining and interpreting relationships between two or more aspects of a situation or phenomenon, it is used to explain and interpret the relationship between reward and motivation in the current study. It is characterized by the collection and analysis of quantitative data followed by the collection and analysis of qualitative data. The priority typically is given to the quantitative data, and the two methods are integrated during the interpretation phase of the study. It is typically used qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study (John W. Creswell, (2004), P 245).

Further, the type of research design employed in this study is a non-experimental or quantitative design through survey study. A survey design provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population (John W. Creswell, (2004), P 174).

#### 3.2 Population and Sample Size Determination

A population can be defined as all people or items (unit of analysis) with the characteristics that one wishes to study. (Samy Tayie, 2005).

The target population of this study consists of 375 employees working in branches in Addis Ababa. (Source: Manger, Training and Succession Plan)

According to (Samy Tayie, 2005) a sample is defined as a subset of the population that is taken to be a representative of the entire population.

In this study, Cochran's sample size formula for categorical population is used. Accordingly, for a population of 375, the required sample size is 189.

### **Stratified Simple Random Sampling**

An approach used when adequate representation from sub sample is desired and then within each stratum employees are being selected using a sample random method. The characteristics of sub sample may include almost any variable. Age, sex, income level, geographical distribution etc

In the present study, the natural classification of the branches (branches being geographically dispersed and each branch having homogeneous sub set of the population) was taken as the characteristics used in stratifying the population and a random sample in which each individual in the population has an equal probability of being selected was employed. Related with this, as the sample random method requires a complete list of respondents, for this Branch Managers of each respective branch were advised to use payroll list.

### **Sample Size Determination**

Cochran's sample size formula for categorical population is used.

$$n_0 = \frac{z^2 * (p)(1-p)}{e^2} \quad , \quad n_1 = \frac{n_0}{(1+n_0/\text{population})}$$

Where:

- ✚  $n_0$  = Sample error size,
- ✚ Z= standard normal distribution which is 1.96 (a confident interval of 95% sample estimates,
- ✚ P= sample proportion of successes (0.5), thus the variance of P\* (1-P) gives the maximum possible sample size = 0.25,
- ✚ e= Acceptable margin of error for proportion being estimated which is 0.05 % (error the researcher is willing to accept).

$$n_0 = \frac{z^2 * (p)(1-p)}{e^2} = \frac{(1.96)^2 * (0.5)(1-0.5)}{0.05^2} = \underline{\underline{384}}$$

Therefore, for a population of 375, the required sample size is calculated as:

$$n_1 = \frac{n_0}{(1+n_0/\text{population})} = \frac{384}{1+384/375} = \underline{\underline{189}}$$

**Proportionate Sampling** - sizes based on their proportion in the population.

In the present study, since each branch of the bank varies in its number of employees depending up on its grade which in turn depends upon its profitability and other factors, the number of subjects taken from each is proportionate to the size of the branch or strata/segment. Accordingly,

*Table 3.1 Description of samples taken from each branch/stratum by branch*

S/N	Branch Name	Number of employees in each branch	Sample size taken from each branch
1	<i>Addisu Gebya</i>	12	6
2	<i>Akaki</i>	11	6
3	<i>Ayer Tena</i>	11	6
4	<i>Bethel</i>	11	6
5	<i>Bole Medhanealem</i>	10	5
6	<i>Bole Michael</i>	13	7
7	<i>Bole Rwanda</i>	11	6
8	<i>Bomb Tera</i>	12	6
9	<i>Dubai Tera</i>	12	6
10	<i>Finfine</i>	48	24
11	<i>Gerji</i>	12	6
12	<i>Global</i>	11	6
13	<i>Gojam Berenda</i>	15	8
14	<i>Gulele</i>	18	9
15	<i>Kolfe</i>	16	8
16	<i>Kotebe</i>	12	6
17	<i>Tirunesh Dibaba</i>	10	5
18	<i>Merkato</i>	13	7
19	<i>Oda</i>	12	6
20	<i>Kebena</i>	10	5
21	<i>Kality</i>	11	6
22	<i>Kersa</i>	25	13
23	<i>Saris</i>	12	6
24	<i>Sheger</i>	34	17
25	<i>22 Mazoria</i>	13	7

Sample computation for each branch

Example: Finfo Branch sample (n) =  $48/375 * 189 = \underline{24}$

### **3.3 Instruments and Procedures of Data Collection**

An intact instrument (Structured questionnaires) developed by De Beer and tested for its inter-item consistency with employees' demographic information is used to collect primary data from the respondents. The independent variables under study are asked in sections under part two. Part one request for employees' demographic information such as gender, experience, age, academic qualification and their position in CBO. The items related to motivating factors were measured on a five point itemized likert scale that ranged from strongly agree to strongly disagree. In Part Three, the questionnaire provided a section for the employees to indicate their best motivational factors (rank order questions). According to De Beer (1987) the questionnaire consists of the nine standardized reward dimensions that impact employee satisfaction and motivation encompasses of:

1. Work content -probed the respondents' feelings about the type of work they do.
2. Payment- probed respondents' satisfaction with their salaries.
3. Promotion- probed for the opportunity that the organization offers for promotion.
4. Recognition- probed whether the respondent was receiving the recognition and feedback for the jobs they perform.
5. Working conditions were probed as the fifth factor and looked at opportunity to mix with colleagues and interpersonal relations.
6. Benefits looked at whether the benefits such as pension, medical schemes and leave were satisfactory.
7. Personal -probed the respondents' feelings towards their job.
8. Leadership or supervision - probed the level of satisfaction with the manager.
9. General - probed if the respondents' had considered alternative employment, and hence their level of satisfaction with the organization.

With regard to administration of questionnaires, written questionnaire is hand-delivered to the participants by managers of the each respective branch. And, the branch managers are informed to distribute the questionnaires randomly to all clerical staffs after having complete list of the employees from payroll list starting with an arbitrary starting point and a sampling interval e.g. to get a sample of 20 from a population of 100 or a sample rate of 1/5, the researcher advised the manager to randomly selects starting point and a sampling interval. Thus, if the number 10 is chosen the

sample includes the 20 subjects numbered 10, 15, 20, 25 and so on. The respondents were not needed to write down any answers, only mark with an a tick (right) mark

### 3.4 Data Analysis Technique:

Answers to the questionnaire are coded using the software SPSS version 20. The results then summarized using appropriate descriptive statistics. A reliability test is done by observing the Cronbach's alpha value. To test the significance of the relationship among the independent variables and dependent variable, Pearson correlation coefficient analysis is used.

### 3.5 Reliability & Validity

**Reliability** - refers to the degree of dependability, consistency or stability of scores on a measure (either predictors or criteria) used in selection research. According to Reena Ali, De Beer (1987) has conducted a measuring instrument analysis inter-item consistency of work motivation and satisfaction questionnaire and found consistency of responses to all the items explained in the measuring instrument. Cronbach's alpha value was calculated for this research on a sample of 25 respondents and found to be acceptable.

**Table. 3.2 Reliability Statistics**

		<i>N</i>	<i>%</i>
<i>Cases</i>	<i>Valid</i>	25	100
	<i>Excluded</i>	0	0
	<i>Total</i>	25	100
<i>Aggregate Cronbach's alpha value</i>		.88	
<i>Payment</i>		.92	
<i>Promotion</i>		.97	
<i>Recognition</i>		.88	
<i>Benefit</i>		.82	
<i>Work content</i>		.73	
<i>Working condition</i>		.88	
<i>Supervision</i>		.92	
<i>Personal</i>		.90	
<i>General</i>		.89	

**Validity** - refers to the degree to which available evidence supports inferences made from scores on selection measures.

***Content validity*** - confirming the fact that the items measure the content they were intended to measure. Related with this research, efforts by authors (subject matter experts) to establish validity was done and they confirmed the instrument was valid.

## Chapter 4

### Data Presentation, Analysis and Interpretation

Under this chapter data gathered through survey is analyzed and interpreted. Accordingly, the section contains respondents' profiles, data presentation, data analysis and interpretation

As explained in the methodology part of this thesis, for 375 population 189 sample size was taken and questionnaire was distributed to them accordingly. However, out of the total sample size only 156 responses were collected which make the response rate 83% which is acceptable to make this study rigorous and generalizable.

#### 4.1 Respondents Profile

Presentation of respondents profile gives readers a chance to analyze the background information of respondents. It also helps person who reads this paper to assess mix in terms of age and sex, respondents.

Table 4.1: Frequency Distribution of Demographic Variables

Respondents Profile			
Demographic Characteristics	Categories	Frequency	Percent
Gender	Male	98	62.8
	Female	58	37.2
Age Of Respondents	25 Or Below	52	32.9
	26-35	62	39.2
	36-45	32	20.3
	Above 46	12	7.6
Educational Level Of Respondents	High School	1	.6
	Diploma	11	7.0
	Ba/Bsc Degree	134	84.8
	Ma/Msc	12	7.6
Work Experience In CBO	Below 3 Years	7	4.4
	3-5 Years	91	57.6
	6-10 Years	60	38.0
Work Occupation Of Respondents	Branch Manager	12	7.6
	Customer Service Officer	41	25.9
	Accountant	35	22.2
	Officer	70	44.3

Source: Questionnaire, (2015)



As indicated in the above profile tables, close to 63% of the respondents are male and the remaining 37 are female. This shows that, both genders are represented well in the sample size as 41% of the total population of the study constitutes the female. Following the gender of the respondents, age of respondents is also indicated that those between 26 to 35 years of age (39%) constitute the largest age group which is followed by age group 25 or below which also comprise 33%, 20% fall within the age of 36 to 45 and the rest containing 7%.

The table also depicts 85% of the respondents have first degree followed by number of respondents having masters degree which is closer to 8% and the rest belongs to have diploma and high school graduates which is 7% and 1% respectively. From this educational background of the respondents, one can easily understand that the people taken as subjects of the study are capable of being properly understanding and answering of the questions provided to them.

With regard to work experience of the respondents, all of them have below ten years of experience in the organization under consideration as the establishment of the organization is in 2005 E.C. however, when seen closely, employees who serve the bank for 3 to 5 years (58%) make up the largest number of respondents and those who serve for 6 to 10 (38%) years comes next followed by those serving 3 and below three years which cover 4%.

When we see in to work occupation of the respondents, the largest work force belongs to officers' category i.e. 44%. Chasing this category is those grouped to be customer service officers constituting 26% and in third position are accountants making up 22% followed by branch managers (8%). From this data one can recognize that the majority of the staffs are front line managers directly facing customers.

#### **4.2 Reward and Employee Work Motivation of the Respondents**

Descriptive statistics is done in the form of mean and standard deviation for the nine dimensions mentioned earlier and it is shown in the table below.

From the view point of mean, value registered below 3 (neutral) which shows the position (perception) of the employee is indifferent on that specific reward type, implies the employee motivational level is not satisfactory with respect to that specific reward type.

**Table 4.2: descriptive statistics of rewards**

<b>Descriptive Statistics</b>		
	<b>Mean</b>	<b>Standard Deviation</b>
<b>Payment</b>	<b>2.8750</b>	<b>1.4736</b>
<b>Promotion</b>	<b>3.1500</b>	<b>1.4582</b>
<b>Recognition</b>	<b>3.0500</b>	<b>1.5240</b>
<b>Benefit</b>	<b>2.4375</b>	<b>1.2273</b>
<b>Work content</b>	<b>2.3400</b>	<b>1.3189</b>
<b>Working condition</b>	<b>2.4883</b>	<b>1.5895</b>
<b>Supervision</b>	<b>2.5343</b>	<b>1.1847</b>
<b>Personal</b>	<b>2.3833</b>	<b>1.1973</b>
<b>General</b>	<b>2.5867</b>	<b>1.1353</b>

Source: Questionnaire, (2015)

Indicated in the table above (table 4.2), the Means of the nine dimensions of rewards namely Payment Promotion, Recognition, Benefits, Work Content, Working Condition, Supervision, Personal and General range from 2.34 to 3.15. This can show that the motivational level of the employees can generally be considered moderate. But, when we compare the motivational level of the employees in respect of each motivational factor, the employees of the bank are more motivated by promotion and recognition than the rest of the factors. Employees' motivation related to benefit, work content and employees' personal feeling towards their jobs can be labeled below average however their motivation with their work environment remain modest.

**Table 4.3: descriptive statistics of rewards of Extrinsic & Intrinsic Rewards and work motivation**

<b>Descriptive Statistics</b>		
	<b>Mean</b>	<b>Standard Deviation</b>
<b>Extrinsic Rewards</b>	<b>2.7559</b>	<b>1.4096</b>
<b>Intrinsic Rewards</b>	<b>2.4367</b>	<b>1.2172</b>
<b>Motivation</b>	<b>2.6289</b>	<b>1.3392</b>

Source: Questionnaire, (2015)

As you can see from the table above, employees of the bank- they are well motivated by extrinsic rewards of the bank than intrinsic rewards which is below average.

**Table. 4.4: Mean and Standard Deviation for Payment**

<b>Descriptive Statistics</b>		
<b>Motivational Factors</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>The pay system is visibly communicated to you.</b>	<b>2.57</b>	<b>1.042</b>
<b>The Basis of pay e.g. performance is reasonable</b>	<b>3.02</b>	<b>1.155</b>
<b>My salary is satisfactory in relation to the job I do</b>	<b>2.69</b>	<b>1.139</b>
<b>I earn the same salary with others doing the same job in the bank</b>	<b>2.88</b>	<b>1.300</b>
<b>There is fair salary increment</b>	<b>2.89</b>	<b>1.226</b>
<b>Pay scale of the bank treats everyone equally</b>	<b>3.34</b>	<b>1.989</b>
<b>tasks performed and incentives are related</b>	<b>3.10</b>	<b>1.254</b>
<b>Performance related incentives improve my work motivation</b>	<b>2.51</b>	<b>1.430</b>

Source: Questionnaire, (2015)

From the table depicted above, we can understand that mean average and standard deviation average of employees' response in respect of payment is 2.8750 and 1.4736 respectively which can show the employees of the bank are considerably motivated by the overall payment system of the organization. Further, if we see in to incentives of the bank, the incentives are well associated with the nature of tasks in the company which can give a perception that it is an important factor to be considered in their level of motivation (Mean=3.10). Yet, employees' responses on whether performance related incentives improve their work motivation rated average (Mean=2.51).

**Table. 4.5: Mean and Standard Deviation for Work Content**

Descriptive Statistics		
Motivational Factors	Mean	Standard Deviation
I'm interested in my work	2.03	1.012
My work consists of varieties of tasks	1.72	.785
I'm trained related to my work	2.67	1.256
The quantity of tasks I'm performing are easy to handle	2.47	1.161
I do have complete control on my work	2.42	1.245
I'm well aware of my duties	2.01	1.107
I'm completely independent of others when I perform my work	2.46	2.711
There is a sense of responsibility in my work	2.17	1.948
I'm allowed to decide on the methods to perform my work	2.83	1.400
I'm happy of the work I'm working	2.17	1.089
My work is contributing to the overall success of the bank	1.75	.840
I will not be terminated without good cause	2.63	1.364
I have part in decision making process	2.94	1.303
My work has of great value in my branch	2.43	1.301
I have certain degree of autonomy in my work	2.45	1.261

Source: Questionnaire, (2015)

As seen in the table above, employees' believe the overall nature of their work contributes less to their work motivation (Mean=2.34). In congruent with this, employees' trust that their work is redundant (Mean=1.72) which can be taken as a factor unfavorably contributing to their motivation. Whereas, employees' participation in decision making (mean=2.94) as an element of work content perceived to be the best contributor to raise employee work motivation.

### **4.3 Correlation Analysis**

Under this section, The Pearson's Product Movement Correlation Coefficient was computed for the purpose knowing the relationship between rewards and work motivation of employees of CBO working in the Addis Ababa city branches.

#### **Implication of figures (correlation & significance)**

In this research, two-tailed test was used as a relationship of the two variables considered is expected but the direction of the relationship is not known. But, with regard to the correlation that exists between the variables, when each variable is perfectly correlated with itself (obviously) and so  $r=1$ ,

when each variable is perfectly correlated but not with itself  $r < 1$  and when each variable is perfectly correlated but the direction of the relationship is opposite and so  $r =$  negative value

Accordingly,

**Table 4.6 Correlation of Reward and Employee Work Motivation**

Variables	Work Motivation	
	Pearson's Correlation	Sig. (2-tailed)
Payment	.3528**	.000
Promotion	.3384**	.000
Recognition	.2744**	.000
Benefit	.2715**	.005
Work content	.1961**	.002
Working condition	.3636**	.000
Supervision	.5394**	.000
Personal	.5420**	.000
General	.3880**	.000
<b>** Correlation is significant @ 0.01 level (2-tailed)</b>		

Source: Questionnaire, (2015)

#### **4.2.2.1 Payment and Work Motivation**

*H1: There is positive and significant relationship between payment and employee work motivation*

*H0: There is no positive and significant relationship between payment and employee work motivation*

As can be seen in the table above, payment relatedness to work motivation of employees i.e. ( $r = .3528, p < .01$ ) is both positive and significant. In other words, an increase or decrease in payment will result in corresponding change in work motivation level of employees in the same direction. Therefore, the null hypothesis is rejected.

#### **4.2.2.2 Promotion and Work Motivation**

*H1: There is positive and significant relationship between promotion and employee work motivation*

*H0: There is no positive and significant relationship between promotion and employee work motivation*

Table 4.6 clearly shows that, promotion and work motivation of employees ( $r=.3384$ ,  $p<.000$ ) is positively and significantly related. This implies that, the higher employees get the chance to move up in the ladder of promotion, the higher is their work motivation. Consequently, the null hypothesis is rejected.

#### **4.2.2.3 Recognition and Work Motivation**

*H1: There is positive and significant relationship between recognition and employee work motivation*

*H0: There is no positive and significant relationship between recognition and employee work motivation*

The positive and significant correlation ( $r=.2744$ ,  $p<0.01$ ) between recognition and employee work motivation entails that; employees are better motivated when their efforts are recognized by their leaders/supervisors. Hence, the null hypothesis is rejected.

#### **4.2.2.4 Benefit and Work Motivation**

*H1: There is positive and significant relationship between benefit and employee work motivation*

*H0: There is no positive and significant relationship between benefit and employee work motivation*

Statistically there is positive but not significant ( $r=.2715$ ,  $p=.01$ ) relationship observed between benefit and employee work motivation. This means, whenever employees benefit increases, their work motivation also increases and when decreases their work motivation also falls. But, its effect remains insignificant. For this reason, the data partly fails to reject the null hypothesis.

#### **4.2.2.5 Work Content and Work Motivation**

*H1: There is positive and significant relationship between work content and employee work motivation*

*H0: There is no positive and significant relationship between work content and employee work motivation*

Indicated above in table 4.6, work content and work motivation ( $r=.1961$ ,  $p<.01$ ) are positively and significantly linked. From this we can conclude that, every time employees are given jobs that are not superfluous and various, their work motivation increases. In similar vein, when employees are given jobs that are redundant their work motivation descend. Thus, the null hypothesis is rejected.

#### **4.2.2.6 Working Condition and Work Motivation**

*H1: There is positive and significant relationship between working condition and employee work motivation*

*H0: There is no positive and significant relationship between working condition and employee work motivation*

Similar to most reward types whose relationship with work motivation is tested to be confirmatory and important in this study, positive and significant relationship is also observed between working condition ( $r=.3636$ ,  $p<.01$ ) and work motivation level of employees. This involve that, the more the conducive the work environment, the better the employees are motivated. Accordingly, the null hypothesis is rejected.

#### **4.2.2.7 Supervision and Work Motivation**

*H1: There is positive and significant relationship between supervision and employee work motivation*

*H0: There is no positive and significant relationship between supervision and employee work motivation*

Revealed above in table 4.6, the level of employees' work motivation with their managers' supervision ( $r=.5394$ ,  $p<.01$ ) confirmed statistically to be positive and significant. This substantiates the idea that, the more satisfied the employees with their mangers, the more their work motivation is. In view of this, the null hypothesis is rejected.

#### **4.2.2.8 Personal Feelings and Work Motivation**

*H1: There is positive and significant relationship between personal feelings and employee work motivation*

*H0: There is no positive and significant relationship between personal feelings and employee work motivation*

In the table above, it can be seen that personal ( $r=.5420$ ,  $p<0.01$ ) is positively and significantly related with work motivation. This means that, a change in personal feeling in one direction resulted in a

change in motivational level of employees in similar direction. For this reason, the null hypothesis is rejected.

#### 4.2.2.9 General Feelings and Work Motivation

*H1: There is positive and significant relationship between general feelings and employee work motivation*

*H0: There is no positive and significant relationship between general feelings and employee work motivation*

When we see in to the correlation between general feelings of employees with their work motivation (=3880,  $p < 0.01$ ), we can find that there is positive and significant relationship. Hence, the move in general feelings of employees about their organization resulted in corresponding move in their work motivation. Therefore, the null hypothesis is rejected.

#### 4.4 Analysis of Reward Preferences of Employees

In order to know the type of reward that most employees chooses, a rank order questions consisting of 14 reward variables were provided to the participants of the study to select from best desired to least desired. Accordingly, the writer came to know that

**Table 4.7: Summary of rewards ranked 1<sup>st</sup> by respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Promotion and Title</b>	<b>75</b>	<b>48</b>
<b>Increase in Salary</b>	<b>71</b>	<b>46</b>
<b>Recognition given for a job well done</b>	<b>10</b>	<b>6</b>
<b>Total</b>	<b>156</b>	<b>100</b>

Source: Questionnaire, (2015)

As seen in the table above, promotion and title, increase in salary, and recognition given for a job well done are reward variables selected second to none by respondents representing 48%, 46% and 10% respectively. No other variable except this three variables are chosen to be first desired reward. This is an indicative of the fact that most employees prefer to have promotion, increase in salary & obtain recognition for job done well respectively.



**Table 4.8: Summary of rewards ranked 2<sup>nd</sup> by respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Increase in Salary</b>	<b>53</b>	<b>34</b>
<b>Promotion and Title</b>	<b>44</b>	<b>28</b>
<b>Recognition given for a job well done</b>	<b>41</b>	<b>26</b>
<b>Participation in decision making</b>	<b>16</b>	<b>10</b>
<b>Bonus system</b>	<b>2</b>	<b>1</b>
<b>Total</b>	<b>156</b>	<b>100</b>

Source: (Questionnaire, 2015)

As can it can easily be observed in the table immediate above, five reward variables are chosen to be 2<sup>nd</sup> from the 14 reward variables available to them to choose from. From this variables ranked 2<sup>nd</sup> by respondents, increase in salary is picked by most respondents followed by promotion and title which in turn is followed by recognition given for a job well done and then participation in decision making. Only two respondents making up 1% of the respondents choosing the reward variables second picked bonus system of the bank to be ranked second

**Table 4.9: Summary of rewards ranked 3<sup>rd</sup> by respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Recognition given for a job well done</b>	<b>62</b>	<b>40</b>
<b>Participation in decision making</b>	<b>33</b>	<b>21</b>
<b>Increase in Salary</b>	<b>21</b>	<b>13</b>
<b>Bonus system</b>	<b>16</b>	<b>10</b>
<b>Educational opportunity</b>	<b>12</b>	<b>8</b>
<b>Appreciation and praise</b>	<b>8</b>	<b>5</b>
<b>Certification of achievement</b>	<b>3</b>	<b>2</b>
<b>Comfort at work environment</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>156</b>	<b>100</b>

Source: Questionnaire, (2015)

As shown in table 4.9, there were eight reward variables chosen to be 3<sup>rd</sup> by subjects of the study. Among these variables, Recognition given for a job well done comes first of all. And, Participation in decision making is ranked 2<sup>nd</sup> followed by increase in salary, bonus system, Educational opportunity, Appreciation and praise, Certification of achievement and Comfort at work environment having been picked 62,33,21,16,12,8,3, and 1 time(s) respectively.

**Table 4.10: Summary of respondents ranked 4<sup>th</sup> by respondents**

<b>Variables</b>	<b>Frequency</b>	<b>Percent</b>
<b>Participation in decision making</b>	<b>58</b>	<b>37</b>
<b>Bonus system</b>	<b>32</b>	<b>21</b>
<b>Recognition given for a job well done</b>	<b>21</b>	<b>13</b>
<b>Comfort at work environment</b>	<b>13</b>	<b>8</b>
<b>Design of works</b>	<b>12</b>	<b>8</b>
<b>Appreciation and praise</b>	<b>6</b>	<b>4</b>
<b>Flexible working hours</b>	<b>5</b>	<b>3</b>
<b>Increase in Salary</b>	<b>4</b>	<b>3</b>
<b>Educational opportunity</b>	<b>4</b>	<b>3</b>
<b>Promotion and Title</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>156</b>	<b>100</b>

Source: Questionnaire, (2015)

Mentioned in the table immediate above, Participation in decision making (F=58), Bonus system (F=32), Recognition given for a job well done (F=21), Comfort at work environment (F=13), Design of works (F=12), Appreciation and praise (F=6), Flexible working hours (F=5), Increase in Salary (F=4), Educational opportunity (F=4) and Promotion and Title (F=1) are selected to 4<sup>th</sup> best reward variables by most respondents

Broadly speaking, depending up on the results shown in the above rank order tables, most respondents opt for promotion and title, increase in salary, recognition given for a job well done, participation in decision making, bonus system, comfort at work environment, design of works, appreciation and praise, flexible working hours and educational opportunity picking them 1<sup>st</sup> to 4<sup>th</sup>. Accordingly,

## Chapter 5

### Summary of Major Findings, Conclusion and Recommendation

#### 5.1 Major Findings

This chapter has focused on the presentation of results achieved in this study. Pearson's product moment correlation was used to indicate relationships between the dimensions of motivational factors and work motivation.

Following the investigation to look in to the relationship between reward and motivation and trying to know the impact of reward practices on the motivational level of employees in CBO by statistically testing, the researcher summarizes the major findings below.

With respect to the demographic information of the respondents, both genders are represented in the study. However, they are not proportional enough. As to the age of respondents, more than 90% of them are equal or below 45 years of age. In similar vein, if we examine the respondents' academic achievement, again more than 90% of the respondents have first and second degree which shows as pointed out earlier, the good level of understanding they do have to reply to the questions provided to them by the researcher. Further, if we see the respondents' work experience, more 96% of them have above or equal to 3 years which can also show the fact that the majority of the staffs are long serving and having good knowledge of the bank when compared with the age of the bank which is only 10 years. Lastly but not least, when we see in to the position of the respondents, majority of them are officers followed by customer service managers.

When we see in to the results of the descriptive statistics, the means of all the reward variables considered are Promotion (3.1500), Recognition (3.0500), payment (2.8750), General (2.5867), Supervision (2.5343), working condition (2.4883), Benefit (2.4375), Personal (2.3833) and Work content (2.3400). Accordingly, promotion has the greatest motivating power than the rest of the rewards and work content in fact having the least outcome on employee work motivation. This simply can tell us the power on average extrinsic rewards do have on the motivational level of employees than the intrinsic ones.

To know the relationship between reward variables and the motivational level of the respondents, a correlation coefficient was done by Pearson's Product Movement Correlation. Hence, almost all the independent variables are positively and significantly related to work motivation except benefit which shows a positive but insignificant relationship with work motivation. The study revealed that if

rewards offered to employees were to be altered, then there would be a corresponding change in work motivation. The results of this study also indicated that employees were modestly motivated by rewards. By implication, this means that if more focus is placed on rewards, it could have a resultant positive impact on motivation and thus result in higher levels of job performance.

Per examination done to be acquainted with the preferences of the respondents by making them rank 14 independent variables namely: increase in salary, promotion and title, recognition given for a job well done, bonus system, comfort at work, flexible working hours, social activities, design of works, vacation time, participation in decision making, certification of achievement, educational opportunity, appreciation and praise and feedback on performance, it is pointed out that, promotion and title, increase in salary, recognition given for a job well done and participation in decision making are among reward variables indicated to be desired most.

## **5.2 Conclusion**

The effectiveness of any Organization is influenced greatly by its human behaviors. Staffs are resources common to all Organizations. Effective, fair and equitable reward administration should be put in place to help encourages, support and sustained improvement in work motivation that in turn contributes to the overall success of organizations. Therefore, other things remain as is, CBO as a bank that operates in a competitive market to make profits for its share holders; it should place the right reward tools that can boost the motivational level of its employees.

In order to examine the relationship between reward and work motivation of employees, descriptive statistics (mean, standard deviation and correlation) were applied in this report. Consequently, the writer came to know that there is positive and significant relationship between rewards and work motivation except in the case of benefit as one of the reward element having insignificant relationship. When mean value of both extrinsic and intrinsic rewards is seen, the extrinsic rewards (2.7559) have relatively the strongest effect on the work motivation of employees than the intrinsic rewards (2.4367) according to the study.

In addition to the above, as explained earlier, the most preferred independent reward variables are also shown in rank.

### 5.3 Recommendations

The examiner having all the findings the base for recommendations to improve CBO its reward practices so as to boost its employees' work motivation, advise the following

- ✦ As distinguished in the study, respondents have shown their area of interest that extrinsic rewards play a pivotal role in increasing their work motivation. Therefore, the management of the bank should keep these rewards practices more and more attractive to increase employee work motivation
- ✦ When seen from the view of intrinsic rewards, since relatively higher mean value is registered on general view of respondents towards their employer, the bank should work on improving the rest i.e. work content and the personal feelings of employees' towards their jobs. Related with this, creating of a loyal employee should also be given the right attention.
- ✦ Because low mean value is registered on the employees' salary satisfactoriness in relation to the job they do, the organization should exert an effort to properly associate its pay system with tasks performed. Further, the bank should also strive to change the perception of most of its employees towards believing the fact that performance related incentives affects their work motivation as many writers advocate it.
- ✦ Regarding work content that exists in the organization, the respondents indicated that their work doesn't contain as such variety of tasks which can prove the works are monotonous in nature and need to be amended by the management of the organization.
- ✦ the use of benefit and good supervision in enhancing employee work motivation should further be encouraged
- ✦ To create long term employee work motivation, the bank should use intrinsic rewards effectively together with extrinsic ones as they have long lasting effect.
- ✦ Since motivation of employees affected by many factors other than reward, other researchers may explore to find out other variables like training, employee development and others could explain the mysterious part of motivation.

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# Questionnaire

Dear Sirs/Madam;

I design this questionnaire for partial fulfillment of Masters Degree in Human Resource Management. The general objective of this research is to examine the relationship between reward practices and motivational level of employees in CBO with the intention of suggesting the best reward tools and recommending solutions. Your responses will only be used as primary data for the accomplishment of the objectives of this study.

The questionnaire has three parts: Biographical, Motivational Factor Questionnaire, and Rank Order Questions.

I would like to thank you in advance for giving me your time to fill this questionnaire. In case need arise to contact me for any clarification on the questions, please contact me through my email address: [tamelipol@gmail.com](mailto:tamelipol@gmail.com)

## Part One: Biographical Information (please tick with a right mark to indicate your choice)

1. Gender: Male

Female

2. Age: 25 or below

26-35

36-45

≥46

3. Educational Background:

High School Certificate

Diploma

BA/BSC Degree

MA/MSC

PHD

4. How long you have been serving in CBO?

Less than 3 years

3-5 years

6-10 years

5. Currently you are serving CBO in a position of

Branch manager

Customer Service Manager

Accountant

Officer

## Part Two: Motivational Factors Questionnaire

S/N		Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
1.	<b>Payment</b>					
	The pay system is visibly communicated to you					
	The Basis of pay e.g. performance is reasonable					
	My salary is satisfactory in relation to the job I do					
	I earn the same salary with others doing the same job in the bank					
	There is fair salary increment					
	Pay scale of the bank treats everyone equally					
	tasks performed and incentives are related					
	Performance related incentives improve my work motivation					
2.	<b>Promotion</b>					
	There exist an opportunity for promotion in the bank					
	There is career path clearly communicated to every one					
	Promotion is very important to improve my work motivation					
	Criteria for promotion is acceptable to me					
	Staffs are promoted in a fair & transparent way					
	I'm satisfied with promotion system of the bank					
3.	<b>Recognition</b>					
	I'm praised regularly for my good work					
	I'm ready to accept constructive criticisms regarding my work					
	I usually acquire acknowledgment for work done by me					
	I receive feedback on making progresses					
	I'm given a written appreciation letter for my good work					
4.	<b>Benefits</b>					
	There is equal treatment of each staff in the benefit system of the bank					
	My medical scheme is satisfactory					
	I never faced problems of leave arrangement					
	My insurance policy scheme has impact on my motivation					

5.	<b>Work content</b>					
	I'm interested in my work					
	My work consists of varieties of tasks					
	I'm trained related to my work					
	The quantity of tasks I'm performing are easy to handle					
	I do have complete control on my work					
	I'm well aware of my duties					
	I'm completely independent of others when I perform my work					
	There is a sense of responsibility in my work					
	I'm allowed to decide on the methods to perform my work					
	I'm happy of the work I'm working					
	My work is contributing to the overall success of the bank					
	I will not be terminated without good cause					
	I have part in decision making process					
	My work has of great value in my branch					
	I have certain degree of autonomy in my work					
6.	<b>Working Condition</b>					
	My working hours are reasonable					
	Office lay out is convenient to me					
	I'm free to be with my colleagues					
	All the necessary resources for work are available					
	I have good communication with my co-workers					
	I'm satisfied with the way we (co-workers) communicate each other					
7.	<b>Supervision</b>					
	My supervisor is satisfied with my work					
	My supervisor is cooperative					
	I can convince my supervisor about my work					
	My supervisor observes his subordinates and directs us to progress					
	I'm given all the rights by my supervisor to express my ideas					
	I receive adequate guidance and support from my supervisor					
	My supervisor is impartial in treating his subordinates					

8.	<b>Personal Dimension</b>					
	My feeling towards my job is good					
	I'm working the work I want					
	I join this bank because of the nature of the tasks performed in the bank					
9.	<b>General</b>					
	I'm generally satisfied with my organization					
	I haven't ever consider an alternative employment from other bank/company					
	I have no plan to leave the bank in recent times					
	<b>Motivation</b>					
	How do you rate your overall motivational level with regard to reward system					

### Part Three: Rank Order Question

Rank the following motivational factors according to your preference from most desired to least desired reward tools through rating 1-14

Factors		Rank order question
		Rank from best to least
A.	Increase in salary	
B.	Promotion and title	
C.	Recognition given for a job well done	
D.	Bonus system	
E.	Comfort at work	
F.	Flexible working hours	
G.	Social activities	
H.	Design of works	
I.	Vacation time	
J.	Participation in decision making	
K.	Certification of achievement	
L.	Educational opportunity	
M.	Appreciation & praise	
N.	Feedback on performance	

## **Declaration**

I, Tamene Hailemariam, declared that this study is my original work and has not been presented for a degree in any other universities, and that all the sources of materials used for the study have been duly acknowledged.

Tamene H/mariam

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August, 2015

This thesis has been submitted for examination with my approval as a supervisor

Tarku Jebena (PHD)

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August, 2015