



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF FINANCIAL AND NON-FINANCIAL REWARDS ON
EMPLOYEES MOTIVATION: IN THE CASE OF ETHIOPIAN
CONSTRUCTION DESIGN AND SUPERVISION WORKS
CORPORATION (ECDSWC)**

BY

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**DATE: JUNE 28, 2022
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, THE SCHOOL
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the supervision of **Professor Belete Mebratu**. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Semhal Birhanu

Name

Signature

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ABSTRACT

In a competitive business environment, the concept of rewards and employee motivation has become a popular point of discussion in many successful organizations. Companies need to review their reward systems in order to improve employee motivation, increase performance and stay competitive. The main purpose of this study is to investigate financial and non-financial rewards that affect the motivation of employees in Ethiopian Construction Design and Supervision Works Corporation. To conduct the study both primary and secondary data were used. Explanatory research design was employed to carry out the study. Hence, to collect primary data, questionnaire was used. Document analysis check list is employed to extract data from secondary sources as journals, thesis works, books and from on line sources. The samples in this research involve 161 employees of the enterprise. To take the samples, this research employed simple random sampling method. The data analyses, both descriptive and inferential statistics method were used in SPSS version 20. The reliability of variables tested by Cronbach's Alpha coefficient, the average result of variables was 0.839 which is satisfactory. The findings of the study have indicated and have affirmed that both financial and non-financial rewards affect the motivation of employees and there is a direct and significant relationship between the variables on employee motivation. According to the research many reward systems have been used in the enterprise. However, high numbers of employees are receiving some sort of financial reward that is salary and allowance but salary and allowance is very important to motivate employees of ECDSWC employees. Therefore, the researcher recommended that the top management should revise the current salary and allowance system. It is also important that the employees should be publically recognized, so the employees may assure, that they are the important part of the organization. Moreover, Managers need to revisit their reward package time to time to make sure that these motivational factors are still valued or desired by employees.

Key Words: Financial rewards, Non-financial rewards, Motivation, Satisfaction and Performance

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Organizations today are forced to operate in a world full of challenges from the internal as well as external environments, and it becomes more important than ever to have the qualified, experienced, motivated and engaged employees to cope with the surrounding competitive environments. Most organizations whether profit or non-for-profit (including public) constantly develop the knowledge and perception of how much the employees actually mean to the organizations in pursuing their mission and objectives (Silverman M. , 2004). Well-motivated people are those with clearly defined goals who take action that they expect will achieve those goals. Such people may be self-motivated, and as long as this means they are going in the right direction to achieve what they are there to achieve, then this is the best form of motivation. Most people, however, need to be motivated to a greater or lesser degree.

The main function of human resource management is to enhance satisfaction of employee on their job. Employees expect rewards and recognition for their efforts. In the absence of equitable pay among the same job level, recognition, training and development, opportunities employees get dissatisfaction. Dissatisfaction leads to high employee turnover and poor employee performance (Aslam, Saddiqui, Yousaf, & Latif, 2014).

According to Waqas (2014) rewards include both monetary and non-monetary rewards. Monetary rewards enhance the direct satisfaction of employees and non-monetary rewards are helpful for the recognition of employees and that recognition is a motivational tool for the employees and leads to the work engagement.

There are a number of issues to be taken in to consideration by the organizations. Establishing effective employee reward system in the organization is one of the crucial issues to be addressed in order to attract, motivate and retain talented and qualified personnel (Shields, 2007).

The reward systems play significant roles for the success or failure of organizations. Employee rewards influence a variety of work-related behavior including motivation of employees. Moreover, without rewards people would not intend to join, work or perform in attaining the

organizational objectives. Executives and managers often think rewards only as compensation, but rewards go beyond pay, which include systems, programs and practices that influence the action of people (Wilson, 2003). Reward systems are often used as management tool for achieving desirable organizational objectives through motivating employees for better performances.

According to Armstrong (2009) one of the most important concerns of reward management is how rewards can be used to motivate employee to enhance their performances. He further suggests that different segment of workforce, and individuals at different stage in their careers will be motivated by different combination of rewards (Armstrong M. , 2010).

According to Thomson (1998) there is no one best way to motivate all employees in the same manner since individuals respond to different needs depending on the nature of their tasks and the levels of their contributions. Armstrong and Brown argued that People react in widely different ways to any form of motivation.

Motivational dynamics have dramatically changed to reflect new work requirements and changed worker expectations. One of the biggest changes has been the rise in importance of intrinsic rewards, and extrinsic rewards (Thomas, 2009). It is a common practice that many organizations spend a lot of money in order to enhance employees' motivation and to make them more productive. However, spending huge amount of money may not give guarantee in maximizing the productivity of the organization unless the managers do understand how to reward and develop appropriate reward strategies to their employees.

Considering the above, there are debates on whether financial reward should be used to motivate employees disregarding non-financial rewards or vice versa.

The study therefore looks at the need to investigate whether both Financial and non-financial rewards have an effect in motivating employees of ECDSWC.

1.2. Background of the organization

Ethiopian Construction design and Supervision Works Corporation (ECDSWC) is multi-disciplinary engineering firm founded by amalgamation of three companies established on December 17, 2015: Water works Design & Supervision Enterprise (WWDSE), Construction Design Share Company (CDSCo.) and Transport Construction Design Share Company

(TCDS Co.) that were engaged in planning, study, Design and Supervision of Water & Hydropower, Building & Transport Sector Works Science 1998, 1977 & 1987, respectively.

ECDSWC is now a fully integrated Engineering Consulting firm that provides consultancy services with six business units in areas of water and engineering sector, Building and Urban sector, Transport sector, Geo technics and underground works. The four sectors supported by fully organized and dedicated two centers; one with advanced Laboratory and Research center, the other with surveying, Geospatial and Civil informatics in search of excellence and quality center.

ECDSWC has currently 1830 staff members of which 1137 are professional experts and the remaining 693 are supporting staffs. Apart from Human ECDSWC has well equipped with vast material resources that are vital for state-of-the-art of Engineering Consultancy Service. The corporation head office has located in Addis Ababa in front of Emperal Hotel.

The corporation has organized in three hierarchically interrelated platform levels, corporate governance, interface and operational sector levels. Corporate level consists of overall management, coordination, synergy, monitoring, controlling and evaluation of engineering and construction related activities of the corporation. Inter face level for coalition between the corporate governance and operation sectors. Operation levels where the corporation core business units is.

The ECDSWC Has the capacity, the expertise and experience to take project of any scale and accomplish to the highest possible standards whether it is for individuals, commercial firms, industries, government office or others organizations. The corporation is committed to provide consultancy services timely at reasonable service fee and with the highest quality outcomes.

The corporation is ISO 9001:2008 Certified and committed to meet and exceed customers' needs and expectation by implementing quality management system and continually improving its effectiveness through the involvement of its entire employees.

1.3. Statement of the problem

One of the most difficult human resource tasks that are faced by managers is the design and management of motivational incentive systems. According to Bagraim (Bagraim, 2007) there is the need to investigate the needs and goals of employees to be able to address them to get the needed motivation. Reward influences a variety of work-related behavior including motivation of

employees. Without rewards people would not intend to join, work or perform in attaining the organizational objectives. Executives and managers often think rewards only as compensation, but rewards go beyond pay, which include systems, programs, and practices that influence the actions of people (Wilson, 2003). Reward systems are often used as management tool for achieving desirable organizational objectives through motivating employees to better performances.

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

There is however lack of conclusive substantiation on monetary incentive impacting on motivation of employees. A study by (Arnolds C. , 2007) showed that employees mostly at the lower level give much importance to recognition therefore the use of only money to motivate this caliber of employees will cause problems since different people are motivated by different factors (Bagraim, 2007) , also added that there is a category of employees that are motivated by financial goals, others that are motivated by professional goals and others that are motivated by personal goals. In view of this one incentive cannot be used to motivate all staff at all levels.

Considering the above, there are debates on whether financial reward should be used to motivate employees disregarding non-financial. The study therefore investigates Financial and non-Financial reward has an effect in motivating employees of ECDSWC.

In addition, it attempts to analyses the reward strategies applied by the enterprise and the perceptions of employees towards these strategies. The research is conducted to know how Public enterprises are using financial and non-financial rewards to motivate their employees in

order to motivate employees and to determine up to what extent rewards impacts on employee attitude and motivation.

1.4. Objective of the study

1.4.1. General Objective

The general objective of this paper is to analyze the impact of the financial and non-financial rewards to motivate employees in ECDSWC.

1.4.2. Specific Objectives

1. To explain the effect of Non-financial rewards on employees motivation in ECDSWC.
2. To explain the effect of financial rewards on employees motivation in ECDSWC.
3. To identify the level of motivation on financial and non-financial rewards among ECDSWC employees.
4. To describe the challenges associated with financial and non-financial rewards practices in ECDSWC.

1.5. Significance of the study

Currently, there is an on-going discussion about different rewards and if money is the best motivating factor as the package of reward or an outdated strategy in modern economy and employees are searching for other ways to be stimulated and motivated in work. Several studies regarding the impact of financial and non-financial rewards in a reward system have been conducted.

This research is not endeavored to give a comprehensive answer for existing arguments for the best strategy of rewards to motivate employees to their best capacity. But it might contribute for existing literature by analyzing how non-financial and financial incentives motivate employees in public enterprise.

The significance of this paper is to find out how the financial and non-financial rewards are impacting employees' motivation in ECDSWC. And it is to provide practical guidance for the case study of enterprise to reduce the knowing-doing gap when improving and implementing the reward practices. This study also offers significant insight to the employees' attitudes and satisfaction towards the rewards in use and the level of motivation the employees feel to have.

The results can be used to develop the reward practices in right direction in ECDSWC and help the enterprise better motivate their employees according to their needs. The reduced dissatisfaction towards reward practices may result in better productivity, motivation, engagement and profitability of the company.

Moreover, this thesis is a good contributor to the knowledge world of human resource management which explores the factors that affect motivation of employees and provide a solution to the problems faced by employees at their jobs. The paper will also compel the management of studied organizations to pay their attention to the problems of employee motivation for the overall benefits of organization.

1.6. Scope and limitation of the study

Due to time and resource constraints and making the study more manageable, the study is delimited in ECDSWC, water& enginery sector, Addis Ababa. And the study covers the aspect of employees' rewards and their effect to employee motivation in ECDSWC. The study delimited to using financial and non-financial rewards as the only independent variables affecting employees' motivation .The specific focus of this thesis is initiated to investigate the current practice of reward system in place in the enterprise and recommend the impact of financial and non-financial rewards in the motivation of people to work in ECDSWC. To be able to present a clear output, suitable research methodologies, that is explanatory research methodology and descriptive and inferential research design applied. Moreover relevant theories and empirical literatures used related with on the topic of motivation.

1.7. Organization of the study

There are five parts in this research paper. The first part is an introduction that consist the background of the study-included Statement of the problems, research significance, research, objectives; research Questions, scope and limitations of the study. The second chapter presents theoretical literature related to the impact of Financial and non-financial rewards on employee motivation. The third chapter explains research methodology; this also included brief description of the Questionnaire, the characteristics of the sample, data collection procedure Measurements issues and methods of data analysis and interpretation. Forth chapter presents analytical results. Statistical methodology applied. Finally in summarizes the study drawn conclusions and recommended based on the findings presents in Chapter Five.

1.8. Definition of terms

Reward: is giving something to someone in recognition of their services, efforts or achievement.

Financial Rewards: is all financial means of pay provided by an employer to an employee in return for their individual effort and contribution, skills and work done.

Non-Financial Rewards: the compensation provided in a transaction that does not include cash.

Employees' Motivation: is the complex of psychological process that accounts for the level, direction and persistence of person's goal oriented actions.

Satisfaction: is a fulfillment of need or want.

Performance: is how a member of staff fulfills the duties of their role, complete required tasks and behaves in the work place.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

In this chapter, the researcher tried to make explicit and clear issues that shaped and organize the study. The theoretical and conceptual framework is vital for guiding the research, for ensuring the boundaries of the study. The researcher emphasizes to demonstrate that the research has some sense of debates in the literature around the topic and the most appropriate theories relating with financial and non-financial rewards in motivating employees in Public enterprise.

2.1. Theoretical frame work

2.1.1. Conceptual perspectives of Motivation

Motivation was defined by (Robbins S. T., 2013) the processes that account for an individual's Intensity, direction, and persistence of effort toward attaining a goal. Based on definition (Robbins S. T., 2013) the three key elements in the definition are:

- (1) Intensity describes how hard a person tries.
- (2) Direction that benefits the organization.
- (3) How long a person can maintain effort?

Motivation was described by (Robbins S. , 2003) as the result of interaction between individual and situation. Robbins acknowledged that people have different needs and the interaction of the situation and individual can be either reinforcing or hindering one's motivation. In an organization, management tries to coordinate various factors to maximize the efficiency and productivity of the organization. The efficiency and productivity largely depends on non-human-factors such as financial and physical materials and technologies being followed by the performance level of human factors that handle them and control these non-human factors. Thus, to make total factors efficient and effective, one has to improve the performance level of human beings in the organization. According to (Prasad, 1995, p. 534) this performance is determined by level of ability to do certain work and level of motivation. He further argued that these two factors are to be multiplied rather than added.

There are two kinds of motivation as (Herzberg, 1968) described: intrinsic motivation which derives from the individual itself and one feels that he or she does not necessarily need external stimuli to obtain this motivation (e.g. money). The second type of motivation is extrinsic which results from the external factors of the individual such as getting money. Individuals who are possessing extrinsic motivation will be motivated by the stimuli coming outside the individual and their motivation will be the sum of efforts made to motivate them in an organizational context in forms of rewards, promotion, pay increases and punishment (Armstrong M. , 2009). Armstrong concluded that the intrinsic motivation is more powerful in the long run and deeper in meaning as it is integrated in the individual and not coming from the outside whereas the extrinsic motivation might have powerful and visible effects fast but these are not lasting long as the stimuli is coming outside the individual.

(Osterloh & Frey, 2000), defined an individual to be extrinsically motivated when employee needs are indirectly met through the use of monetary rewards. They described pay for performance to be the ideal incentive for the extrinsically driven employees but blamed it to lack the long-term results. They described money to be a goal, which provides satisfaction independent of the actual activity itself.

However, understanding what motivates employees is one of the key challenges for managers. It is hard to motivate directly others, but it is nonetheless important to know how to influence what others are motivated to do, with overall aim of employees as well as organizational interests (Ali & Ahmed, 2009). Sutherland (Sutherland, 2004) suggested that motivation needed to be long lasting and reinforced by a combination of rewards and recognition. Motivation needs to be maintained by managers to ensure a high level of performance and productivity, and to create a working environment where employees will have positive attitudes, commitment toward their work, and most importantly, the belief that they are not only valued but crucial interest to the organization.

(Perkins & White, 2008), defined motivation broadly as “it is concerned with what gets someone to make a choice to act, selecting between alternatives (including no action), and the sustained focus that action. In general, motivation theory is thus concerned with explaining why and how behavior is activated and sustained” According to Arnold and others it has three components:

direction – what a person is trying to do; effort – how hard a person is trying; and persistence – how long a person keeps on trying (Armstrong M. , 2009).

It is clear that there is no dispute among scholars the importance of motivating employees to enhance efficiency and productivity in attaining organizational objectives. There is a consensus that motivation is one of the most important factors in determining organizational efficiency. All organizational resources may be wasted in absence of motivated people to utilize these resources effectively. Thus, every manager in the organization must try to motivate his staff for the right type of behavior. Identifying human behavior and analyzing as to why people behave in a particular way is of main importance in motivating them irrespective of the nature of the organization because people are the basic component of any organization. The level of employee performance does not only depend upon his/her qualifications and abilities. For getting best of his/her work performance, the gap between ability and willingness has to be filled.

In a study by William James, it was found that motivated employees worked at close to 80 -90 per cent of their ability cited in (Prasad, 1995) . Thus, "performance reflects the achievement of results that would be considered extraordinarily and motivation is the key to achieving the necessary level of performance" (Martin, 2005) . But, the main question is that what motivate people and how people are motivated (Perkins & White, 2008). There are two views in motivating employees, namely: intrinsic motivation and extrinsic motivation (Armstrong M. , Human resource Management, 2009) which are likely related to the types of rewards and how these rewards are provided by the organization. Harter and others also stated that different rewards vary in their attractiveness to individuals and, as a consequence, vary in their effectiveness as incentive and motivational tools. When designed appropriately, rewards can be used to energize, direct, and reinforce a wide range of desirable behavior (Chiang, Flora, & Thomas, 2007).

According to Armstrong (2006)the most important concerns of reward management is how rewards can be used to motivate people to perform better and he further argued that the aim of the organization is to create total reward system process which identifies the value of both financial and non-financial rewards. An effective rewards system helps to guide and inspire the workforce and provide a specific motivating direction. Moreover, it enables to align both

organization as well as individuals' interest, which lead to higher performance through motivational effects (Ibid).

The literature points to two contrary positions regarding the motivational effect of rewards. One position argues that financial rewards will be a source of motivation; while the other argues that non-financial rewards have greater impact. In the light of these two positions, the focus of this study is the motivational effect of non-financial rewards. There have been many psychologists address motivational drivers from Maslow to Herzberg but new research is introducing new perspectives towards these topics. The new reality is that there is a need to design the right rewards in order to motivate employees and meet the organizational objectives.

The purpose of extrinsic rewards is to motivate employees for excellent performance through money. It may include basic salary, annual increments, commissions, performance related pay, stock options or other financial benefits (Fisher J. , 2005). Extrinsic rewards (usually financial rewards) played a dominant role in earlier eras, when work was generally more routine and bureaucratic, and when complying with rules and procedures paramount (Thomas, 2009). But, the Hawthorne studies, conducted by Elton Mayo from 1924 to 1932, found employees are not motivated solely by money and employee behavior is linked to their attitudes (Linder, 1998).

Moreover, extrinsic rewards are often considered of being short-termed, and not creating long-term commitment, which is normally what the organization seeks from its employees. However, there are many authors who propound money still plays a great role to motivate employees. For instance, Locke, Feren and McCaleb, Shaw and Denny concluded that money is the crucial incentive...no other incentive or motivational technique comes even close to money with respect to its instrumental value (1980) cited in (Rynes, , 2004). Subsequent research has continued to support money as a dominant factor in motivating people at workplace. On the other hand, Herzberg, Mausner, Peterson and Capwell indicated in 16-literature review studies that pay ranked sixth in importance. Ranking above pay were other non-monetary factors such as job security, interesting work, opportunity for advancement, appreciation and company and management (Rynes, , 2004).

In order to achieve long-lasting motivation for the employees the organization must pay attention to both monetary and non-monetary rewards in providing the best mix (Armistrong M. , 1993).

(Hansen, Smith, & Hansen, 2002), strongly criticized that organizations attempt to motivate employees but disregard the essential nature of human motivation. According to them this is a direct consequence of the failure to distinguish between the rewards and recognitions. This idea also supported by Ryan and Deci (Ryan & Deci, 2000) that people have not only different level of motivation (i.e. how much motivation), but also different kinds of motivation (i.e. what type of motivation). (Robbins S. , 2003) strongly argued that managers must know whether the rewards the employees receive are the ones they desire. Some people might expect non-financial rewards (such as recognition) instead of financial rewards (such as pay rise or bonus), or vice versa. Most often managers assume that all employees want the same reward and fail to notice the motivational affects as a result the whole effort in motivating employees remain unsuccessful.

Many scholars and researchers proved that money might not be as powerful a motivator as non-monetary rewards. Psychologists have also attempted to resolve the mystery of human motivation, yet there are still wide differences of opinion whether one human being can motivate another: 1) is motivation intrinsic or extrinsic? 2) What motivates people at work? 3) What is the best way for managers to motivate workers? (Davis 1997).

2.1.1.1. Relationship between intrinsic and extrinsic motivation

Differences approach among the motivational thinkers; they had a common understanding in different perspectives on intrinsic and extrinsic motivation in their research. Intrinsic motivation is done for reasons that are for inherent satisfaction. It is for self-satisfaction and not for the fear of a consequence. The reward is within the action itself and does not need external factors to steer behavior. Extrinsic motivation comes from external factors and the actions are done because of what has been said. This means that if we are told to do something, we do it because of extrinsic motivation. Intrinsic motivation also comes from within one's self, but if the action is not done, then the person is filled with guilt. The main difference between extrinsic and intrinsic motivation is the feeling of guilt. Lastly, identified motivation is defined as when person knows that a task needs to be completed, but does nothing.

These different definitions help define the different types of motivation that employees encounter. As extrinsic motivation rises, intrinsic motivation decreases because the person starts

to only look for external rewards instead of working on something for personal satisfaction. There should always be a combination of both, but in essence, the person must be able to motivate from within to truly gain worth or a feeling of self-accomplishment from a task or goal.

There is on-going controversy among the theorists on the relationship between the intrinsic and extrinsic motivation. Some theorists suggest that one can build on the other. Others propose that they are incompatible (Amabile, 1993). For instance, Deci in his publication strongly argued that extrinsic reinforcement is not needed for motivation, and that financial (extrinsic) rewards actually undermine intrinsic motivation for interesting activities (Batman, 2005). He justified his argument that as having an extrinsic motivational subsystem, which is more oriented towards rewards like praise (money) or threats, is more concerned with control, is less supportive and less concerned with autonomy, involves lower self-esteem etc. (Hansen, Smith, & Hansen, 2002). The research by Hackman, Lawler, Oldham and others also supported for the case intrinsic rewards. They predicted and found that when jobs are high on core dimensions – autonomy, feedback, task identity and variety – employees are desirous of higher order need satisfaction tend to high motivation (Reif, Newstrom, & Monczka, 1975).

Along with motivated people, there are a motivated people. This means, “A person’s behavior lacks intentionality and a sense of personal causation” (Ryan & Deci, 2000). This can be caused by many different reasons such as the person not valuing the task being done, the person not feeling as though they are adequately trained or knowledgeable to complete the task, or the person not thinking that there is a desirable outcome from the task (Ibid).

2.1.2. Theoretical perspectives of Motivation

The theoretical ground of this thesis is mainly based on two cornerstones; theories of motivation and theories of reward systems. From the very beginning, when human organizations were established people had tried to find out the answer what and how people make them motivated to do their jobs. The satisfactory and generalized answer is yet to be found out. From the right beginning, when F.W Taylor proposed the concept of “scientific management” and more particularly differential piece of rate system for motivating workers, many scholars and managers in the field have given their views on the subject (Stoner & Freeman, 1995). Many new researches are being carried on motivation; however, they all emphasis that due to complex nature of human beings no generalization is possible. Moreover, the findings of research studies

and theories are not universally applicable and these are affected by time, country, and circumstances (Steers, RT, & DL , 1996). In this context it is important to have knowledge about various theories of motivation and how these affect the behavior of human beings.

Since various people have been engaged in finding out the answer of the question relating to what motivates people, their approaches have differed resulting into number of theories concerning motivation. Though all these theories try to focus attention on the basic issue, they differ considerably. These theories may be grouped into some categories, though this grouping may not truly reflect the basic character of theory suggesting that any attempt to group various theories into some categories may be for simplification. Thus, there may be overlapping in any such grouping.

In this study, the major ingredients of these theories are presented. The discussion will show how the theory is useful for managerial action and its limitations in predicting human behavior. Some of the major theories are: 1) The basis of Maslow's need hierarchy motivation is that human beings are motivated by unsatisfied needs, and that certain lower needs need to be satisfied before higher needs can be satisfied which is based on two underlining principles: the first one is everyone starts at the bottom and attempts to move up the pyramid when they see that the need immediately above is not being satisfied, and the other one is a need cannot be activated until the one immediately below it has been met (Scott, 2005). Herzberg's two-factor theory which support the emphasis on associated with work like promotional opportunities, opportunities for personal development, recognition, responsibility, and achievement which employees find intrinsically rewarding (Fisher J. , 2005) Expectancy theory which implies that motivation is only likely when clearly perceived and useable relationship exists between performance and outcome, and outcome is seen as a means of satisfying needs (Armistrong M. , 1993) Equity theory deals strongly with the aspects of organizational justice, whether the individuals feel that they are treated fairly at work or not.

The felt equity or inequity will impact their level of effort given in the work environment (Arnolds & DJL , 2007)McClelland draws attention to the needs of managers and important concept of achievement motivation (Armstrong M. , 2009). According to this approach employees' motivation relies on the fact that all persons have human desires for affiliation,

achievement, and control and power over their work (Neelamegam, 2010) job characteristics model implies that the work motivation will be born as a result of interesting and challenging job content. (Ramlall, 2004) Total reward model recognizes that pay is not the only motivator, and acknowledges the importance of not only tangible but also intangible rewards within the wider context of the work experience, it has wide-reaching implications for both employers and employees (CIPD, 2009).

2.1.2.1. Theory of motivation

A. Maslow's Need hierarchy theory

Maslow's need hierarchy theory of motivation suggests, People will not be healthy and well-adjusted unless they have all of their basic needs met. This idea applies whether we're talking about becoming a functioning member of society, Maslow's original focus, or a productive employee of an organization, a later application of his work. Specifically, Maslow identified five different types of needs which, he claimed, are activated in a hierarchy, beginning at the lowest, most basic needs, and working upward to the next level. Furthermore, these needs are not aroused all at once or in random fashion. Rather, each need is triggered step by step, only after the one beneath it in the hierarchy has been satisfied. The theory is based on five human needs; physiological, safety, social, esteem and self-fulfillment. The needs are arranged from the basic human needs to the higher level needs in the shape of a triangle. (Armstrong M. , 2006)

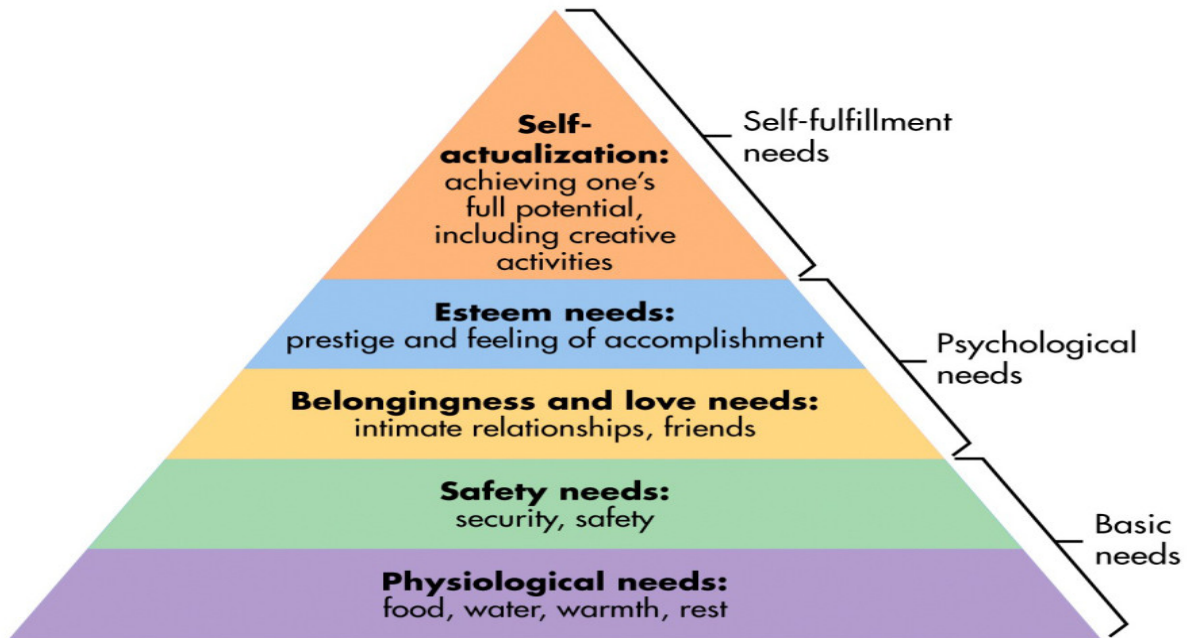


Figure 1: Maslow's motivation diagram

Source: <https://www.google.com/search?q=maslow+hierarchy+of+needs+pyramid&tbm>

The above picture demonstrates the link between employee needs presented by Maslow's theory and the corresponding rewards. In an organizational context even the higher level needs can be satisfied by offering recognition and growth opportunities in the organization in condition that the lower level needs are satisfied first by fair base pay and benefits offered to the employees (Jensen). (Ramlall, 2004) mentioned in his article that Maslow found that humans have unmet or emerging needs which should be satisfied as soon as possible and In an organizational context even the higher level needs can be satisfied by offering recognition and growth opportunities in the organization in condition that the lower level needs are satisfied first by fair base pay and benefits offered to the employees. (Jensen, 2007).

(Ramlall, 2004) mentioned in his article that Maslow found that humans have unmet or emerging needs which should be satisfied as soon as possible and in an Organizational context managers should try to motivate employees by providing rewards which could satisfy the arisen needs as soon as those emerge. Champagne and McAfee (1989) mentioned in their book that those managers who are able to understand the individual employee needs and how to satisfy

those needs and arisen unsatisfied needs are the most successful ones and are able to create better work environments and better motivated employees.

Maslow's theory has not avoided criticism. (Wahba & Bridwell, 1976) who claimed that there is lack of evidence that the needs are organized as Maslow presented i.e. in an hierarchical manner and it is unclear whether the unsatisfied needs create any motivation or that once an individual has satisfied a need level does this activate an individual to seek for another, higher level need satisfaction? (Hall & Nougaim, 1968), (Lawler & Suttle, 1972)& and (Rauschenberger, Neal , & Hunt, 1980) were unable to validate Maslow's theory in practice. This theory entails that financial rewards such as pay and safety needs to be satisfied before non-financial rewards such as belongingness and recognition. In this study, the theory will be examined to answer the basic questions in line with financial and non-financial rewards in motivating employees:

B. Two-Factor theory

This theory is also known as Frederick Herzberg et al develop motivator-hygiene theory in 1959. In reference to Maslow's theory Herzberg also emphasizes the importance of the human growth and self-actualization needs and according to him it must be the job characteristics, which satisfy the individual growth needs once those emerge in an organizational setting (Pinder, 2008) Herzberg's theory will be reviewed as it includes important aspects regarding motivators and demotivates in an organizational environment.

The reason why the total percentage is more than 100 % is that the factors were found to impact not only dissatisfaction but also job satisfaction therefore appearing in both job attitudes. It is important to highlight that for Herzberg there was no absolute job satisfaction which opposite would be absolute job dissatisfaction, he stated that the factors which led to satisfaction or dissatisfaction were distinguishable and distinct from each other's and therefore different factors were leading to job satisfaction and to job dissatisfaction. As a result of this there would be only extreme satisfaction, which opposite would be no satisfaction at all and respectively there would be job dissatisfaction that opposite would be no job dissatisfaction at all. The factors, which lead to job satisfaction, are called motivators and these are associated with the work itself. The factors leading to dissatisfaction are called hygiene factors and these are associated with the factors outside the job.

In 1987 Herzberg presented criticism towards the blind use of hygiene factors as motivators as these factors were only moving the employee to wanted direction but not motivating them. Herzberg described movement as a fear of punishment or failure to get extrinsic rewards such as salary. What comes to pay for example he concluded that money is a stimuli which helps employees to satisfy their primary needs such as hunger and therefore resulting as pain avoidance practice but when using salary as a motivator the employees are not actually motivated; employees are motivated only to get more salary, and the one who is actually motivated is the employer who is giving the reward to an employee. He also noted that when talking about salary increase, one need constant rein for cement of this practice and therefore higher expenses are resulted due to the factors, which are not even motivating. Hertzberg also concluded that the hygiene factors i.e. the environmental factors were at their best resulting no dissatisfaction on the job and the absence of hygiene factors would create dissatisfaction (Herzberg's, 1987).

(Robbins S. , 2003) argued that when managers are eliminating the factors that create dissatisfaction such as low salary they achieve “neutral” status but not necessarily employee motivation. Herzberg itself explained “improvement in these factors of hygiene will serve to remove the impediments to positive job attitudes. (Herzberg's, 1967) .

Herzberg emphasizes the need for achievement, which results in psychological growth and can be gained at the work places through job content. It is the job enrichment that results motivation and brings the effective utilization of personnel to use in companies. He concluded that motivation is a function of growth from getting intrinsic rewards out of interesting and challenging work that is the most important. For Herzberg the solution to create employee motivation is found on vertical job loading which offers employees more challenges and demanding tasks than just proving the dull, repetitive tasks (Herzberg's, 1987).

C. Expectancy theory

According to Robbins (2003) Vroom’s expectancy theory refers to the strength and attractiveness of individual’s expectation of the outcome produced by performance. The attractiveness of expected reward for given input will determine one’s motivational soundness according to this theory and whether that reward responds to individual’s personal goals. (Robbins S. , 2003).

Rousul stated that this theory is the analytical framework most frequently mobilized to understand how a reward system can prove to be motivating or not (Forest & Gagné, 2008). This theory has a distinct feature from that of Herzberg theory that it recognizes individual differences in work motivation and suggests that motivation is a complex process. This theory is based on the assumptions that individuals are different, that all situations are not the same, and there is no one best way of motivating employees (Stoner & Freeman, 1995). It also emphasizes on both individual as well as organizational interests of the reward system.

Expectancy theory explains why extrinsic motivation works the link between effort and reward is clear and the value of the rewards is the worth effort; and why intrinsic motivation arising from the work itself can sometimes be more powerful than extrinsic motivation (Armistrong M. , 1993).Porter and Lawler further developed Vroom’s expectation theory by providing a useful model to analyses the relationship between rewards, motivation and performance. This model shows that managers need to identify how much employees desire a particular reward to be motivated (Wright, 2004). Moreover it suggests that there are two factors determining the effort put into their jobs: the value of rewards to individuals and their expectations about the relationship between effort and rewards (Armistrong M. , 1993). Therefore, the expectancy theory clearly shows that the type or the amount of reward does not necessarily motivate employees unless that part of reward is valued and desired by individuals.

D. Equity theory

Adams Equity theory is generally defined as one of the motivational models that clarify how employees struggle for fairness and justice in social interactions and give-and-take relationships. The basis for equity approach is social comparison. This equity can be presented by equation 1.

$$\frac{\textit{Person's outcomes}}{\textit{Person's inputs}} = \frac{\textit{Other's outcomes}}{\textit{Other's inputs}} \quad \text{Equation 1}$$

People felt negative inequity in this equation when an individual feels that he or she has received relatively less than others have in proportion to work inputs. Thus, in case of perceived negative inequity employees are more likely to change work inputs or outputs, reconsider comparison points, or even quit. At the same time, positive inequity exists when an individual feels that he or she has received relatively more than others have, which makes people increase the quantity or quality of their work or even both of them. When either feeling exists, the theory states that

people will be motivated to act in ways that remove the discomfort and restore a sense of felt equity. (Schermerhorn, G.Hunt, Richard N, & Uhl-Bien, 2010)

The equity comparison can be viewed as intervening between the allocation of rewards and the ultimate motivational impact for the recipient. That is:

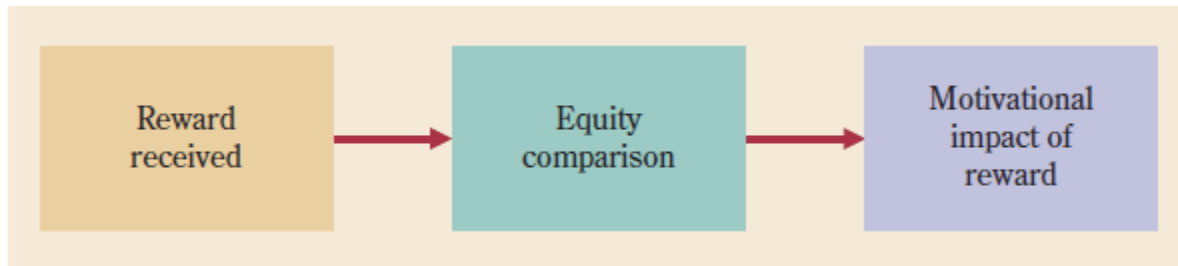


Figure 2: Intermediary position of equity theory adapted from “Organizational Behavior,” by (Schermerhorn, G.Hunt, Richard N, & Uhl-Bien, 2010, p. 116)

In equity theory employees in interactions are motivated by the sense of fairness based on the social comparison, and that is why not every reward may work as intended. If the reward is not fair and equitable, it may lead to the negative consequences. Thus, motivational outcomes in equity theory are determined by the recipient perception of the rewards in context and in terms of fairness.

In equity theory, perceived fairness is considered to be a motivator with its limitations towards rewards. One of the basic elements of equity theory is the fairness with which people perceive they are being treated. This raises an issue in organizational behavior known as organizational justice. (Schermerhorn, G.Hunt, Richard N, & Uhl-Bien, 2010) It represents the fairness and equity of employees’ view towards practices of their workplace and consists of three categories: procedural justice, distributive justice, and interactional justice.

Procedural justice can be described as degree to which perceived fairness of the procedures and processes used to make allocation decisions. It is a finding that people evaluate procedures that allow them an opportunity to voice their opinion in a decision-making process to be more fair than procedures that do not allow them such an opportunity. (Prooijen, van den bos, & Wilke, 2004)

Distributive justice is the degree of perceived fairness towards distribution and allocation of rewards and resources. It is described as the level to which all the employees are treated the same

under the policy. Distributive justice is concerned with the final allocation of economic rewards and responsibilities, as opposed to procedural justice, which concerns just processes and may include consideration of inter-temporal choice and uncertainty that are not addressed here. (Konow, 2001) Interactional justice refers to the degree to which the people affected by a decision are treated with dignity, respect, and kindness in interpersonal relations. Interactional justice may motivate employees even in case of negative outcomes.

Paying careful attention towards all the three categories of justice will definitely be beneficial for employees. Moreover, justice perceptions results in positive outcomes for the companies while injustice is mostly harmful and contributes to stress. Treating employees at work with the respect to procedural, distributive, and interactional justice create higher level of employees' commitment to organizations, increase performance and eventually affect their motivation. Moreover, employees' perception of justice categories that is based on social comparison form the obvious motivational influence.

Consequently, if employees face inequity in perceived fairness (procedural, distributive, or interactional) through allocation of extrinsic and intrinsic rewards compared to their inputs, they are likely to be dissatisfied and have the feeling of unsatisfied needs. When this occurs individuals' tension leads them to take actions that would restore the perceived inequity. The process of rethinking is happening right before an employee makes an effort

E. McClelland's Motivation theory

Non-financial motivators can be focused on the needs for achievement, recognition, responsibility, and personal growth. All these motivators might be influenced by the implications of expectancy theory. Besides, McClelland has also identified three types of basic motivating needs. He classified these needs for power, need for affiliation/recognition and need for achievement (Ramlall, 2004).

Needs for achievement is related to how well individuals are motivated to perform their work tasks. Individuals those with high achievement needs tend to be highly motivated by challenging the competitive work situations (Stoner & Freeman, 1995). Individuals need to know not only how they have achieved their tasks or carried out their work but also that their achievement is recognized or appreciated (Armistrong M. , 1993). It is also important to note that what kind of

recognition (i.e. financial or non-financial rewards) should be given to individuals for achieving certain tasks. McClelland also suggests that managers can raise the achievements need level of subordinates a measure of independence, increasing responsibility, and autonomy, gradually making tasks more challenging, and praising and rewarding high performance. He characterized this aspect managerial motivation as a need for power (Stoner & Freeman, 1995) .

According to McClelland, the presence of these motives in an individual indicates a tendency to behave in certain ways (Ramlall). Therefore, from a manager's perspective, recognition is dominant in any particular individual that affects the way in which that person can be motivated. He further argued that individuals may have all three needs but they vary in strength and intensity. While one person is motivated by a strong need of authority/responsibility another one might primarily be motivated by the need of recognition/appreciation.

2.1.3. Concept and theoretical perspectives of Reward

Reward is an incentive plan to reinforce the desirable behavior of workers or employees and in return for their service to the organization. Rewards can be monetary in the form of salary or non-monetary in the form of awards for some special services to the company or simply giving an employee a work which he enjoys doing. The primary objective of organizations in giving rewards is to attract, maintain and retain efficient, high performing and motivated employees (Mba skill .com).The aim of rewarding employees for the work they have done is to motivate, commit, develop employees and attract new employees. Rewarding practices are not out of context; those are linked to the internal organizational culture, wider culture outside of the organization referring to the pay levels and benefits offered by the other companies, and the emphasis management is putting on reward practices (Armstrong M. , 2009).

2.1.3.1. Reward management

Rewards are said to signal the organizational values to the employees as Trevor (2008) describes them “as a means of aligning a company’s most strategic asset – their employees – to the strategic direction of the organization”. The essence of reward is not only attaching value to the employees, it is also more importantly adding value to the people (Armstrong M. , 2010).

It can be said that people are the only scarce resource companies have which other competitors cannot copy. Based on this point of view investment on employees should be of high importance

to the companies that have understood the real gains they can retrain from their unique employees (Jensen, 2007). Jensen also noted how companies are so hardly trying to distinguish themselves at the markets by their products, service and price but neglecting the possibility to stand out from others with their original employees.

(Markova & Ford, 2011) mentioned that the real success of the companies originate from the employees' willingness to use their creativity, abilities and know-how in favor of the company and it is the organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

The aim of rewarding employees for the work they have done is to motivate, commit, develop employees and attract new employees. Rewarding practices are not out of context; those are linked to the internal organizational culture, wider culture outside of the organization referring to the pay levels and benefits offered by the other companies, and the emphasis management is putting on reward practices (Armstrong M. , 2009).

(Armstrong M. , 2010), noticed the problems companies are facing today when determining the efficiency of their reward practices.

2.1.3.2. Types of Rewards

A. Extrinsic rewards

Extrinsic rewards are the non-job related rewards such as pay, salary and work conditions. (Gupta & Shaw, 1998), concluded in their research that financial incentives are indeed effective. They took the point of view that not all the jobs are interesting and challenging in nature, if we would live in an ideal world everyone would be intrinsically motivated and rewarded, but in many work places this is not the reality. They concluded that money matter to most of people and it motivate us because of the symbolic and instrumental value it bears. Symbolic value of money means the end we can get for exchanging it when money is used to recognize the employees for the good work done according to Nelson this sends wrong signals to the employees; the emphasis put on monetary rewards drives employees to reach for individual gains and reduces teamwork (Nelson 2004). (Gupta & Shaw, 1998) also acknowledged the signals monetary rewards send to the employees but they appealed humans to be 'cognitive processors' who understand the signals management is sending by rewards; rewarding shows employees

what kind of behavior is valued. (Armstrong M. , 2010) said that the short-term solutions provided to solve the reward management programs might result in long-term problems referring to the use of extrinsic rewards when trying to motivate employees.

Kohn (1993) stated that monetary rewards are at their best creating temporary compliance meaning that money motivates us as long as we get another pay increase. Temporary compliance refers to the short-sighted value it manages to add in individual's motivation. Once a pay increase is received it motivates for a short period of time until motivation is again declined and employees start to wait for another pay increase. He said that: "promising a reward to someone who appears unmotivated is a bit like offering salt water to someone who is thirsty." The criticism he presented against using money as a motivator is that money does motivate employees to get more money.

B. Intrinsic Rewards

Intrinsic rewards are the job inherent, intangible non-financial rewards included in the job itself such as job tasks challenging and interesting job and training possibilities offered to the employees. (Nelson, 2004), noted that praise and recognition are the most efficient intrinsic rewards an employee wants to hear as employees want to feel that they are making a contribution at their workplaces. He quoted Elisabeth Kanter on his article that said that "Compensation is a right; recognition is a gift." Nelson also said that recognition, especially if showed in public in front of the other employees sends favorable. Signals to the other employees of which kind of behavior is favored and desirable by the management

According to Jensen (2007) it is the intangible rewards, which determine why an employee would choose one company over another when tangible rewards are given the same. This is a way in which companies can really stand out of the crowd by the use of the attractive rewards. The main stream among the researcher believe that intrinsic rewards are more efficient while not neglecting the extrinsic rewards which are usually always present in organizational context. For example, (Mottaz, 1988) emphasized the importance of intrinsic rewards but captured the significance of extrinsic rewards as follows: "- - few, if any, workers would continue to work on a job for very long if extrinsic rewards were completely inadequate." Also Buckman (1991)

argued that the monetary rewards act on the background but what really make difference in employee's organizational behavior are the intrinsic rewards.

2.1.3.3. Total Rewards

One of the principal proponents of the model contends that both the financial and non-financial rewards provided by the employers should be seen in a strategically integrated way by employers (White & Druker, 2009). A traditional rewards system most likely applies financial payment and emphasizes the extrinsic function. However, the new trend of the total reward system has gradually turned to an intrinsic focus on incentive and motivation (Chen & Hsieh, 2006).

Moreover, due to globalization and advanced technology, the current labor force is diverse, multicultural and multigenerational. Hence, different people bring different values, attitudes, abilities and cultures to the workplace. Some seek challenging work and opportunities for rapid growth. Others seek to optimize personal wealth. Still others are focused on achieving work-life balance while maintaining income stability. Clearly, a single reward package solution is no longer appropriate. A total rewards approach provides organizations with a total solution, rather than claiming a universally applicable "one-size-fits-all" concept (Giancloa, 2009). Total rewards attempts to embrace everything employees value and gain from working (Rumple & Medcof, 2006). According to Armstrong and Murlis a total reward approach "is holistic; reliance is not placed on one or two reward mechanisms or levers or operating in isolation" (2004). O'Neal and other researchers argue that every organization is unique and there is no one-size-fits-all framework for reward management (Rumple & Medcof, 2006). They proposed a total rewards model that is categorized financial and non-financial rewards in four quadrants as below:

Table 1: Total Rewards Model

<p>Pay</p> <ul style="list-style-type: none"> • Base salary • Variable pay • Stock and equity sharing • Monetary recognition 	<p>Benefits</p> <ul style="list-style-type: none"> • Health care • Retirement • Savings • Time off
<p>Learning & Development</p> <ul style="list-style-type: none"> • Career development • Learning experiences • Performance management • Succession planning • Training 	<p>Work Environment</p> <ul style="list-style-type: none"> • Organization climate • Leadership • Performance support • Work-life balance • Organizational reputation • Challenge of the work • Relationships with colleagues

Source: O’Neal, Sandra, as cited by (Rumpel & Medcof, 2006)

This theory is relevant for this study to evaluate the impact of financial and financial rewards to motivate employees in ECDWSC, since “the philosophy of total reward model is strongly influenced by the concept of intrinsic motivation, which arises from the work itself and its

2.2. Empirical Review

The researcher tried to strength the work by taking different case studies based on the nature of the organizations to maintain the reliability of the researches. Four cases are selected from different Companies.

A case study at Sambud 2 (Poland)

A research conducted at Sambud 2 a professional distributor of metallurgic products in Poland to identify effectiveness of the company's motivation system as well as the most influential motivating factors (Lewicka, 2008). The researchers designed a questionnaire to the respondents by selecting 18 motivating system components that affect their motivation. The respondents were asked to rank them what motivate them the most. Their finding showed that a large percentage of respondents (78%) believe that the atmosphere of work has a major impact on the motivation. The same importance was assigned to relations with colleagues, which have a major impact on the atmosphere at work. Moreover, training and development and authority/responsibility ranked among the top list. Thus, the study clearly indicated that non-financial rewards are more important than the financial rewards in motivating employees.

A Case study at Turkey

This study was conducted by (Parkin, Tutesigensi, & Buyukalp, 2009) to identify the most important factors that affect employees' motivation in Turkish construction companies. The questionnaires were distributed among 370 workers to rank the most important motivating factors among financial and non-financial rewards like money, recognition, responsibility, interesting, achievement etc. The respondents were selected randomly to participate in the study from 15 Turkish construction companies that include four tunnel projects, six building projects, four transport projects and one bridge project. Respondents ranked money as the most motivating factors with higher percentage (67%), and followed achievement (7%), interesting work (5), responsibility, recognition (4) etc.

A case study at Roofit Industries Ltd. (India)

(Neelamegam, 2010) , conducted a case study at Roofit Industries Ltd on employee's motivation. The primary objective of the study was to examine the employee's responses to the motivating factors in the organization. The motivational factors of employees were examined under seven major dimensions: Financial rewards, training and development, performance appraisal, leadership and management, decision making, team work and communication. Conducting a survey through Likert 5 point rating scale collected the primary data. From the finding of this study, it was concluded that employees were mostly persuaded by training and

development (4.18), performance appraisal (4.16) and leadership and management (4.15) of motivational factors. The finding clearly shows that non-financial rewards are the driving force for higher performances in the organization.

A case study at Medical Device Company at South Africa

According to (Smith, Pieter, & Anis, 2015) conducted a case study at Medical Service Company on the impact of intrinsic and extrinsic reward on employee motivation. The specific objective of his study was identify what kinds of rewards employees consider more motivational. 40 questionnaires were collected from respondents in order to explore and analyses their opinions on these topics. The analysis of the data collected from the questionnaires suggested that intrinsic and extrinsic rewards are highly valued as motivating factor by respondents. The research further suggested that employees were generally satisfied with, and benefited from the current rewards offered by the company. Additionally, it was found that employees were more motivated by extrinsic rewards rather than intrinsic rewards, annual salary increment (extrinsic rewards) were the most ranked rewards for employees at the company.

From the above empirical literature indicated that employees are not motivated by the same fashion. Employees motivated by either financial or non-financial rewards.

2.3. Conceptual Model

Conceptualization of this research is described and elaborated network of associations among the variables deemed relevant to the problem situation. The conceptualization for this study as follows:

Independent variable

Dependent variable

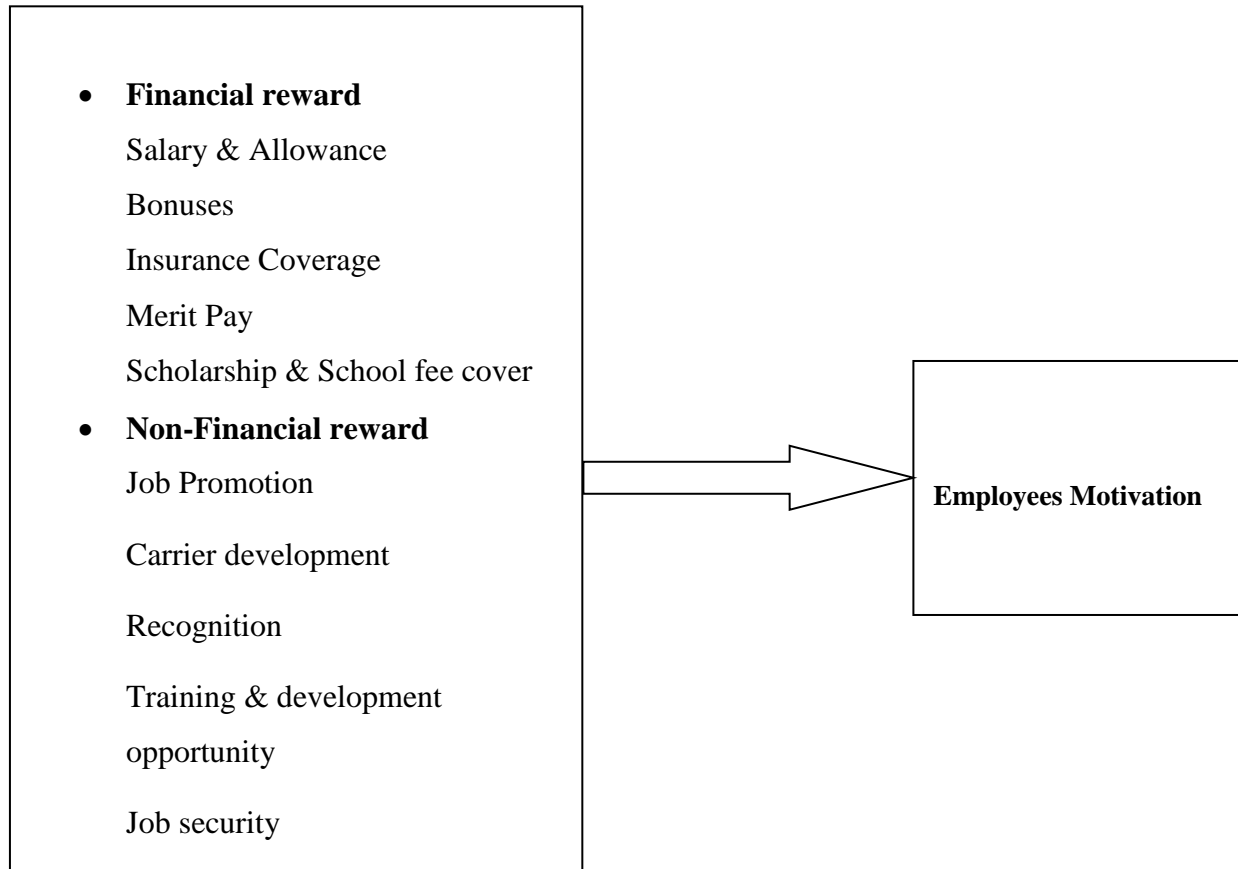


Figure 3: Conceptual Frame Works Source: (Martha & Herbert, 2013)

2.4. Research Questions

This thesis aims to answer the following questions:

1. How does a financial reward used in ECDSWC affect employee motivation?
2. How does a Non-Financial reward used in ECDSWC affect employee motivation?
3. What is the level of motivation on financial and non-financial rewards among ECDSWC employees?
4. What are the underlying challenges associated with the reward practice in place by ECDSWC?

CHAPTER THREE

DATA ANALYSIS AND INTERPRETATION

This chapter presents the methodology of research that was used in this study. It explains the approach that was taken to examine the data for the chosen variables and analysis of the data to discourse the research problem. The areas covered in this entire research design include: research design, study population, sampling, data collection, and variable description, method of data analysis, reliability and validity test.

3.1 Research Design

Explanatory and descriptive survey research design is employed for this study. This study tried to discover and explain the level of motivation of the employees and explained the effect of their perception towards financial and non-financial reward system. An explanatory research establishes causal relationships between variables. It emphasizes on studying a situation or a problem in order to explain the relationship between variables (Saunders & Thornhill, 2007). In this study, Explanatory research method adopted because it nature of the study is impact research.

3.2. Population and Sample Size

3.2.1. Target Population

After identifying the unit of analysis, then the researcher identified the target population; the group of people that the researcher drew a conclusion about once the research study was finished. All the items under consideration in any field of inquiry constitute a population

Sekaran (2000) Reported that population refers to the entire group of people; events or things of interest that the researcher wishes to investigate. However, due to the large sizes of populations, researchers often cannot test every individual in the population. This is the reason why researchers rely on sampling techniques. In this study targeted population limited only to the one sector of the corporation that is Water and engineering sector, this sector has 450 employees, where it is difficult to consider all sector and center of corporation due to dispersed of the employees.

3.2.2. Sample Size

Sampling means selecting a number of elements in a population in order to give conclusions that can be made concerning the complete population (Cooper, 2007). In this study, Simple random sampling techniques, lottery method used to select the study sample. Water sector employees of ECDWC are used as the basis of the research. They comprised of corporate level, interface level and operational level employees.

In selecting the sample size of the Water and Engineering sector employees of ECDWC for the study the (Slovin, 1973) sampling method adopted.

The formula is presented as;

$$n = N / [1 + N (e)^2]$$

Where n = sample size

N = sample frame; and

e = margin of error/confidence level

As literatures suggest if the target population is less than one thousand (1000) we can use a margin of error up to 10%. Hence the researcher used 6% margin of error because the population is 450 which is much less than 1000.

Now, using a margin of error of 6%, and applying the Slovin's formula to compute for the sample size of Water and engineering sector employees of ECDWC (450) resulted in the following:

$$n = \frac{N}{1 + N(e)^2} + \frac{450}{1 + 450(0.06)^2} = \frac{450}{262}$$

$$n = 171.75$$

Therefore the sample size selected for the study is 172 people.

3.3. Data Collection Techniques and Tools

3.3.1. Primary and Secondary data Collection techniques

In this study, both the primary and secondary sources of data are used. The theoretical parts of this study are based on previous published or unpublished literatures and case studies in various organizations through journals and books as secondary sources whereas the primary data are collected by survey through questionnaires and interview with human resource manager of water engineering.

3.3.2. Quantitative Method

In this study quantitative method was applied. Quantitative research has numerical data or information that can be qualified to enable research questions to be answered.

3.3.3. Questionnaire Method

In this study structured questionnaires used in which there are definite, concrete and pre-determined questions. These questions presented exactly the same wording and the same order to all respondents, which are simple to administer and analyze the data (Cameron, 2008) and (Lancaster G., 2005). The forms of the question are closed ended types.

To gather primary data Likert scale used. The respondents asked to rate the extent to which they feel motivated by rating 1 to 5 (grading scale 1 is strongly disagree, 2 disagree, 3 Neutral, 4 agree, 5 strongly agree). The Likert scale is employed to examine the relationship between variables

Data Processing

After having collected data, the researcher proceeded with editing, coding and tabulation for better data analysis, which ended up with writing the final report.

Editing

After collecting questionnaires from respondents; the next step was editing of data to avoid the mistakes and the errors. According to Frank (1990), editing is the process whereby errors in completed interview schedules and questionnaire are properly analyzed and verified in order to avoid errors and repetitions. This type of data process made the activities of data processing easy because the researcher detected errors and edits necessary information.

3.4. Variable description

In order to achieve the objectives of the study, various factors that potentially assess the effect of rewards on employee motivation in ECDSWC. The Independent variables that are used in this study included Job promotion, Career development, Recognition, training and development opportunity & Job Security for non-financial reward. The variables used for financial rewards included Salary and allowances, Bonuses, Insurance coverage, Merit pay and scholarship and school fee cover. The dependent variable is Employee motivation.

3.5. Reliability and Validity Test

3.5.1. Reliability Test

Reliability is defined as the consistency of either measurement or design to give the same conclusions if used different times by different scholars. The first step in ensuring reliability is by providing clear operational definitions of the variables under study. Thereafter, internal consistency will be measured through internal consistency reliability (Sekaran & Bougie, 2010). The reliability of the instruments was also computed using SPSS to determine the Cronbach's Alpha coefficient. If α (Alpha) value is 0.7 and above considered satisfactory (Sekaran & Bougie, 2010) after data collection, reliability analysis was done and the findings for each of the variables.

Pilot study was conducted on 10 respondents from ECDSWC staffs which are not part of the main study. The survey study was made before conducting the actual study in order to make sure that the questioner is relevant to the study. The average alpha value is .839 which is satisfactory. Each alpha value presented in below table. Hence the instrument is reliable.

Variables	Items	Cronbach's Alpha
Non-Financial Rewards	1	.869
Financial Rewards	1	.823
Motivation Of Employee	1	.825
Average		.839

Table 2: Reliability table

3.5.2. Validity Test

A valid instrument contains content that is relevant to the study. To ensure the validity of the instrument, content validity was conducted. Validity is thus the degree to which results obtained from an analysis of the data actually represent the phenomenon under study. (Mugenda, 2007). (Kothari C. , 2004) further notes that a test is said to be valid if it measures what it is designed to. Questioner papers were modified according to literatures within the specific topic and were reviewed by advisor and professionals and academicians.

3.6. Method of Data analysis

The collected data was coded and entered into the computer and processed using the Statistical Package for Social Sciences (SPSS) program according to each variable of the study for analysis. This study also used descriptive statistics. The descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data.

In order to establish the relationships between variables, bivariate correlation analysis is conducted. Pearson correlation (r) is used for this purpose since it is best suited for the data of the study and helps to determinate the strengths and directions of the association between items.

In addition, multiple linear regressions are used to analyze the relationship between a single dependent variable and two independent variables in the study. In order to see outliers, it is

needed to check the data whether there are any potential outliers existing in the analysis. Multiple regressions are very sensitive to outliers (i.e. very high or low score). Thus, outliers should be removed before running the regression analysis. Multivariate outliers can be detected by using statistical methods such as case wise diagnostics.

3.7. Ethical Issues

For the sake of ethical issues, the researcher educated the participants concerning the detail needs for the study, the reason why the information gather, the rationale, as well as the way in which they expected to participate, in addition how the study will directly and indirectly affect them. Again, the researcher assures them of the confidentiality of the information give.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents findings from the study about “Effects of Rewards on Employee Motivation: In Ethiopian Construction Design & Supervision Works Corporation (ECDSWC).In this section the results of empirical analysis are presented.

The researcher collected data from records of office, interview and questionnaires that were filled by employees. The questionnaires were distributed as shown in table below.

SPSS (Statistical Package for Social Sciences) version 20 of the software was used for analysis of the study data for respondents. Out of a total of 172 respondents, 161 (93.6 %) filled and return the questionnaires. Therefore it can be concluded that majority of the respondents returned the questionnaire with answers. Therefore, the researcher used all the questionnaires returned.

4.1. Demographic Characteristics

The demographic section of the questionnaire shows the information about the gender, educational level, age, work experience and position with resulting conclusion for the research.

Table 3: Demographic Characteristics

Description	Frequency	Percentage
Sex of respondents		
Male	91	56.5
Female	70	43.5
Marital Status		
Single	31	19.3
Married	130	80.7
Divorced	0	0
Widowed	0	0
Level of Education		
Diploma	6	3.7
First degree	122	75.8
Masters	33	20.5
PHD	0	0
Age of the Respondents		
Below 25 years of age	0	0
Between 25-35 years of age	49	30.4
Between 36-45 years of age	95	59.6
Above 45 years of age	17	10.6
Monthly income		
Below 3,500 birr	0	0.00
Between 3,501-7,000 birr	4	2.5
Between 7,001-10,500 birr	94	58.4
Above 10,500	63	39.1
Tenure In the organization		
Below 1 year	0	0.00
Between 1-3 years	2	1.2
Between 4-6 years	69	42.9
Over 6 years	90	55.9
Job Category Held		
Corporate Governance Level	4	2.5
Interface Level	17	10.6
Operational level	140	87.00

Source: Field survey, 2022

From gender frequency distribution that majority of the respondents were males at (56.5 %) while (43.5%) were females. This tentatively implies that in ECDSWC, the number of male employees are larger in number than female employees. It is possible to infer that, in this study, more males than females were involved. About the age distributions of the respondents it is evident from this age frequency distribution majority of the respondents were between the age of 36 and 45 years (59.6 %). The study noted that, this was very important that ECDSWC should retain competent and young employees. The respondent's work experience in ECDSWC the result indicates the majority were in the category of above 6years' experience represented by 55.9 % of the total respondents. It was realized that most of the respondents had worked above 6years. It is important that ECDSWC should retain these trained and experienced employees. The respondent's education qualification of respondent in ECDSWC the result indicates the majority (75.8%) were in the category of first degree level. The study noted that, ECDSWC has competent and easy to learn qualified employees, who can easily train, understand and apply the required technical knowledge. The respondent's marital status the result indicates the majority (80.7%) were in the category of married. The respondent's Income status the result indicates the majority (58.4%) were in the category of income between 7,001 - 10,500.00Birr.The respondent's level in the organization. The result indicates the majority (87%) were in the category of operational level in the organization.

4.2. Results of Descriptive Analysis

In this section the descriptive analysis part is presented, the researcher used mean, Standard deviation, frequency and, percentage to show the result obtained from the primary data sources.

4.2.1. Assessment of Non-financial Rewards

Table 4.2 The level of agreement regarding their opinion about the existing Non-financial Rewards and its summary of the findings are discussed below

Table 4: Assessment of Non-financial Rewards

Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std.Dev.
	F	%	F	%	F	%	F	%	F	%	F	%		
My organization provides me with Job promotion	3	1.9	27	16.8	2	1.2	112	69.6	17	10.6	161	100	3.7	0.934
Career development is provided in my organization	4	2.5	62	38.5	5	3.1	78	48.4	12	7.5	161	100	3.2	1.11
Recognition is given as a non-monetary incentive in my organization	7	4.3	102	63.4	5	3.1	34	21.1	13	8.1	161	100	2.65	1.108
My organization provides me with training and development opportunity	0	0.00	15	9.3	6	3.7	124	77.0	16	9.9	161	100	3.88	0.705
I am secured with by my job	1	0.6	11	6.8	18	11.2	112	69.6	19	11.8	161	100	3.85	0.735

Source: Field survey, 2022

From the above table the summary based on the result presented on”. My organization provides me with Job promotion”, shows that 80.1% of the respondents agree that, while 18.7% disagree and the rest 1.2% neutral that their organization provides them with Job promotion. The majority of the respondents of 55.9 % agreed that, Career development is provided in my organization, while 41 % disagree, the rest 3.1% neutral. Regarding to the statement of “Recognition is given as a non-monetary incentive in my organization”, 29.2% of the respondents agree, 67.7 % disagree and 3.1 % neutral. Moreover, majority of the respondents of 86.9 % agreed that “their organization provides them with training and development opportunity”, while 9.3 % disagree, the rest 3.7 % neutral. In addition,

Majority of the respondents of 81.4 % agreed that “they are secured by their job”, while 7.4 % disagree, the rest 11.2 % neutral.

The finding from the above table shows that, majority of respondents agreed that they are partially satisfied with the existing Non-financial Reward system in ECDSWC in terms of Job promotion, Career development and satisfied by training and development opportunity and job security, however majority 63.4% negatively responded about recognition. This implied that the employees are not satisfied by Recognition delivered by the enterprise.

4.2.2. Assessment of financial rewards

Employees requested to respond on the level of agreement concerning to the existing of financial rewards and their response rate to the statement are presented in the table below

Table 5: Response rate or Assessment of financial rewards

Questions	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std.Dev.
	F	%	F	%	F	%	F	%	F	%	F	%		
Salary and allowances is provided by my organization	89	55.2	62	38.5	4	2.5	6	3.8	0	0.00	161	100	3.89	0.211
Bonuses are provided by my organization	0	0.00	2	1.2	6	3.7	106	65.8	47	29.2	161	100	3.95	0.218
Insurance coverage are given in my organization	3	1.86	5	3.1	0	0.00	120	74.5	33	20.49	161	100	3.92	0.217
Merit pay provide by my organization.	0	0.00	0	0.00	0	0.00	119	73.9	42	26.1	161	100	4.26	0.440
My organization provides scholarship and school fee cover.	0	0.00	0	0.00	8	5	153	95	0	0.00	161	100	3.95	0.218

Source: Field survey, 2022

Regarding, Salary and allowances is provided by my organization in the above table 4.3, among the respondent, 93.7% disagree, 3.8 % agree and the rest 2.5% are neutral that majority of the respondents 93.7% disagree that “Salary and allowances is provided by the organization .Regarding “Bonuses are provided by my organization 1.2 disagree, 3.7% of respondents were neutral and 95 % agree . This implies that’ majority of the respondents 95 % agree, that they receive Bonuses that are provided by my organization .For the question “Insurance coverage are given in my organization” also 4.96% of the respondents disagree , and 94.95% of them they agreed, the remaining 0% are neutral. As majority (94.95%) of the respondent’s agreed that Insurance coverage is given in my organization. In addition 100% of the respondents agreed with “Merit pay provide by my organization”. Regarding Scholarship and school fee are provided by the organization 5% respondents are neutral and 95 % respondents agree. This implies that’ majority of the respondents 95% agree, on “Scholarship and school fee are provided by my organization”.

The finding from the above table shows that, majority of respondents agreed that they are partially satisfied by the existing financial Reward system in ECDSWC in terms of Bonuses, Insurance coverage, Merit pay and scholarship and school fee cover. But majority of respondent are negative about the salary allowance system of the organization.

4.2.3. Assessment of Employee Motivation

Table 6: level of Employee Motivation

Assessment of employee motivation	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std.Dev.
	F	%	F	%	F	%	F	%	F	%	F	%		
My enterprise provides me with the needed equipment to work.	0	0.00	72	44.7	0	0.00	89	55.3	0	0.00	161	100	3.11	0.998
My superior gives me feedback on my performance.	0	0.00	45	28	0	0.00	110	68.3	6	3.7	161	100	3.48	0.943
Management involves me in decision making.	3	1.9	81	50.3	0	0.00	71	44.1	6	3.7	161	100	2.98	1.084
My superior gives me recognition on my performance.	0	0.00	52	32.3	0	0.00	98	60.9	11	6.8	161	100	3.42	1.016
Management-worker relationship Encourages me to work.	6	3.7	102	63.4	0	0.00	53	32.9	0	0.00	161	100	2.62	0.08

Source: Field survey, 2022

Regarding the question “My enterprise provides me with the needed equipment to work, majority of the respondents 55.3% agreed that their enterprise provides them with the needed equipment to work, while 44.7% of them disagree. Regarding to Assessment of employee motivation process, employees were asked about “My superior gives me feedback on my performance. Based on this, majority 72% of respondents were agreed, while 28% of the respondents disagreed. Moreover, employees were asked about “Management involves me in decision making. Based on this, majority 52.2% of respondents were disagreed, while 47.8% of the respondents agreed. Regarding to Assessment of employee motivation process, employees were

asked about “My superior gives me recognition on my performance. Based on this, majority 67.7% of respondents were agreed, while 32.3% of the respondents disagree. Regarding to Assessment of employee motivation, employees were asked about “Management-worker relationship encourages me to work 67.1 % of the respondents were disagreed and 32.9 % of the respondents were disagreed.

The summary of the findings shows that most employees in ECDSWC are motivated by the existing reward system, however majority of the respondents were not satisfied by Management-worker relationship Encourages me to work.

4.2.4. Employee Challenges on the existing reward system

Table 7: level of Challenges on the existing reward system

Assessment of Employee Challenges	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree		Total		Mean	Std.Dev.
	F	%	F	%	F	%	F	%	F	%	F	%		
My superior perceives monetary incentives to be the only key motivator.	1	0.6	32	19.9	21	13	94	58.4	13	8.1	161	100	3.53	0.922
Management has knowledge of non-monetary Incentives as a key factor to motivate employees.	11	6.8	101	62.7	4	2.5	42	26.1	3	1.9	161	100	2.53	1.013
Management’s failure to understand the external environment in relation to the organization and understanding employee preferences are key factors that affect me to work harder.	2	1.2	25	15.5	8	5	112	69.6	14	8.7	161	100	3.69	0.882
Management knows my level of motivation at each time.	30	18.6	119	73.9	3	1.9	9	5.6	0	0.00	161	100	1.94	0.654
Management knows what motivates me most.	34	21.1	115	71.4	3	1.9	8	5	1	0.6	161	100	1.93	0.694

Source: Field survey, 2022

Regarding to Assessment of employee Challenges on the existing reward system, employees were asked about “My superior perceives monetary incentives to be the only key motivator.” the response rate of Employees indicates that 66.5 % of the respondents were agreed, 20.5% of the respondents were disagree. The rest of 13 % of the respondents were neutral. Based on this majority 66.5 % of the respondents agreed that, their superior perceives monetary incentives to be the only key motivator. Regarding to Management has knowledge of non-monetary Incentives as a key factor to motivate employees agreed that, Management knows my level of motivation at each time. The response rate of Employees indicates that 28 % of the respondents were agreed, 69.5 % of the respondents were disagree. The rest of 2.5% of the respondents were neutral. Based on this majorities 69.5% of the respondents disagreed that Management has knowledge of non-monetary Incentives as a key factor to motivate employees. Regarding to Management’s failure to understand the external environment in relation to the organization and understanding employee preferences are key factors that affect me to work harder ” the response rate of Employees indicates that 78.3 % of the respondents were agreed, 16.7 % of the respondents were disagree. The rest of 5% of the respondents were neutral. Based on this, majority 78.3% of the respondents agreed that, Management’s failure to understand the external environment in relation to the organization and understanding employee preferences are key factors that affect me to work harder. Regarding to Management knows my level of motivation at each time” the response rate of Employees indicates that 5.6 % of the respondents were agreed, 92.5 % of the respondents were disagree. The rest of 1.9 % of the respondents was neutral. Based on this, majority 92.5% of the respondents disagreed that, Management knows my level of motivation at each time. Regarding to Management knows what motivates me most.” the response rate of Employees indicates that 5.6% of the respondents were agreed, 92.5 % of the respondents were disagree. The rest of 1.9 % of the respondents was neutral.

The summary of the findings shows that most supervisors perceive that monetary incentives to be the only key motivating factor of employees. This is one of the major challenges of the existing reward system.

4.3. Inferential Analysis

This section exhibits an extensive inferential statistical analysis and their results. Inferential Analysis is conducted using Pearson correlation and Multiple regression analysis, and reliability analysis based on statistical software SPSS. According to Andy field (2009), linear regression is a type of regression but with an outcome variable that is a continuous and quantitatively measured. When to predict membership of only continuous outcomes the analysis is known as binary linear regression. As the data to be analyzed is continuous and quantitatively measured the logical choice of model would be to use a multiple regression and Pearson correlation. This chapter focuses on the results and discussion, based on the tables generated by SPSS in order to answer the general objective that is to identify the major factors to motivate employees in their work place.

4.3.1. Correlation Analysis

Table 7: shows Pearson Correlation between Factors of financial and non-financial rewards with Motivation .The rule of thumb for interpreting correlation coefficient is to divide the range of possible scores in five intervals: 0 to 0.20 corresponds to a very weak relationship; 0.21 to 0.40 corresponds to a weak relationship, 0.41 to 0.60 corresponds to a moderate relationship, 0.61 to 0.80 corresponds to a strong relationship, and 0.81 to 1.00 corresponds to a very strong relationship Cohen (2003).

Table 8: Correlation

		Correlations		
		Nonfinancial	Financial	Motivation
Nonfinancial	Pearson Correlation	1	.561**	.456**
	Sig		.000	.000
	N	161	161	161
Financial	Pearson Correlation	.561**	1	.512**
	Sig	.000		.000
	N	161	161	161
Motivation	Pearson Correlation	.456**	.512**	1
	Sig	.000	.000	
	N	161	161	161

Source: Field survey, 2022

These rules apply whether the sign of the correlation coefficient is strong or weak. Therefore, from the above correlation result illustrated in table4.6, it is possible to see that, there is significantly positive and moderate relationship between Non-financial Reward and employees motivation ($r = .456$, $sig = .000$). There is significantly positive and moderate relation between financial Reward and employees motivation ($r = .512$ $sig = .000$). The above findings, suggested that there was a positive, significant and moderate correlation between the financial Reward and employees motivation having higher correlation value than nonfinancial Reward and employees motivation which has also a positive, significant and moderate correlation with motivation. Thus it is possible to infer that both non-financial Reward and financial Reward are major contributing factors for employee’s motivation however financial Reward has higher contribution than nonfinancial Reward.

4.3.2. Regression Analysis

In this study multiple regressions were conducted in order to examine the relationship between both non-financial Reward and financial Reward with another constructs of the conceptual framework; employee motivation.

4.3.2.1 Assumptions of Regression analysis

In conducting the multiple regression analysis, several main assumptions were considered and examined in order to ensure that the multiple regression analysis was appropriate (Hair et al., 2006). The assumptions to be examined are as follow:’ (1) outliers,’ (2) normality (3) linearity (4) homoscedasticity, and (5) multicollinearity

1. Outliers

In order to see outliers, it is needed to check Data whether there are any potential outliers existing in the analysis. (Pallant, 2007) noted that “multiple regressions is very sensitive to outliers (i.e. very high or low score)” Outliers can influence the values of the estimated regression coefficients (Field, 2005). Thus, outliers should be removed before running the regression analysis (Tabachnick, 2007). Multivariate outliers can be detected by using statistical methods such as case wise diagnostics. During conducting multiple regression and Co-linearity diagnostics no outliers was detected and there is no need to be removed.

2. Normality test

In statistics, normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed.

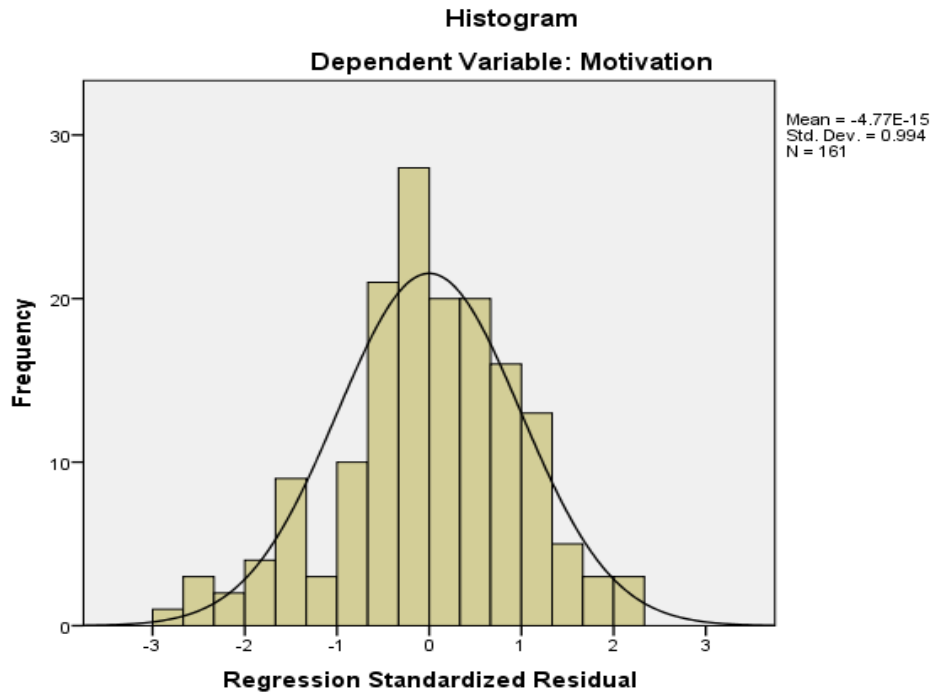


Figure 4: Normality test graph, Field survey, 2022

The above graph showed that there is normal distribution among the group. Therefore normality test accepted and assumption is met.

3. Linearity test

In many situations, such as prior to performing linear regression analysis, researchers want to test their data for linearity. Linearity means that two variables, "x" and "y," are related by a mathematical equation "y = cx," where "c" is any constant number. The importance of testing for linearity lies in the fact that many statistical methods require an assumption of linearity of data (i.e. the data was sampled from a population that relates the variables of interest in a linear fashion). This means that before using common methods like linear regression, tests for linearity must be performed (otherwise, the linear regression results cannot be accepted). SPSS, a powerful statistical software tool, allows researchers to observe with ease the possibility of the data arriving from a linear population. Through scatterplot testing methods, you can employ SPSS's functions to arrive at a test of linearity.

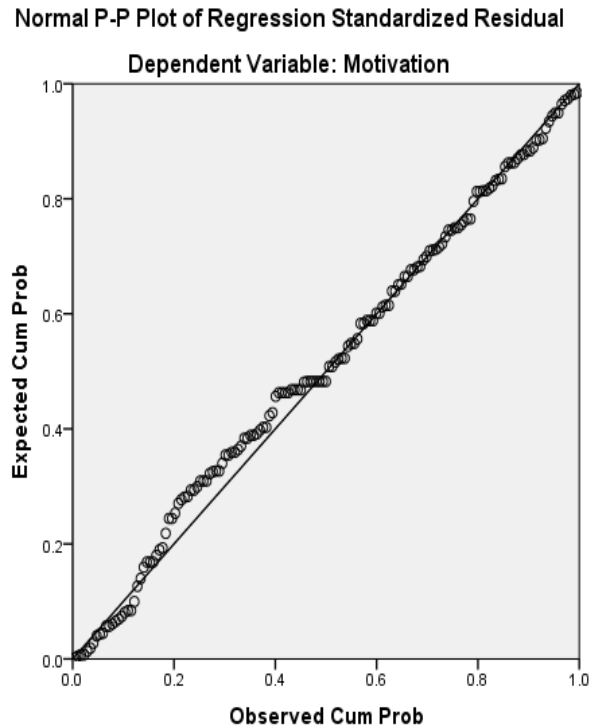


Figure 5: Linearity test graph, Field survey, 2022

The above graph showed that the graph is liner. Therefore Linearity test accepted and assumption is met.

4. Homoscedasticity

This assumption means that the variance around the regression line is the same for all values of the predictor variable (X). The plot shows a violation of this assumption. For the lower values on the X-axis, the points are all very near the regression line. For the higher values on the X-axis, there is much more variability around the regression line.

The below graph shows the assumption of Homoscedasticity is accepted, most of the data scattered are compacted in one area in homogenized pattern.

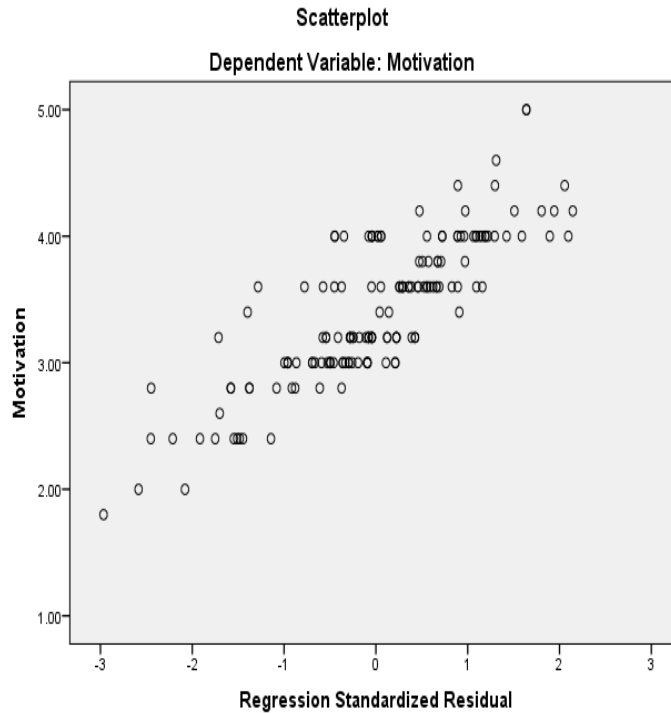


Figure 6: Homoscedasticity test chart, Field survey, 2022

5. Multicollinearity

The tolerance for a variable is $1 - R\text{-squared}$ for the regression of that variable on all the other independents, ignoring the dependent. When tolerance is close to 0 there is high multicollinearity of that variable with other independents and the B and Beta coefficients will be unstable. But in this case tolerance is much higher than 0 and less than 1 which is (0.685) -in table 4.9. Hence, multicollinearity is not a threat to the substantive conclusions of this study and the B and Beta coefficients are stable. (Variance Inflation Factor) is 1.460 simply the reciprocal of tolerance. Therefore, when VIF is higher than 10, there is high multi co-linearity and instability of the **B** and **Beta** coefficients. In this case since VIF are less than 10.

In the table also Analysis of Variance is discussed with the Results of the Regression Analysis between Predictor Variables and Employee Motivation.

From the above Multiple regression assumption results all assumptions are met and we can conduct multiple regression analysis.

4.3.2.2. Results of Regression analysis

Table 9: Model summary

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.551 ^a	.304	.295	.47906	.304	34.462	2	158	.000	1.763

Source: Field survey, 2022

The following points also discuss the interpretation coefficient table 9

R is the square root of **R²** and is an overall measure of the strength of association and does not reflect the extent to which any particular independent variable is associated with the dependent variable. **R²** is a measure of how much of the variability in the outcome (in this case Employees motivation) is accounted for by the predictors (i.e. both non-financial Reward and financial Reward). As shown in **table 4.7 R² value** is 0.304, which means that the mentioned factors of employee's motivation causes 30.4 % of the variation in Employees motivation. This suggests that the model is quite significant in explaining the variances. The significance result at $p < 0.001(0.000)$ provides support for the significant. This implies there are other 69.6% that contribute for the variation in the Employees motivation. This is left for other researchers to find out about the remaining factor.

Table 10: Regression analysis

Model	Coefficients ^a						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Tolerance	VIF	
	B	Std. Error	Beta					
1	(Constant)	1.012	.293		3.453	.001		
	Nonfinancial	.242	.079	.247	3.082	.002	.685	1.460
	Financial	.398	.086	.373	4.651	.000	.685	1.460

Source: Field survey, 2022

The following points also discuss the interpretation coefficient table 9

B column shows the values for the regression for predicting the dependent variable from the independent variable. Std. Error column shows the standard errors associated with the coefficients. Beta (standardized coefficients) is a measure of how strongly each predictor variable influences the criterion variable. These are the coefficients obtained if all of the variables in the regression are standardized, including the dependent and all of the independent variables, and the magnitude of the coefficients can be compared to see which one has more of an effect. The Beta (β) coefficient is the standardized regression coefficients. Their relative absolute magnitudes for a given step reflect their relative importance in predicting perceived value.

The regression model equation is therefore, $y = a + b_1X_1 + b_2X_2$. When the values from the table are computed,

The model equation becomes $y = 1.012 + 0.242(X_1) + 0.398(X_2)$

Where: $y =$ Employees Motivation

$X_1 =$ Non-financial rewards

$X_2 =$ financial rewards

This shows that all independent variables are statistically significant ($0.00 < 0.05$) and are making a significant contribution to the prediction of the dependent variable (employees motivation).

And Beta value 0.398 for financial rewards implies that financial rewards is highly contributing factor than nonfinancial rewards having Beta value 0.242.

Table 11: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.818	2	7.909	34.462	.000 ^b
	Residual	36.260	158	.229		
	Total	52.078	160			

Source: Field survey, 2022

From the ANOVA analysis, it is noted that the probability value of 0.000 ($p < 0.05$) indicates that the regression relationship was highly significant in predicting how non-financial and financial reward affects employees motivation. Furthermore, the findings show that the overall model was significant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This study aimed at explaining the effect of rewards on employee's motivation in ECDSWC. In this chapter, the major findings of the study are summarized in accordance with the basic research questions raised to be addressed. This chapter, therefore, consists of Summary of the findings, Conclusions, Recommendation and directions for future study.

5.1. Summary of Findings

Summary of findings of this study for each questioner listed below

A. The level of agreement regarding their opinion about the existing Non-financial Rewards

The finding shows that, majority of respondents agreed that they are satisfied by the existing Non-financial Reward system in ECDSWC in terms of, Job promotion, Career development, training and development opportunity and job security, however majority negatively responded about recognition.

B. The level of agreement concerning to the existing of financial rewards

The findings imply that for the question “**salary and allowance** is provided by my organization” 93.7% of the respondents disagree, and 3.8% of them they agreed, the remaining 2.5% are neutral. As majority (93.7%) of the respondents are disagreed that **salary and allowance** is provided by my organization, it implies that most of the employees are not satisfied by the existing **salary and allowance** which is given in their organization. This is one of the major gaps that ECDSWC has to work on it by improving the annual performance reward system in a way that motivates all employees.

C. Level of Employee Motivation

The summary of the findings shows that most employees in ECDSWC are motivated by the existing reward system, however majority of the respondents were not satisfied by Management-worker relationship Encourages me to work.

D. Challenges of the existing reward system

The summary of the findings shows that most supervisors perceive that monetary incentives to be the only key motivator. This is one of the major challenge observed regarding to Management has knowledge of non-monetary Incentives as a key factor to motivate employee.

From the above result we understand that financial reward has highly impact on employee motivation than nonfinancial reward. Management perceives that employee motivated by financial reward then the management perception is right. Therefore management has to keep and grows the financial rewards as employee perception and interest.

5.2. Conclusion

Motivation is one of the most important factors determining organizational efficiency. Lack of motivated workforce causes many organizations wasting their limited resources. Hence, many managers in organizations put a lot effort to motivate their employees for the right types of behavior in attaining the organizational objectives. For this purpose, organizations introduce various types of employee reward packages in enhancing their workforces' level of motivation. Reward systems are often used as management tools for achieving desirable and organizational goals through motivating employees for better performances. However, there is a big challenge for managers to understand what motivate people and how people are motivated. Motivating workforce is a complex process since individuals are different and desire different things in various situations. Therefore, it is not possible for managers to adopt one best way of motivating their employees. This study conducted to examine effects of rewards on employees' motivation.

From this study the researcher conclude and the study revealed that financial reward has the greatest impact than nonfinancial reward in motivating employees in performing their tasks at Ethiopian construction design and supervision Works Corporation. Financial rewards, Merit pay play an essential part in enhancing employee motivation towards organizational tasks. By appreciating the employees for their work done internally satisfies them with their job, organization and organizational environment. Thus their enthusiasm motivation towards accomplishment of tasks increases.

The motivated employees 'works best in the interest of the organizations which leads them towards growth, prosperity and productivity. Thus the employee motivation and

organizational effectiveness are directly related. So the organizations should work out and make such policies and organizational structures that support employee recognition.

5.3. Recommendation

According to the research made, it is evident that ECDSWC needs to take more into consideration the needs and wants of the employees. Many reward systems have been used in the enterprise. However, low number of employees are receiving some sort of financial reward i.e., Merit pay but Merit pay is very important to motivate employees of ECDSWC employees. Therefore, whenever it is possible, the top management should recognize majority of the employees for their goal attainments. It is also important that the employees should be publically recognized, so the employees may assure, that they are the important part of the organization.

Moreover, the findings of this study not only it has proved that the motivational preferences of employees differ in different circumstances, but also indicates that there is no one best way of motivating employees in all circumstances to every members of the organizations i.e., managers cannot motivated by adopting only Financial and non-financial rewards. As it is clearly suggested by Armstrong (2009), that managers need to provide the best mix of the intrinsic and extrinsic rewards in order to achieve long-lasting employees' motivation.

Furthermore, the factors that motivate the employees may change with change in time because the needs of employees too vary from time to time. So continuous monitoring and close observation of factors that motivate the employees is necessary to maintain a competent workforce. Therefore, managers need to revisit their reward package time to time to make sure that these motivational factors are still valued or desired by employees.

Based on the findings the researcher recommends that the management of ECDSWC have to focus on financial rewards than Non-financial rewards to motivate employees. The enterprise has to revise the existing reward practice and design reward system considering the researcher finding. In order to be more evident the enterprise should make criteria to award employees' and incorporate the reward system in their HR manual.

5.4. Direction of Future studies

While the objectives of this study were successfully accomplished, several areas require to be addressed by future research. First, this study limited itself to one public enterprise only. And the variables confined by 3 (Financial reward, Non-financial reward and Motivation), therefore, future studies should also be extended to other public enterprises found in Addis Ababa and other parts of Ethiopia and other institutions and use detail variables those listed in financial and non-financial rewards.

Moreover the researcher suggests that if other researchers conduct on the following topics

1. Analysis of employees' level of income in determination of employees' perception towards their motivation to the types of rewards provision by the organization
2. Analysis of employees' motivation varies on the gender in terms of financial and non-financial rewards
3. How employees' ages as a factor on type of rewards provision in influencing their motivation level to perform their tasks.

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**SCHOOL OF GRADUATE STUDIES
DEPARTEMENT OF BUSINESS ADMINISTRATION**

**THE IMPACT OF FINANCIAL AND NON-FINANCIAL REWARDS ON
EMPLOYEES MOTIVATION: IN THE CASE OF ETHIOPIAN
CONSTRUCTION DESIGN AND SUPERVISION WORKS
CORPORATION (ECDSWC)**

BY

SEMHAL BIRHANU

ANNEX

QUESTIONNAIRE

Dear Participant,

The purpose of this survey questionnaire is to collect data for Master's Thesis entitled "**The Impact of Financial and non-financial Rewards on Employee Motivation**" conducted to meet requirement for Master's Degree in Business Administration at St. Mary's University.

It is in this regard that the researcher humbly requesting your support in answering the survey questions as honestly and truthfully as possible here below. The researcher would like to assure you that all information provided will be treated confidentially and will not be used for any other purpose than the research purpose indicated above.

Thanking you in advance for your cooperation, time and effort.

Sincerely yours,

Semhal Birhanu

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PART One: Demographic factor

Please tick (X)

1. Gender

a) Female b) Male

2. Marital status

a) Single b) Married c) Divorced d)Widowed

3. Level of education

a) Certificate b)Diplom c) First Degree d)Masters e)PHD&

4. Age

a) Below 25 b)25 to 35 c)36 to 45 d) Above 45 years

5. What is your monthly income (excluding your bonuses and other benefits)?

- a) Less than 3,500.00 b) 3501-7000 c) 7000.00 to 10500.00 d) above 10,500.00

6. How many years have you worked in this Enterprise?

- a) Below 1 year b) 1-3 years c) 4-6 years d) above 6 years

7. What is your level in the organization?

- a) Corporate governance level b) interface level c) Operational level

Part Two: The Current Practice of Financial and non-Financial Rewards Used at ECDSWC

The table below shows various Financial and non-financial rewards. Kindly tick the ones that are used in your enterprise (5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1- Strongly Disagree)

Financial and non-financial rewards (Independent variables)	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Non-Financial rewards					
My organization provides me with Job promotion					
Career development is provided in my organization					
Recognition is given as a non-monetary incentive in my organization					
My organization provides me with training and development opportunity					
I feel secured with in my job					
Financial Rewards					
I am happy with the Salary and allowances					

provided in organization					
Bonuses are provided by my organization					
Insurance coverage are given in my organization					
Merit pay is provided by my organization					
My organization provides scholarship and school fee					

Part Three: Motivation Level of Staff

The table beneath seeks to identify the level of motivation among ECDSWC employees. The ratings are as follows: (5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1- Strongly Disagree

Indicators of Motivation Levels	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
My enterprise provides me with the needed equipment to work.					
My superior gives me feedback on my performance.					
Management involves me in decision making.					
My superior gives me recognition on my performance.					
Management-worker relationship encourages me to work.					

Part Four: Challenges in Motivating Staff

The table below seeks to identify the challenges in motivating staff of ECDSWC. Kindly tick the answer you deem appropriate. The ratings are as follows:

(5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1- Strongly Disagree)

Motivational Challenges	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
My superior perceives monetary incentives to be the only key motivator.					
Management has knowledge of non-monetary incentives as a key factor to motivate employees.					
Management’s failure to understand the external environment in relation to the organization and understanding employee preferences are key factors that affect me to work harder.					
Management knows my level of motivation at each time.					
Management knows what motivates me most.					