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St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

**IMPACT OF REWARD SYSTEM ON EMPLOYEE JOB SATISFACTION
THE CASE OF HIDASE TELECOM SHARE COMPANY
ADDIS ABABA , ETHIOPIA**

**BY: BIRHANE DEMEKE
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**A THESIS PRESENTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION (MBA)
ADDIS ABABA, ETHIOPIA
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WORKU MEKONEN (PhD)**

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June, 2017

Declaration

I, BIRHANE DEMEKE WORKU, declare that the research project entitled “ Impact of Reward System on Employee Job Satisfaction' The case of Hidase Telecom Share Company. is my original work that is done under the guidance and advice of my advisor, Worku Mekonen (PhD).

This research project is done as partial fulfillment for Masters of Arts Degree in Human Resource Management.

This research has not been done before and all sources of materials used for the study have been appropriately acknowledged.

BIRHANE DEMEKE WORKU

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LIST OF ABBREVIATION AND ACRONYMS

HTSC - Hidase Telecom S/Co

HRM – Human Resource Management

SPSS - Statistical Program for Social Sciences

Abstract

The research study achieved its aims of defining and investigating the Impact of reward system on employee job satisfaction in Hidase Telecom Share Company Addis Ababa-Ethiopia. The purpose is to examine the Impact of reward systems on the dimensions of employees' job satisfaction. This study also attempted to investigate what types of reward system financial or non-financial contribute to the employee job satisfaction. Both qualitative and quantitative research methods were applied. In order to select the respondents from the total population of 267 stratified sampling method were applied and the sample size determination come with 80. Sample to be taken in to the study. Spector (1997) Employee Job satisfaction survey(JSS) which measure employees' job satisfaction dimensions and Cammann, Fichman, Jenkins Klesh (1979) and The Michigan Organizational Assessment Questionnaire were applied. Survey data collected from respondents analyzed using descriptive, correlation and regression analysis.

The findings of the study indicated that there was a significant relationship between financial and non-financial rewards with employees' job satisfaction. The financial reward component payment positively and significantly influenced job satisfaction of employees' working in the case organization. The findings of the study revealed that nature of the job and working condition has strong effect on employees' job satisfaction as a result. Finally, it is the recommendations of the research study that reward systems have an impact on employees' job satisfaction and observed that there was a significant difference with payment and nature of the job. The overall result of reward systems shows financial rewards has a great impact on the job satisfaction of employees.

Key words: Financial rewards, Non financial rewards, Employees' job satisfaction

CHAPTER ONE

Introduction

1.1 Background of the Study

Rewards system and job satisfaction of employees nowadays is the problem of every company. It is every company to find good and qualified Human Resources and to organize the work as to achieve the organizational goals, allowing the company to rise to a new level. Effective business is difficult to imagine without the teamwork of professionals, which in turn is impossible without good reward and motivation system. Clearly people employed in the, creativity, diligence and initiative of workers, all those qualities that lead to good business performance and achievement of strategic goals of the organization

Clark (2001) says that material interests of workers must cooperated with objectives of the organization, that allow to use the human resources in the best way, to optimize and reduce labor costs, maintaining the optimal number of workers. All of these goals are achieved through appropriate system of rewards, designed to promote and motivate the employees and bring the satisfaction form their work. Therefore, the reward system in any organization should be geared to encourage productivity In the Modern world of business most organizations have adopted reward systems or schemes to reinforce behavior management. Reward systems is concern with the formulation and implementation of strategies and policies whose purpose is to reward people fairly, and consistently in accordance to the values of the organization. It is also about the design, implementation, maintenance and communication of reward processes in order to help the organization implement it.

According to Armstrong (2006) Reward systems consist of policies that are guidelines on approaches to management, practices that provide financial and non-financial rewards s (processes concerned with evaluating the relative size of job (job evaluation) and assessing individual performance (performance management), procedures operated in order to maintain the systems and to ensure that it operates efficiently and flexibly and provides value for money.

An organization is always perfectly designed to produce what it is producing. If it has quality problems, cost problems, productivity problems, then the behavior associated with those undesirable outcomes is being reinforced.

The researcher therefore will try to investigate the Impact of organizational rewards systems on employee job satisfaction. As deliberated above, it is seen that rewards relates to human behavior in regard to performance and productivity of the organization. The researcher tries to establish the relationship between rewards and employees job satisfaction. Job satisfaction is a result of employees' perception of how well outcomes meet or exceed expectation. For example if organizational participants feel that they are working much harder than others, they will probably have a negative attitude toward their, boss or co-

workers. They will be dissatisfied which will lead to poor productivity.

Some of the problems to be deliberated include: inconsistency of policies and procedures, the organization structure, the training undertaken by the company. Reward is the process of recognizing employees of their work productivity. Incentives are a positive motivational influence or an additional payment (or other remuneration) to employees as means of increasing output. Productivity is the ration of the quantity and quality of units produced to the labor per unit of time in any organization.

Clark (2001) explains the dependence between job satisfaction and pay for performance according to the theory of expectations. In general, this approach assumes that people have their own needs and own view of the work. Based on their view, people decide how to behave, and work so that the result of work meets their needs. Expectations regarding the rewards of the results are the expectation of certain rewards or incentives in response of the current level of results.

Thus, an organization must seriously look at the contribution of rewards itself in order to control the level of employee satisfaction in maintaining the performance.

There has been dichotomy among researchers regarding on the influence of extrinsic rewards on employee satisfaction. While many think that extrinsic rewards have an effect on employee satisfaction, other think that they do not impact at all on employee satisfaction. Even there has been conflict in research regarding this issue in the agendum towards alienating the existing paradoxes. The context of developing nation is different from that of developed nations because while others work due to intrinsic motivational factors such as autonomy, achievement and recognition; others need to be coerced to work by extrinsic motivation factors like salary, bonus , commission and working conditions.

The existing studies on the relationship between rewards and employee satisfaction have not been holistically studied. There still exist many gaps more so on the relationship between intrinsic and extrinsic motivational factors. While researches have explored many times on the rest of HR practices, no such study has been conducted on issues of rewards and satisfaction in HTSC. These gaps are what necessitate this study to be conducted.

The general objective of the study was to evaluate the effects of financial and non financial rewards on employee satisfaction.

The study was guided by the specific objectives to determine how financial and non financial rewards affect employee satisfaction, and to find out which type of rewards influence employee satisfaction most and to assess the relationship between rewards and employee satisfaction

1.2 Background of the company

HTSC was established in June 2011 .The purpose of HTSC was to engage in the business of SIM card Voucher card and Solar light distribution.Hidasie Telecom S.Co. (HTSC) is currently owned by 2508 share holders which is incorporated in July 2011 by ex-employees of Ethio telecom as a share company with financial & other resources by support of the government of Ethiopia and Ethio telecom.

HTSC is privileged to be the only private **NATIONL DISTRIBUTOR** of telecom products through its about 800 shops across the nation. Redeploying more than 2373 previous Ethio telecom employees, HTSC is accessible to the public in all cities, towns, zones, districts and in almost all districts of the country. HTSC has a Vision to become a reliable telecom service provider and telecom products distributor at international level

It has a Mission of;-

- Distributing telecom products & solar lights to every segment and corner of the country. So that customers will find telecom access to the nearest places easily without traveling long distances.
- Providing telecom technical solution and other telecom services on behalf of Ethio telecom.

The company's organizational and individual values are:

- Honesty and openness: Being open and honest in all our dealings and maintaining the highest integrity at all time.
- Team work: Listening to and respecting each other whilst working together to achieve mutually beneficial and customer focused results.
- Excellence: Always doing what we say, striving for excellence and quality in everything we do.

Major objectives are detailed in the Article of Association of the company. HTSC is currently engaged in the following sectors:

- SIM Card, Voucher Card and Handsets Distribution and retailing.
- Collection and Settlement of telephone Bill across the country outside of Addis Ababa
- Payphone Collection and booth cleaning across the country
- Providing operator assisted call in more than 800 pay stations all over Ethiopia (Universal Access Services)
- Garage Services :-Owning 1st Degree vehicle maintenance certificate from transport Authority, HTSC is Managing Ethio Telecom Garages & workshops all over the country and providing vehicles maintenance services at Addis Ababa and 7 district offices.
- Solar Mobile Charger Distribution
Distributing & retailing solar light and mobile chargers throughout the company's distribution channels across the country, especially to the rural community.
- Cleaning and Janitorial Service

- Installation and maintenance of Telecommunication Networks.

1.3 Statement of the Problem

Employee turnover rates have, within the last decade, become a nationwide epidemic. Unattractive reward and compensation practices have left employees feeling detached from the companies that they served and haunted by concerns of overall job security. This has led the employees to focus more on job hunting rather than performance thereby hurting the general performance of the company. Organizations are established to accomplish specific objectives. The organization that wishes to achieve these objectives must have a competitive and perhaps a comprehensive total reward system that is aligned with the organization's business strategy and that reflects the competitive reality of the labour market. Subsequently, poor organizational rewards cause dissatisfaction and finally lead to turnover. This issue will lead to organizational problem and reduces organizational efficiency in the long term and impact on low revenue and lost. On the other hand, however, lack or unattractive organizational reward practice may cause dissatisfaction which will eventually lead to employee turnover.

According to Shafiq and Naseem (2011), poorly designed compensation package provided by the organization may result to employee job dissatisfaction and low motivation. Thus, the unsatisfactory environment frequently results in decreased which will then disrupt the level of performance and employee morale (Quible, 2005)..

In many cases, rewards management is closely related to motivation theories and job satisfaction. The term job satisfaction has become a very significant one, now that managers seek for practices which are likely to make people more satisfied and therefore, more productive.

Hidase Telecom Share Company (HTSC) has a policy and practice of conducting exit interview for resigned employees. Accordingly, the exit interview reports compiled by Human Resource division during 2013-2016 indicated that, the major reasons for leaving HTSC were found out to be low salary (22.2%) and the rest (77.8%) shared by factors such as better opportunity (15%), lack of good governance (8%), health related problems(10%), relocation (10%), no career structure (12%), low promotional opportunities (14%), need for different roles in other companies and work over load which accounts(8.8%) are identified. From the report it can be implied dissatisfaction with their salary issue the main reason to leave the company.

In addition to the above report the data collected through an informal interview with Benefits and Payment Administration Team leader related to the practices and problems of reward, benefit packages and practice initiated the researcher to conduct this study. According to the team leaders' explanation the company has a benefit and reward package which is not revised as per the existing market conditions. In addition to that he refers to mentioned employees had dissatisfaction with the fairness and equitability of the Company's reward system. These problems were observed to minimize the motivation and job

satisfaction of the employees of the corporation. They were noticed to present complaints on the existing package at different times and left the company.

If HTSC does not solve this issue within a short period of time, talented or skillful employees may continue to leave the company and the remaining employees' job satisfaction may be affected, the productivity of employees may decline and the performance of the company will be affected. So it may be important to assess and evaluate the reward systems of HTSC as a whole and establish whether its current reward systems have any bearing on employee satisfaction.

To the best of the researcher's knowledge, empirical studies that show the relationship between reward management and employee satisfaction in HTSC do not exist. The gap in knowledge has also necessitated the proposed study. Filling this research gap makes this study unique.

1.4 Research Objective

As research is guided by an objective, this section presents the intended results of this study. The formulated main objective and the specific objective that elaborate the research are presented below.

1.4.1 General Objectives

The main objective of the study is to examine the Impact of reward system on job employee Job satisfaction at Hidase Telecom Share Company.

1.4.2. Specific Objectives

The specific objectives of the study are to investigate the relationship between the several predictors and outcome variables of job satisfaction. Therefore, the specific objectives of the study are:

- To Investigate the relationships of financial rewards (Base Pay and Benefits given in cash equivalent such as transport allowance) to job satisfaction.
- To Investigate the relationships of non-financial rewards (Promotion, Recognition, Nature of the Job, and Working Conditions) to job satisfaction.
- To Identify which of the two kinds of Rewards (Financial or Non Financial) is the most influential factor of employee satisfaction.

1.5 Research Questions

The major theme of the research is to investigate the impacts of reward system (independent variable) on employees' job satisfaction (dependent variable) as per the questions listed below:

- To what extent do financial reward variables contribute to employee job satisfaction?
- To what extent do non-financial reward variables contribute to employee job satisfaction?
- Which of the two kinds of rewards (Financial or Non Financial) is the most influential factor of employee satisfaction

1.6 Significance of the Study

The strategic aim of reward system is to develop and implement the reward policies, processes and practices required to support the achievement of the organization's business goals (Armstrong & Murlis, 2007). In today's competitive environment aligning business strategy with reward management is a key issue for all companies. The findings of the research will benefit the following stakeholders at different levels:

- **For the Company:** The findings of this research will give an outlook for the corporation to regularly review its reward and pay systems based on market information. It helps the corporation to tackle problems associated with rewards and job satisfaction.
- **For the Company's Human Resource Department:** The Human Resource department of the corporation is also benefited from this research in designing a competitive reward policy and procedures. This can improve reward systems and Effect of Reward System on Job Satisfaction practices and job satisfaction in the same and similar environments and ultimately improve productivity and quality of work.
- **For the employees of HTSC:** This study will also help employees of HTSC to address the problems and potential solutions for the company reward system.
- **Other researchers:** This study will support other researchers by adding a literature on reward systems and job satisfaction of employees.

1.7 Scope of the Study

To make this research manageable, the scope of the project is limited to employees of Hidase Telecom Share Company working in the head office and one district in Addis Ababa with a working experience of one or more years.

Employees who are located out of Addis Ababa were not included in this study due to inaccessibility and expected rate of return.

1.8 Limitation of the Study

The study focus on HTSC head office and east district branch employees to study the impact of reward system on job satisfaction. This will limit the generalization of the findings to other Districts at HTSC. In addition, shortage of time is another potential limitation of the study.

1.9 Definition of terms

Rewards systems

These are policies that provide guidelines on approaches to managing rewards. They are practices that provide financial and non-financial rewards and processes concerned with evaluating the relative size of jobs and assessing individuals' performance (performance Management)

Job Satisfaction:

The attitudes and feelings people have about their job. It is the degree to which an employee has positive emotions towards the job role.

Strata: The sub groupings that are derived through stratified random sampling procedure.

1.10 Organization of the Report

The paper is organized in five chapters i.e. the first chapter includes an introduction section which consists of background of the study, statement of the problem, objectives, hypothesis, significance, scope, limitation of the study and ethical considerations. Chapter Two include: present review of related literature. Chapter Three: presents research design and methodology the researcher employ to investigate the problem under study while data collected from respondents are also presented, analyzed, interpreted and discuss in the fourth chapter of the study. The last section chapter five of the thesis will contain summary of results, concluding remarks and recommendations used for the corporation.

CHAPTER TWO REVIEW OF RELATED LITERATURE

This section reviews what the extant research papers found out about the areas of reward system and job satisfaction. The subsections include theoretical literature, empirical studies and conceptual framework of the study.

2.1 The Concept of Reward Management

Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization (Armstrong & Murlis, 2004). According to Armstrong & Murlis(2004) Reward Management deals with the design, implementation and maintenance of reward processes and practices that are geared to the improvement of organizational, team and individual performance. The strategic aim of reward management is to develop and implement the reward policies, processes and practices required to support the achievement of the organization's business goals. The main objectives of rewards are to attract and retain employees, to motivate employees to achieve high levels of performance, and to elicit and reinforce desired behavior of the employees.

2.2 The Concept of Total Reward

According to Armstrong and Murlis (2004), total reward concept emphasizes the importance of considering all aspects of reward as an integrated and coherent whole. Each of the elements of total reward, namely base pay, pay contingent on performance, competence or contribution, employee benefits and non-financial rewards, which include intrinsic rewards from the employment environment and the work itself, are linked together. A total reward approach is holistic; reliance is not placed on one or two reward mechanisms or levers operating in isolation. Account is taken of all the ways in which people can be rewarded and obtain satisfaction through their work. The aim is to offer a value proposition and maximize the combined impact of a wide range of reward initiatives on motivation, commitment and job engagement. As O'Neal (1998) has explained: 'Total reward embraces everything that employees value in the employment relationship.' The rewards systems are comprised of two main elements: financial and non-financial rewards. The financial rewards include rewards strategies such as merit-pay, market-based pay, profit-related pay, while non-financial rewards focus on the needs of people for recognition, achievement, responsibility and personal growth (White & Drucker, 2000). According to Thorpe and Homan (2000), one of the most fundamental debates in the field of rewards management, concerns the extent to which employees are motivated by money. At that point there is an extensive discussion about whether or not money is a motivator and can influence the levels of job satisfaction.

2.2.1 Components of Total Reward

Different authors agree on the classification of total reward in to two broad categories. However, the naming differs from author to author with similar connotation. To mention some of the classifications White and Druker(2000) classify rewards as Financial and non financial rewards are financial such as merit pay, market based pay, performance related pay and non financial rewards like needs of people for recognition, achievement, responsibility and personal growth.

According Koala Consulting and Training (2008) classify reward as extrinsic and intrinsic rewards extrinsic rewards e.g salary, bonus, and profit sharing etc. and intrinsic (e.g. a felling of completing challenges competently, enjoyment and social interactions). Regardless of the minor difference, all categories discuss about the same thing. As a result, this study adopts the classification of financial and non-financial rewards.

According to Armstrong and Murlins (2004) Total reward is classified into two major categories i.e. financial and non-financial. Financial reward is further sub-divided into direct and indirect payments. Direct payment refers to payments which are made directly in cash to employees such as salary, wage, bonus, and other direct payments. Indirect payment, on the other hand, refers to employee benefits such as pensions/provident fund scheme, various types of leaves, insurance cover, medical cover, company cars, etc. The second category i.e. non-financial rewards refer rewards that do not involve any direct payments. They may arise from the work itself such as work autonomy, recognition, training, career development opportunities, achievement, and quality of work life.

2.3 Reward Management Philosophy

The reward management philosophy advocate that, if human resource management (HRM) is about investing in human capital from which a reasonable return is required, then, it is proper to reward people differentially according to their contribution (Armstrong, 2007). The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy.

According to, Milkovich, Newman & Gerhart, (2011), reward strategy should be assessed from the aspect of its objective, alignment with the business strategy, competitiveness both internally and externally, its contribution, and transparency and openness. To be effective, the reward system needs to be based on sound reward management principles.

Armstrong (2007) mentioned some basic points that enable organizations to develop effective reward management program.

Some of these are to:

- Align reward strategies with the business strategy, align reward policies with the culture of the organization and use them to underpin that culture and, as required, help to change it, value employees according to their competence, skill and contribution.
- Ensure that reward processes are transparent and that employees are treated as stake holders.
- Adopt an integrative approach which ensures that no innovations take place and no practices are changed without considering how they relate to other aspects of human resource management so that they can become mutually supportive.
- Provide line managers with their authority and skills needed to use rewards to help achieve their goals, but ensure that they are given the training, guidance and continuing support required to develop and use these skills well.

The organization's reward policies and practices need to express what the organization values and is prepared to pay for- they are driven by the need to reward the right things to convey the right message about what is important.

2.4 Reward Systems

Reward system according to Armstrong (2001) consists of an organization's integrated policies, processes and practices for rewarding its employees in accordance with their contribution, skill and competence and their markets worth.

Johnson, Houmanfar and Smith (2010), Outlines the aims of reward system such as: attract, retain and motivate employee, to support the attainment of the organization's strategic and short term objectives. This could be achieved by helping to ensure that it has the skilled, competent, committed and well motivated work force it needs, to meet the expectations of employees that they will be treated equitably, fairly and consistently in relation to the work they do and their contribution.

Throughout the management literature, practitioners as well as theorists have underlined the importance of rewards systems. Rewards management is considered to be probably the most rapidly developing area of human resource management. In order to conceptualize the rewards systems, it is necessary to commence from the Harvard Model of human resource management, which emanates from the Harvard Business School (Sparrow and Hiltrop, 1994). This model is called "Soft Variant" because it emphasizes in the human aspect of human resource management. According to Beer, Spector, Lawrence, Mills, Walton, (1984), the model comprises of four key policies: rewards systems designed to attract, retain and motivate employees; human resource flow, akin to the human resource development set of policies; employee involvement in decision-making; and work systems, designed in order to produce the best outcomes.

It is, therefore, obvious that rewards systems are a fundamental function of human resource management as they deal with the assessment of job values, the design and management of payments, performance management, contingent pay, employees' benefits and pensions and the management of rewards procedures. Furthermore, reward policies should take into account organizational goals, values and strategies (Armstrong & Murlis, 1998). Another important point that Armstrong and Murlis (1998) mentioned is that rewards systems also include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees as their philosophy must recognize the vital role of the workforce and also respect their needs.

2.5 Job Satisfaction

According to Bradley, Petrescu and Simmons (2004) Job satisfaction defined as "An attitude that individuals have about their jobs". It results from their perception of their jobs and the degree to which there is a good fit between the individual and the organization. Job satisfaction is a personal attitude towards work and a positive emotional situation when employees reach their expectation on their work and careers. The attitudinal nature of job satisfaction implies that an individual would tend to stay with a satisfying job and quit a dissatisfying job Arokiasamy, Tat and Abdullah (2013)

Robbins and Judge (2013) described job satisfaction as positive feelings about a job, resulting from an evaluation of its characteristics. A person with high level of job satisfaction holds positive feeling about his or her job, while a person with a low level holds negative feelings.

Job satisfaction can be influenced by a variety of factors. Opkara (2002) stated that factors such as pay, the work itself, supervision, relationships with co-workers and opportunities for promotions have been found to contribute to job satisfaction. Job satisfaction results from an evaluation of the job's characteristics.

2.6 Theories of Job Satisfaction

In this section of the study the theories of job satisfaction as ground for the entire thesis project discussed.

2.6.1 Two Factors Theory

Hertzberg's two-factor theory could be used to link employee motivation to performance. Since the late 1950s, several researchers have theorized about the nature of job satisfaction and have developed models in attempts to explain the differences in job satisfaction as detected in empirical studies.

On the other hand, Herzberg (1959) has divided the motivational factors in terms of job satisfaction. He pointed out that factors giving job satisfaction (called motivators) are different from the factors that give job dissatisfaction (called hygiene factors). He further emphasized that hygiene factors will

not necessarily increase job satisfaction but can lead towards low motivation as compared to motivators. Hygiene factors can be the salary, support, interpersonal relationship with supervisors and work conditions.

If these factors are favorable in terms of highly facilitated working environment, increased colleague support and satisfactory compensation schemes, they can lead towards high work performance, however, if unfavorable these factors may directly influence employee's inspiration/motivation to do his best Rasheed, Aslam and Sarwar (2010)

On the contrary, Herzberg (1959) has described motivators as internal motivating factors which always stimulate the employee's motivation to put his best efforts. These motivators include recognition from departmental head, empowerment, students' achievement or career advancements (Rasheed et al., 2010).

2.6.2 Equity Theory

Equity theory is primarily a motivation theory, but it has some important things to say about the causes of satisfaction /dissatisfaction. The proponents of this theory are of the view that a person's satisfaction is determined contributes to the job. This theory is of the view that both under and over rewards lead to dissatisfaction. While the under-reward causes feelings of unfair treatment, over reward leads to feelings of guilt and discomfort (Edward, 1973).

The principles of this theory are also major determinants of job satisfaction as Adams (1963) supported. Equity theory includes a range of prominent issues like executive remuneration, equal value, and comparable worth. Adams (1963) as a psychologist also argued that there is little interest in the level of payments than the perception of fairness among the others, which can determine satisfaction. Thus, equity is rarely accepted and usually people react to inequity by decreasing their personal effort, demanding more equitable treatment and attempting to find alternative employment (Adams, 1963). Furthermore, the unfair distribution of rewards can lead to lower levels of commitment, higher levels of absence and turnover and finally to a worse organizational performance.

Therefore, the achievement of equity in rewards must be a major objective for the managers. The difficulties that usually appear, according to Thorpe & Holman (2000), lie in setting an objective measurement of "differential and relativities" like efforts, skills, experience, needs. It is essential that rewards should be fairly distributed but there are not satisfactory methods to give such outcomes.

According to Peffer's (1998) point of view, organizations with better payments and rewards are more productive than their competitors that pay less. Higher payments are likely to attract and retain the most motivated and qualified employees who can be the basis for competitive strategies based on

innovation, quality and price. In addition to Pfeffer, Wood (1996) emphasizes on some crucial matters of rewards. He mentioned that group-payments are a stronger incentive rather than focusing on individual performance.

Motivators can also be the participation of the employees in designing the rewards systems and the high rate of internal equity by minimizing the differential between the highest and the lowest paid and by using analytical and formal job evaluation schemes (Wood, 1996).

2.6.3 Expectancy Theory: Money and Motivation

These theory of job satisfaction as it aims to discover the extent to which employees are motivated by money. Here lies the expectancy theory, which holds that money is a significant motivator for most people and that it can guide to specific directions (Thorpe & Holman, 2000). In other words, expectancy theory explains why extrinsic motivation (e.g. bonus schemes) works only if the link between effort and reward is clear and the value of reward is worth the effort (Armstrong & Murlis, 1998). It also explains why intrinsic motivation (responsibility, achievement) can be sometimes more powerful than extrinsic motivation.

The practical application of expectancy theory has been seen in the growth of individual performance-related-pay in all its forms. In a theoretical context, performance-related-pay has important advantages like attracting and retaining qualified employees, improving individual and organizational performance, improving motivation and job satisfaction and linking individual to organizational objectives (Thorpe & Holman, 2000). Furthermore, Armstrong and Murlis (1998) argue that money is an important motivator to people for two very significant reasons. Firstly, money has an instrumental role as it can cover pressing needs and subsequently, money is a tangible method of recognizing other people's worth and contribution. Thus, money is a way to improve individual self-esteem but also a way to gain the esteem of others.

Additionally, in an organizational context, payments, as well as career opportunities, and the reputation of the organization, can be factors for joining a company (Armstrong & Murlis, 1998). It is obvious, throughout the previous analysis and the presentation of the different concepts and exceptions, that reward systems are strongly affected by organizational cultures and strategies and can considerably influence crucial factors of job satisfaction.

As given from Armstrong and Murlis (1998), it is clear that pay can motivate and reinforce a desirable behavior, and that in order to achieve lasting motivation attention has to be paid in non-financial motivators as recognition. Recognition is one of the most powerful motivators and praise should be given judiciously.

An opposite perspective supported by psychologists question the effectiveness of money as a motivator. Similarly, sociologists consider payments and especially those based on individual performance to be a means of management control, which creates resistance and conflict in the workplace (Thorpe & Holman, 2000). Finally, the advocates of total quality management believe that these kinds of payments are a means of perpetuating gender inequality. An answer to these problems is that these difficulties are surmountable via more effective design systems (White & Drucker, 2000). In short, it is argued that incentive payments cannot be strong and influential motivators. According to Kohn (1993) who claims that incentives schemes cannot cause long-term improvements in individual productivity because pay is, in fact, a poor motivator. He believes that individual incentives can have negative effect on individual motivation and firm performance.

As Herzberg mentioned in 1968, pay is a “hygiene factor” for motivation. It can cause dissatisfaction but it cannot motivate or satisfy. Payments are an effective tool of management control and this is extremely important for the managers. Another argument against incentive schemes are that they create short-term individual gain and that can cause sharp competition between members of the same team, instead of cooperation. Furthermore, Kohn (1993) criticizes those payments as they discourage innovative thinking and creativity as people are focused to certain tasks.

2.7 Consequences of Job Satisfaction

The general concern for management is what will the outcome be, should an employee be satisfied or dissatisfied and how this will have an overall effect on the organisation. There is sufficient evidence to warrant that job satisfaction or dissatisfaction can have positive or negative consequences for employees.

Caution must be exercised not to create stereotypes since satisfaction/dissatisfaction is concerned with people, (Locke, 1976:1328-1329).

Furthermore, the outcomes of people cannot be forecasted, therefore this is not possible to generalise them completely, (Locke, 1976:1328-1329).

Robbins (2001:77-78), have indicated that in recent years, ample research studies have been designed to assess the effects of job satisfaction on employee productivity, absenteeism, and turnover.

The following evidence stated by Arnold and Feldman (1996:92-94) will be briefly discussed to highlight the consequences of job satisfaction/dissatisfaction as follows.

Productivity

The saying “a happy worker is a productive worker”, is not really true. It’s actually the converse that productivity is more likely to lead to satisfaction, (Arnold and Feldman, 1996:92-94).

Moreover, four decades of research into this issue argues that a satisfied worker is not a productive worker due to two reasons, (Arnold and Feldman 1996:93-94): Firstly, there exists a relationship

between job satisfaction and job performance. Empirical research findings have indicated that these two variables are not closely related to each other. For instance, the condition of the work equipment or the workers own abilities have a greater impact on how much one can produce than his or her job satisfaction does Arnold and Feldman (1996:92-94).

Secondly, there is sufficient evidence to indicate that job performance results in job satisfaction.

Turnover

Educational institutes with a high turnover, most often means educators of those institutes have a shorter tenure than those of other similar institutes ,(Newstrom and Davis:259-260).

According to McShane and Glinow (2003:37-38), the main cause of turnover is job satisfaction. The high rate of educators leaving the country to seek suitable working conditions or leaving the profession altogether is escalating drastically. In addition, McShane and Glinow (2003:37-39) advocates that if the levels of job satisfaction are consistently low, the employee is more likely to leave the job. Furthermore, institutions with negligible satisfaction levels yield higher turnover rates, (Newstrom and Davis 1997:260-261).Turnover is of major concern to management because it can have a tremendous impact on normal operations. Job dissatisfaction which “pushes” workers out of their present jobs has a greater effect on turnover than incentives that “lure” them into new jobs (McShane and Von Glinow 2003:37).

However, Newstrom and Davis (1997:257), argues that there can be some positive outcome resulting from turnover. This could lead to internal promotions and appointment of “new blood”. Along with retaining and attracting their employees, organizations must ensure that all their employees are regularly attending their jobs of which will be discussed in the next consequence of job satisfaction.

Absenteeism

How often does one hear the saying “I stayed away from work because my work makes me happy?”

According to Robbins (2001:78), there is a negative relationship between satisfaction and absenteeism. Workers who experience low job satisfaction tend to be absent more.

Furthermore, a high rate of absenteeism will result in a huge financial burden for management, in terms of productivity and performance (Arnold and Feldman 1996:94).Absenteeism is similar to turnover, in the sense that normal operations

and activities are also disrupted and additional cost can escalate (Arnold and Feldman 1996:94).

However, absenteeism may be due to other legitimate reasons such as medical or personal reasons, (Robbins 2001:200).Baron and Greenberg (2003:156), advocates that other reasons for absenteeism need to be investigated by the human resource department. One cannot ignore that absenteeism may

be due to the employee having poor co-worker or superior relationship or a strong dislike to the job itself (Baron and Greenberg 2003:156).

Union activity

Arnold and Feldman (1996:94-95) points out that in recent times, the membership numbers of the various unions in the education sector has shown a considerable increase. According to Arnold and Feldman (1996:95), in an important study of union organizations, researchers concluded that workers will join a union mainly based on their dissatisfaction with working conditions and their perceived lack of influence change to those conditions. Furthermore, Arnold and Feldman (1996:95) assert that workers become grieved by poor pay, by arbitrary and capricious discipline, and by poor and unsafe working conditions. Therefore this will call for collective action or unionization, which may be perceived as the best solution to their grievances. This will further raise the question: how can staff express their dissatisfaction? One of the most evident expressions of dissatisfied staff is the desire to leave the education profession. The reasons for this were discussed in the foregoing chapters.

Other ways of expressing their dissatisfaction are as follows:

- o Steal from or act negligent towards the organisations property or assets.
- o Avoid or perform their duties in a haphazard manner.
- o They may be insubordinate.
- o They may influence others very negatively, thereby decreasing the general morale of the institute.

It can be therefore concluded that the consequences of job satisfaction can lead to staff being dissatisfied with their jobs; which can be expressed in various ways (Robbins 2001:79-80).

2.8 Dimensions of Job Satisfaction

According to McCormick and Ilgen (1985), job satisfaction is always the primary interest of researchers. This can be proven by Locke's report in 1976. He found that 'from as early as the work of Happock in 1935 until Locke's review and critique in 1976, there are over 3000 published studies on job satisfaction'. McCormick and Ilgen (1985) believe that the complexity of the job's concept is caused by its facets such as opportunities for promotion, the work itself, pay and co-workers. Although the previous researchers found many job dimensions which are related to the job satisfaction either specifically or diverse, Locke (1976) found a new set of common dimension. This common dimension can describe most of the predictable variable in job satisfaction very well.

McCormick and Ilgen (1985) also agreed that a common core job dimension is an index of job satisfaction over a wide variety of jobs. It can be classified as events and agents according to Locke. Job satisfaction is a result of an individual's perception and evaluation of their job influenced by their own unique needs, values and expectations, which they regard as being important to them (Sempane,Rieger,& Roodt(2002).

Research has indicated that job satisfaction does not come about in isolation, as it is dependent on organizational variables such as structure, size, pay, working conditions and leadership, which represent the organizational climate (Sempane et al. 2002). However, if job satisfactions absent and other work opportunities present themselves, turnover could well increase (Martins & Coetzee 2007). Job satisfaction can be viewed as a reaction to a job, arising from what an individual seeks in a job in comparison with the actual outcomes that the job provides to the individual (Rothmann & Coetzer 2002).

According to Locke (1975), job satisfaction involves the following dimension:

- Work**, which is inclusive of intrinsic interests, variety, opportunity for learning and enhances for success.
- Pay**, including amount, fairness and equity.
- Promotion**, including opportunities
- Recognition** including raises for accomplishment and credit for work done.
- Benefits** which include pension, medical, annual leave and vacation leave
- Working conditions** such as equipment, ventilation and location
- Supervision** includes supervisory style and influence and human relations
- Coworkers** including competence, helpfulness and friendliness
- Company and management which** includes concerns for the employee research.

According to Quick (1998), each person has a different set of goals and can be motivated if he/she believes that there is a positive correlation between efforts and performance; effective performance will result in a pleasing reward; the reward will satisfy an important need; and the desire to satisfy the need is strong enough to make the effort meaningful.

2.9 The Link between Organizational Rewards and Employees' Satisfaction

2.9.1 The Relationship of Salary to Employees' Satisfaction

Gould and Penley (1984) said that employee who develops career strategies appropriate to his or her occupation and organization is likely to increase his or her probability for obtaining evaluations from superiors and a larger share of the organization's salary distributions. Consequently, though salary is not enough on its own to ensure that a person will remain loyal and satisfy to the organization, it is most often

identified as the single most important factor in a person's decision to join, stay or leave (Pollitt, 2007).

Salary and promotion are important factors for both the private and public sectors in forming decisions about staying or leaving (Snyder, Osland & Hunter, 1996). It indicates that salary is one very important factor that may influence the employees' walk-in behavior and in which the employees' satisfaction and retention are measured by the salary.

2.9.2 The Importance of Fringe Benefits to Employees' Satisfaction

Conversely, Baughman (2003) has found that employers tend to decrease wages once several benefits such as medicare, bonus, and annual leave, had been offered to employees after a few years. Woodbury (1983) in his study has found that workers view benefits and wages as substitutes, willing to give up wages for more benefits. As founded by Uppal (2005) in his study, fringe benefits were positively related to employees' satisfaction. The findings were supported by Benz (2005) which he found that only two out of nine fringe benefits examined were positively related to satisfaction.

Milman, (2002), Goymour (2002), Hinkin and Tracey (2000), Powell and Wood (1999) said, some of the reasons cited for the turnover are low compensation, inadequate fringe benefits, poor working conditions, poor worker morale and job attitude and inadequate recruitment. Among other reasons cited for high employee turnover are low compensation, inadequate fringe benefits, poor working condition, poor worker morale, job attitude, and inadequate recruitment (Milman,2002; Hinkin and Tracey, 2000; Powell and Wood, 1999)

2.9.3 The Impact of Promotion on Employees' Satisfaction

A large salary increment and a timely promotion also led that an employee may be better suited to the current organization with organization-specific skills and training than to other employers (Lazear, 1999). Based on the discussion, an organization normally offers timely promotion to the employees and at the same time observes the employees' improvement. March and Simon (1958) stated that, where at some point in a promotional ladder, there is a substantial decrease in either the percentage or absolute increment, we would predict that discontent, voluntary withdrawal, or both would be produced. The employees perhaps will be offered for the promotion but at the same time the increment will not be given to them.

According to Zhao and Zhou (2008), organizations can manipulate the promotion, send signals of stagnant career advancement at the ceiling position, and push less qualified employees out. The organization may use this type of rewards to motivate the employees to move forward and at the same time plays a communication medium in informing the employees who do not perform well to move out from the organization.

A better understanding of the role of Individual Career Management (ICM) process is important in an environment where opportunities for vertical promotion are becoming scarce and organizations are seeking for alternative ways to rewards their employees' perspectives for career increment (Vos,

Dewettinck, & Buyens, 2008).

2.9.4 The Importance of Incentives to Employees' Satisfaction

Incentives are one added payment to employees' salary whose has completed certain job requirement and have been used by the organization as communication tools. Snyder, Osland and Hunter (1996), said, forty-four specific reward tools are described which can be used for individual or team incentives. Understanding their reward preferences and the implications of these differences are essential in designing incentives to attract and retain managers after their advanced training is completed. Types of incentives do not convey same tax advantages to the individual but can be used to lock individuals into companies and it is also easier to bind bonuses to actual actions of individuals and remove short-term transitory stock market effects (Keasey, 2006).

Subsequent to the above discussion, the contrasting profit-sharing, gain sharing systems distribute incentives as a function of non-financial organizational outcomes, such as improvements in quality, productivity, and satisfaction (Miller & Schuster, 1993).

As supported by Milne (2007), which stated that incentives rationale is based on the assumption that long-term and short-term incentives will encourage employees' loyalty, foster teamwork and ultimately facilitates the development of the desired culture that encourages and supports knowledge sharing.

Reward and recognition systems come within the discussion on extrinsically motivated behavior that occurs when an activity is rewarded by incentives not inherent in the task (Deci, 1971). Iyer and Ravindran (2009) said, it might be important for practitioners to assess the employees' characteristics before determining whether incentives would work in their organization. However, when inter-team cooperation is necessary, incentives may create conflict and resentment, decreasing a team's motivation to perform well (Hoffmann & Rogelberg, 1998).

2.9.5 The Significance of Employees' Satisfaction to Organization

Barnard (1998) offers a strategy that includes employees' feedback on the system as a means of dealing with the issue. This includes measuring employees' satisfaction with the system, gaining team members' input into its design, and ensuring that there is a method to document performance and reward both individuals and the team.

Jenkins and Lawler (1981) have found that the feeling of influence can explain the positive effect in which the representation within executive committees produces on employees' satisfaction with regard to the administration of the compensation system. It is easier for the employees to accept recommendations for performance improvement of they know management is interested in what they do (Harter, Schmidt & Hayes 2002).

Specific employees attitude that have been studied extensively are organizational commitment and employees' job satisfaction. These are posited as reasons that contribute to turnover as dissatisfied

individuals are more likely to leave their respective jobs (Smith, 1996).

2.10 EMPIRICAL REVIEW

Many authors did research on the effects of reward system on employees' job satisfaction. They used to study the effect of financial and non financial rewards on job satisfaction. In this subsection the researcher presented the most recent findings from different sources. Beside this, researches done by other authors on demographic factors like age and gender their relation with job satisfaction will be reviewed.

2.10.1 Relationship Between Financial Rewards and Job Satisfaction

Nazir, Quan, Akhtar, Shafi and Nadia (2015) conduct a study about the financial rewards climate and its impact on employee attitudes towards job satisfaction in the retail organizations. From the analysis, it was found that financial rewards like rates of pay and fringe benefits affect employee attitudes towards job satisfaction but it was not the only factor. The job itself and the amount of work expected were the major influence up on those which were considered as dissatisfied. Nazir et al (2015) concluded that the management must pay attention to study specific indicators of financial rewards which can improve the satisfaction of their employees and improve their output.

The important relationships between job satisfaction and pay satisfaction have been well established in studies by Brown and Peterson (1993) as well as Roberts and Chonko (1996). Previous research (Voydanoff, 1980) showed that monetary compensation is one of the most significant variables in explaining job satisfaction. Lambert, Hogan, Barton, & Lubbock (2001) found financial rewards to have a significant impact on job satisfaction. Taylor and West (1992) found that pay levels affect job satisfaction. According to Artz (2008) suggests overall, fringe benefits play a significant role in determining employee job satisfaction.

2.10.1.1 Salaries and Employee Satisfaction

Nick (2010) studied the relationship between pay factors and employee satisfaction. This study focused on how different pay factors influence the perceived employee rewards satisfaction and motivation and on how these two perceptions relate. Using policy capturing data obtained from 26 students, this study found a positive relation between satisfaction and pay factors. Furthermore, employee reward satisfaction and motivation were strongly related to the manner of payment. This study also found that the character traits risk aversion, self-efficacy and locus of control, mostly did not seem to influence the preference regarding either performance based pay or fixed pay, tangible rewards or non-tangible rewards, skill based pay or job based pay and rigid benefits or flexible benefits

Cotterell (2013) examined the relationship between employee turnover reduction and extrinsic rewards of Groove Oy. The aim of this study was to discover applicable methods of reducing the employee turnover rate of Sales groove Oy through improving certain aspects of its human resource practices. The study

objectives were to develop rewards, compensation and satisfaction strategy for the company that would help it identify and thereafter assist in retaining talented employees around which it can continuously build an efficient sales force which would ultimately lead to an increase in the organization's overall performance. A qualitative research method was chosen for this study because of the nature of the event being examined and the study use interview as a method of collecting data The findings of this study revealed the reason for the high employee turnover rate is lack of extrinsic motivations like inequalities of salaries and identified methods that can be used to improve the extrinsic rewards, compensation and motivation efforts of Sales groove. The retention of critical talent to Sales groove Oy begins with good salaries and payment process.

Pratik (2012)'s study on the factors driving employee salaries sought to understand the relationships between salary, non-monetary factors and job satisfaction in the labor market. It applied lessons from both economic theory and sociological research as it contextualizes and studies these different aspects of the labor market. In a regression comparing salary and non-monetary factors, only two out of 16 dummy variables were statistically significant. Both were positive work conditions, but Benefits (Positive) decreased salary and Long Hours (Positive) increased salary. In a regression comparing salary and job satisfaction, no statistical significance was found despite sociological research connecting the two aspects of work. Issues relating to limited sample size, subjective coding methodology, and the possibility of salary acting as an independent variable were discussed when explaining the lack of statistical significance. However, in line with the hypothesis and sociological research, six out of 16 dummy variables for non- monetary factors were found to be statistically significant with job satisfaction, with five of them at the 1% significance level. Opportunities for further research were identified in the use of personal employee information, the impact of management, and the distinct categories of happiness.

2.10.1.2 Bonuses and Employee Satisfaction

Helena (2013) examined the impact of performance related pay on employees using a case study of the performance incentive bonus scheme at the Motor Vehicle Accident Fund in Namibia. The objectives of the study were to survey the impact of the current MVA Fund Performance Incentive bonus Scheme on employee motivation, employee performance and organizational performance. The research used survey based data for the case study of PIBS in the MVA Fund. Sixty one respondents took part in the survey. The sample comprised 3 executives and 58 employees. The research instrument was the questionnaire. The result of the study revealed that the effect of performance-related pay on employee performance is very high and the satisfaction effect of merit pay is often supported by Performance Incentive bonus Scheme.Edward (2013) investigated the role of employee bonus on job performance. The objectives of the study were to determine whether bonus practices in Accra Brewery Limited benefit the employees, to establish the motivational programs employed by Accra Brewery Limited to retain its employees and to ascertain if employee bonus has a relationship with job performance in Accra Brewery. This study looked

at the bonus practices in Accra Brewery Limited (ABL) from the point of view of its employees and what role bonus plays in their job performance. A sample population of thirty employees comprising of senior and junior level staff in the various departments was used. Eight out of the thirty employees representing 26.67% were satisfied with the retention practices of ABL. The study confirmed that lack of bonus, work-life balance, lack of rewards and recognition and salary and remuneration were more common reasons for departure among all employees. The findings were that feedback on employee performance is vital to building confidence in the bonus practices of the Brewery. In addition, employee value proposition as enshrined in the vision statement of the Brewery must be upheld while management should be flexible in terms of bonus strategies.

Garlick (2009) carried out an online study of 1,913 full-time employees and asked the respondents to rank in order of preference performance incentives. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, travel awards as well as intrinsic rewards such as having more freedom and autonomy at work, being able to choose interesting projects and being assigned to mentor other employees. Not surprisingly, cash bonuses were listed as the most preferred incentive by three-out-of-four people (74%) surveyed. The results showed that offering a cash bonus exclusively does not seem to make much of an impact on performance, despite the fact cash bonuses are nearly everyone's preferred reward.

While cash bonuses are the most preferred reward for three-out-of-four, and among the top three rewards for nine-out-of-ten, those who only receive a cash bonus are just slightly more satisfied than those who get no reward at all. Furthermore, offering exclusively cash bonuses only seems to have very little impact on company performance, either in terms of increased customer service or in increased profitability.

Axelsson and Bokedal (2009) studied the rewards motivating different generations at Volvo Car Corporation.

The study was based on a case study of Volvo Car Corporation in Göteborg. Empirical data was based on twenty interviews with managers at the company. Major findings showed that challenging work and nonmonetary rewards satisfy managers, bonuses and shares do not motivate.

2.10.1.3 Commissions and Employee Satisfaction

Cynthia and Frank (2011) conducted a study on commissions as a satisfaction tool for employee productivity. The aim of this research was to ascertain whether commissions satisfy employees, identify what kinds of commission employees consider most beneficial and finally discuss some dilemmas and difficulties managers face in applying motivation theory to workplace setting. In this research, the perceptions of commission as satisfaction and the dilemmas managers face in motivating their employees were explored through an analysis of twenty interviewees' in various positions and organizations in the Accra and Tema municipalities of the Greater Accra region of Ghana. The respondents were all employees who also had oversight responsibilities as managers or supervisors of between five to ten

people. The findings suggested that while the use of commissions was vital in satisfying employees, there was the need for management and employers to have a clear understanding of the human nature and what actually satisfy employees. Finally, the findings of the study revealed that enhanced satisfaction of the employee can be attained when managers do their best to design the work benefits so they become satisfy in themselves while at the same time eliminate dissatisfaction factors at the work place.

Thomas (2012) examined the effects of satisfaction packages on employee performance. The study sought to assess the satisfaction packages available at Ghana Commercial Bank and how that affects employee performance towards the Bank's corporate objectives. The study revealed that management can make use of different strategies and policies to satisfy employees in the banking environment. The research also revealed that the core duty of the bank is normally carried out by clericals who are more than the supervisors and as such satisfaction packages should be geared towards the clerical workers to ensure that they delight the customers. The findings of the study revealed that if management withdrew satisfaction packages like commission, bonus and fringed benefits it will have serious repercussions on employees' performance. There was a positive relation between employee performance and corporate performance since employees were able to achieve the bank's performance indicators in terms of deposits, loan recovery, profitability and also ensuring the liquidity of the banks.

Ahmed and Ali (2008) carried out a research on the impact of reward and commission programs on employee motivation and satisfaction. The researchers used exploratory research design and a sample of 80 employees of Unilever companies. Using the questionnaire the study found out that there exist a positive relationship between rewards and work satisfaction as well as motivation. The researchers recommended that further studies can be done on impact of reward and recognition on motivation and satisfaction for diverse groups of people such as race and disability.

2.10.2 Relationship Between Non Financial Rewards with Job Satisfaction

Tausif (2012) conducted a study on the influence of non financial rewards on job satisfaction on educational sector of Pakistan. Structured questionnaire were employed to collect the data from the selected respondents. The researcher developed two competing hypothesis on the relationship between non financial rewards and job satisfaction. In the study t test, regression and correlation to test hypothesis, whether non financial rewards have positive relationship with employee job satisfaction or negative relationship with job satisfaction. The independent variable promotion, job enrichment and autonomy and its influence on dependent variable employee satisfaction were their areas of study.

The findings of the study reveals that job satisfaction is positively and considerably associated with non financial rewards such as promotion, job enrichment and task autonomy.

2.10.2.1 Recognition and Job Satisfaction

Recognition considered as one of the most powerful motivators. The recognition processes in an organization can be integrated with financial rewards through performance management and pay-for-performance schemes. The importance of recognition can be defined as a key part of the value set of the organization and this would be reinforced by education, training and performance management.

According to Spector (1997), examples of contingent rewards are appreciation, recognition and rewards for good work. Employee dissatisfaction may result if an employee perceives that their efforts are not recognized or that their rewards are not equitable tied to their performance or tailored to their needs (Robbins 1993). Contingent rewards support the reinforcement theory of motivation, in terms of which performance-relevant behaviors will increase in frequency if rewarded (Spector 2008).

Danis and Usman (2010) found that there are different dimensions of work motivation and satisfaction that are significantly correlated and reward and recognition greater impact on motivation of the employees. In addition, Employees participation in the decision making process will made them more courageous and enthusiastic towards working in the organization on the other side the periodically salary increments, allowances, bonuses, fringe benefits and other compensations on regular and specific periods keeps their morale high and makes them more motivated.

2.10.2.2 Promotion and Job Satisfaction

Robbins (1998) maintains that promotions provide opportunities for personal growth, increased responsibility, and increased social status. Promotions provide opportunities for personal growth, more responsibilities and increased social status (Robbins 1993). Job satisfaction is likely to be experienced by individuals who perceive promotional opportunities to be fair (Robbins 1993; Spector 1997).

Mustapha and Zakaria (2013) conducted a study the effect of promotion opportunity in influencing job satisfaction. The result indicated that there was a positive and significant relationship between promotion opportunity and job satisfaction. Since this element is the main of all academicians and organizations may use the variable as mechanism to enhance satisfaction and to retain their best talents.

2.10.2.3 Nature of the Job and Job Satisfaction

Work dimensions of job satisfaction according to McCormick (1985) Includes intrinsic interest, variety, opportunity for learning, difficulty, amount, chances for success, control over work flow, etc. The nature of work satisfaction is defined as the employees' satisfaction with the type of work they do (Spector 1997)

According to Robbins (1998) mentally challenging jobs are positively related to job satisfaction. He also mentioned that such types of job give the opportunity to employees to use their skills and talents in to a variety of tasks and also provide them with feedback on their performance after they complete each task.

The formation of specific goals, feedback on progress towards these goals, and reinforcement of desired behavior all stimulate motivation and require communication. The fewer distortions, ambiguities and incongruities that occur in communication within organizations, the more satisfied employees will feel with regard to their work (Robbins 1993).

Nature of work (an intrinsic motivator) is measured by an individual's feeling that their job is meaningful, engagement, and a sense of pride in the job (Spector 1997). Satisfaction with the nature of work was found by Westlund and Hannon (2008) to be significantly related to an employee's intention to remain with an organization. Lumley, Coetzee, Tladinyane and Ferreira (2011) found that nature of the job is significantly and positively relates with job satisfaction.

2.10.2.4 Working Condition and Job Satisfaction

The conditions under which a job is performed can be different - from those completely comfortable to those very difficult and dangerous to employees' life and health. Difficult working conditions can be influenced by: (1) external factors that include climate - meteorological conditions, temperature, humidity, drafts, lighting in the workplace, noise and interference, gases, radiation, dust, smoke and other harmful factors; (2) subjective factors that include gender and age of the worker, fatigue, monotony, unfavorable posture during work, etc.; (3) factors related to the organization of production such as duration of the work shift, work schedule, working time, work pace, excessive strain etc. Bakotic and Babica(2013)

Working conditions are relevant to the environment impact, such as the space for operating and resting, criticality of the job, the degree of required technology and skill; equipments situation and so on. Working conditions are hygiene factors to prevent dissatisfaction (Herzberg 1993). Locke (1976) finds that working conditions, which are compatible with the individual's physical needs and work goals, are positively associated with job satisfaction.

Duberg and Mollen (2010) undertook a study on extrinsic reward. The researchers aimed at extending the knowledge of reward systems in health and geriatric care and know how these systems are designed and what their effects on quality of health and geriatric care are. The methodology took a qualitative approach and interviewed a sample of six leaders in both private and public organizations. Two of the leaders worked in geriatric care and four in health care. The theoretical framework was based on scientific literature about motivation and reward systems. Also literature specifically about wage conditions in the health care sector and the public sector was used. Findings showed that working condition is an important

aspect in the reward system; however other incentives like bonuses and shares were seen to generate an enjoyable work place and happy workers than motivate employees to be more efficient. Results showed that conditions for working with reward systems in the public sector are limited due to the lack of resources and complex large organization structures with old traditions.

Nahum (2015) examined the influence of work environment on bank employees' satisfaction of commercial banks at Machakos town in Kenya. The study sought to understand the influence of work environment on bank employees' satisfaction. The main objective of this study was to assess the influence of work environment on employee satisfaction and performance in 8 commercial banks operating in Machakos town. The research concentrated on four main independent variables in the work environment which mainly influence the satisfaction of bank employees namely; work place design, work force diversity, rewards and benefits and health and safety measures. The target population was 288 which comprise all levels of employees working with the eight banks in Machakos town. The study findings indicated that having a good policy on health and safety in an organization greatly influences the level of employee satisfaction. It was established that there is a positive relationship between the provision of rewards and other benefits to employees for their performance and the level of their productivity

Fig 2.1 CONCEPTUAL FRAMEWORK

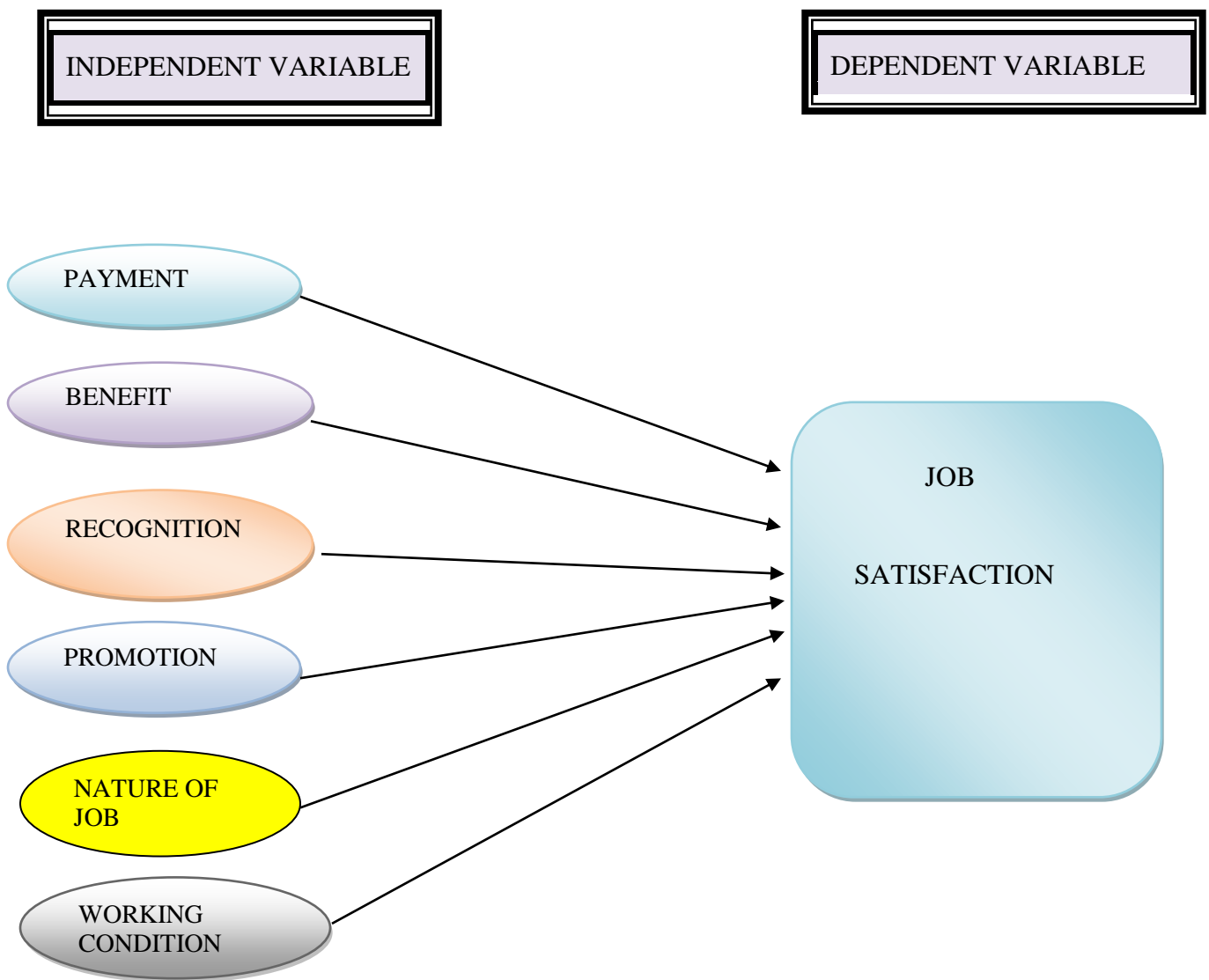


Figure 2.1. Conceptual frame work of the research
Source: Spector (1997)

From the above literature the following hypothesis emerge:

2.11 Research Hypothesis

The researcher chose to discover the links between reward system and job satisfaction using the following hypothesis.

H1 There is a positive and significant relationship between payment and employees' job satisfaction.

H2 There is a positive and significant relationship between benefit and employees' job satisfaction.

H3 There is a positive and significant relationship between recognition and employees' job satisfaction

H4 There is a positive and significant relationship between promotion and employees' job satisfaction

H5 There is a positive and significant relationship between nature of the job and employees' job satisfaction

H6 There is a positive and significant relationship between working condition and employees' job satisfaction

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The objective of this research is to examine the relationship between reward systems and job satisfaction in Hidase Telecom Share Company. To this end, this chapter aims to give an overview of the research design and methodology that will help to investigate the research problem. Thus, the research design, the data sources, population and the sampling technique, measuring instrument, data processing and analysis using statistical tools that is going to be used in the entire study are presented in this chapter.

3.1 Research Design

Descriptive research design has been employed to determine the relationship between the dependent and the independent variables and to establish any association between these variables. According to Mugenda & Mugenda (2003), descriptive survey design helps a researcher to gather, summarize, present and interpret information for the purpose of clarification. Statistical instrument used for the research analysis is inferential statistics, specifically correlation matrix and multiple regression analysis. The researcher employed the survey strategy for the study. This strategy is proposed because it allows the collection of a large amount of data from a sizable population in an economical manner. Saunders *et al.* (2009), recommend this strategy because the method allows researchers to collect quantitative data which can be analyzed quantitatively using inferential statistics. The method is also perceived as authoritative by people in general and is both comparatively easy to explain and to understand.

3.2 Target Population

The research was carried out in the area of operation of HTSC Headquarters. The study population consists of total of 267 employees stationed at the headquarters. The researcher targeted employees of the HTSC which includes Managers, Professionals and Clerical staff employees of the HTSC.

Table 3.1 Distribution of the population

Strata	Population Frequency N	Percentage
Managers	78	29.2
Professionals	121	45.3
Clerical staff	68	25.5
Total	267	100

Source ; Developed for this research

3.3 Sampling Design

3.3.1 Sampling Technique

Stratified random sampling used since the population consists of top management, Professionals and Clerical staffs. Then simple random sampling employed to ensure that all employees stand equal chance of being selected to avoid sample bias and ensure that the results are reliable enough to be generalized.

3.3.2 Sampling Size

Out of the sample frame of 250 employees in HTSC, a sample of 80 will be chosen based on the percentage method, representing 30% of the population. According to Amedeho (2002), a sample size between 5-20% is ideal to represent the entire population.

Table 3.2 Stratified Sampling Matrix

Strata	Population Frequency N	Multiplier Factor	Sample Size n	Percentage
Managers	78	0.3	23	29.2
Professionals	121	0.3	36	45.3
Clerical staff	68	0.3	21	25.5
Total	267	0.3	80	100

3.4 Methods of Data Collection

In order to get a relatively comprehensive understanding of the problem and propose viable solutions primary data is helpful. Hence, the researcher distributed questionnaire for data collection from selected respondents. The questionnaire is adopted and customized to the current study from Job Satisfaction Survey (1997) and The Michigan Organizational assessment questionnaire (1979).

According to Spector (1997) Job Satisfaction Survey (JSS) is a questionnaire used to evaluate nine dimensions of job satisfaction related to overall satisfaction. This instrument is well established among the other job satisfaction scales.

In this study both primary and secondary data were collected using different techniques.

3.4.1 Primary Data Collection

The primary sources of data for this study were the management and non-management employees of Hidase Teleco Share Company. The primary data will be collected from the selected samples by using structured questionnaire. The collected questionnaire will be measured by using a five point likert scale technique.

3.4.2 Secondary Data Collection

Secondary data that were reviewed for the purpose of conducting this study are company documents,

Policies and manuals, organizational reports, brochures, articles, journals and internet and other relevant materials etc.

Constructs Measurement

A measuring system is important for a research study. The concept to be measured was to be given an operational definition specific observable conditions or events how to measure that event that specifies. There are four types of measurement scales which are nominal, ordinal, likert and ratio, but the researchers are only use three types of measurement scale in questionnaire that are nominal, ordinal and likert.

Nominal Scale

Nominal Scale is a type of measurement scale with limited number of possible outcomes which cannot be placed in any order representing the intrinsic properties of the measurements (Marsh, 1996). A measurement scale in which numbers are assigned to attributes of objects or classes of objects solely for the purpose of identifying the objects.

In this research, there are two questions (question 1 and 4) in section A that are using this scale, for example:

Gender:

Male

Female

Ordinal Scale

Ordinal scale is a measurement type for which the relative values of data are defined solely in terms of being lesser or greater as compared with other data on the ordinal scale. These may arise from categorical rating scales, or from converting interval scale data to become ranked data (Marsh, 1996).

Ordinal scale describes as order, but not relative to size or degree of difference between the items measured. In this research, there are six questions (Question 2, 3, 5, 6, 7 and 8) in section A are using this scale, for example:

Age:

19 – 29years

31 – 40 years

41-50 years

51 and above

Likert Scale

A Likert scale is used to measure attitudes, preferences, and subjective reactions. In software evaluation, researchers can often objectively measure efficiency and effectiveness with performance metrics such as time taken or errors made (Steven, 2005) as cited in (“Sorting Out Card Sorting”, n.d.).

Likert scale is a type of categorical, non-comparative scale that determines respondents' levels of agreement to a series of statements relating to an attitude being measured (Glossary, 2012). Likert scales usually have five potential choices (strongly agree, agree, neutral, disagree, and strongly disagree). In this research, there are questions in section B and C are using this scale, for example:

NO	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I feel I am being paid a fair salary amount for the work I do.					

Data Processing

Checking

Checking is the process of editing the data which is the process to check and scan through the questionnaire whether there are the inconsistent, incomplete and ambiguous responses. With this method, the researcher can find whether it have any problem earlier and can correct immediately before the real survey was being conducted.

Therefore, there searcher can reduce the risk of questionnaire which cause others misunderstanding such as error in sentence, content or layout.

Editing

Editing is the process of checking and adjusting the data. The purpose is to ensure whether there have any omissions, legibility and consistency.

Omissions may occur due to the reason of some of the respondents did not answer all the questions in the questionnaires, the respondents might not understand the question or not willing to answer. Researchers will go through this process after collecting the questionnaires from the respondents. The Researcher found several omissions by some respondents in which they left a blank for 2 or 3 questions in the questionnaire. If there are less than 25% questions that are not filling in by the respondents, researchers can ignore the blank response by the respondents and also help the respondents fill up the blank column based on the respondent's pattern of responses to other question (Zikmund et al., 2010).

Coding

The following step is coding which has the process of adding value based on the responses of the questionnaires. The researcher will assign every question with a code number to represent the

responses as well. The researcher have utilized the coding technique to assign the numerical score of data which the code analysis range for this analysis was from minimum 1 to maximum 5.

All of items in the questionnaires were pre-code before the reference made to Tables shown on below:

Table 3.3: Labels and Codings Assigned to the Employee Personal Information

Question No.	Label	Coding
SECTION A		
Q1	Gender	1= Male 2= Female
Q2	Age Group	1= 19 - 30 2= 31 - 40 3= 41 - 50 4= More than 50 years
Q3	Marital Status	1= Single 2= Married 3= Separated 4= Divorced 5=Widow
Q4	Education Level	1= 12 grade or less 2= Diploma Level 3= Bachelor 4= Masters and Above
Q5	Service Years at HTSC	1= less than 2 Years 2= 2 to 4 Years 3= 4 to 5
Q6	Job Category	1= Managerial 2= Professional 3= Clerical
Q7	Salary (including allowances)	1=Below 2000 2= 2001- 5000 3= 5001 - 10000 4=10001- 15000 5= Above 15000

Table 3.4: Labels and Coding Assigned to the organizational reward systems and Employee Satisfaction

Question	Label	Coding
SECTION B 22 Questions	Six Independent Variables	1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree

3 Questions	Employee Satisfaction	1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree
--------------------	------------------------------	--

Source: Developed for the research

The Table 3.1 shows employees' personal information and Table 3.2 demonstrates the coding for each item in both of the organizational reward system and employee satisfaction of the questionnaires. There are three types of data obtained in Table 3.1 and Table 3.2 which are nominal, ordinal and scale variables.

Transcribing

Transcribing is transferring the coded data from the questionnaires into computer. This step can be exempted if the data is collected through computer-assisted telephone interviewing (CATI), computer-assisted personal interviewing (CAPI), or internet survey, because the data will be directly enter into computer. There has other ways to coded data from questionnaire into computer such as using optical recognition, digital technologies or bar codes (Malhotra, 2010).

Data Cleaning

The last step for the process is data cleaning. This step needs to carefully detect the mistake then correction of errors in a data set. In SPSS system, there have two types of missing values as system-missing and user-defined.

It can be assigned to input data set or numeric the values that SPSS will consider missing. Therefore the researcher can add for the missing data or assign different missing value to a given variable.

3.5. Method of Data Analysis

The researcher used both descriptive and inferential statistical tools for data analysis. The data analysis is supported by using software called Statistical Package for Social Science (SPSS), version 20. The SPSS statistical package used to analyze the data that were gathered using questionnaire quantitatively. To confirm the collinear problem of constructs, the study used Pearson's correlation analysis and descriptive statistics and then linear and multiple regression analysis will be applied to assess the magnitude and direction of each independent variable, and measure the effect of mediating variable between many descriptor variables and one measured variable.

3.6. Statistical Methods

The data collected from selected sample subjected to statistical analysis such as descriptive and inferential statistics. Descriptive statistics concerned with summarizing and describing a body of

data. Inferential statistics is the process of reaching generalizations about the whole (called the population) by examining the portion (called the sample) (Salvatore & Reaggle 2002)

Accordingly, the research used descriptive statistical analysis tools such as mean and frequency tables to summarize the data to be collected.

Inferential statistical analysis tools such as Karl Pearson's coefficient of correlation and Regression analysis were employed by the researcher. By using Pearson Product Moment Correlation Coefficient the researcher identified the magnitude, direction and strength of relationship between the variables.

The Pearson's Product Moment Correlation Coefficient (r) is a measure of the degree of association between variables (Danel M. 2004). According to Adam, Kaham, Raeside and White (2007) Regression is concerned about finding a relationship between variables and forming a model.

Regression analysis is used to test hypotheses about the relationship between a dependent variable that is Job satisfaction and an independent or explanatory variable of this study like base pay, benefit, recognition, promotion, nature of the job and working conditions. Hence, the study will employ regression analysis to predict the relationship between the variables in the study.

Regression Functions

The multiple regression models of this study will have six independent variables and the model explained as follows:

Dependent Variable: Job Satisfaction (Y)

Independent Variables: Pay (x1), benefits (x2), recognition (x3), promotion (x4), Nature of the job (X5) and Working Condition (x6)

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + E$$

Where y=dependent variable, x1, x2,x3,x4,x5,x6=independent variables, β_0 is the intercept term it gives the mean or average effect on Y of all the variables, E is an error term.

3.7 Ethical Considerations

During data collection, respondents were informed as to why the data would be collected. They were informed about the objectives and methods of the study, were reassured the privacy of their response. Accordingly, respondents provided their response voluntarily.

CHAPTER FOUR RESULTS AND DISCUSSION

The primary emphasis of this project was to examine the effects of pay, benefit, recognition, promotion, nature of work, and working conditions on employee job satisfaction. Primary data was collected from the employees of the company using questionnaire and secondary data was collected through reviewing, journals, articles, books and the company's HR policy, procedure, semi-annual and annual reports and exit interview.

The collected data were described and analyzed using statistical tools: Descriptive and inferential statistics including linear regressions with the help of SPSS. From the distributed 80 questionnaires to employees of the HTSC 70 questionnaires were collected.

In this chapter, the results of empirical study are reported and discussed. Presenting the demographic profile of respondents, and then proceeds to the employees of the HTSC, the overall goodness fit of the model, the relationship between the independent and the dependent variables and the level of significance of their correlation.

4.1 Demographic Data

The demographic information of respondent gathered for this study were gender, age, marital status, education level, years of service and monthly income

Table 4.1 Gender distribution of respondents

Gender	Frequency	Percent	Valid percent	Cumulative Percent
Male	40	57.14	57.14	57.14
Female	30	42.85	42.86	100
Total	70	100.00	100.00	

Source: Developed for this research

Table 4.1 presents the gender distribution of the respondents. Out of 70 respondents 40(57.1%) were male while 30(42.9%) were females. This indicates that majority of the Hidase Telecom Share Company employees are male. This implies that the male population of the company has the chance to be represented in every matter.

Table 4.2: Age of Respondents

Age Of Respondents	Frequency	Percent	Valid percent	Cumulative Percent
19-30	22	31.43	31.43	31.43
31-40	28	40.00	40.00	71.43
41-50	19	27.14	27.14	98.57
50 +	1	1.43	1.43	100.0
TOTAL	70	100	100.0	

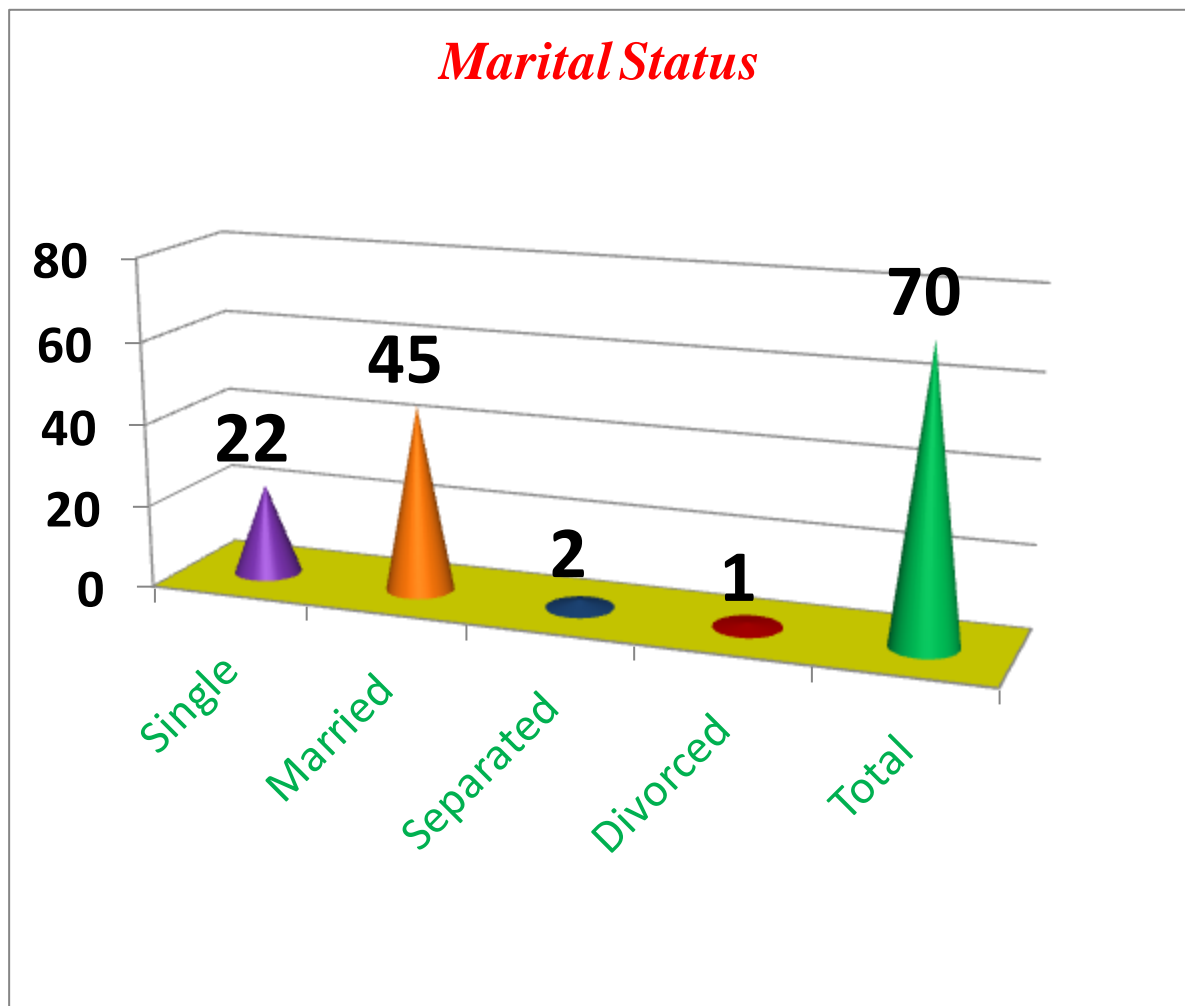
Source: Developed for this research

When we look at the age group of respondents, the larger no of employees is between the ages of 31-40 which adds to 28 respondents representing to 40 % of the total respondents. The second largest age groups which constitute 31.4% of the respondents are 19-30 years of age. The rest will cover 27.1% and 1.4% of the population which accounts 41-50 and above 50 years of age respectively. From this result we can observe that the majority of employees of the company are at the productive age group. Hence the corporation does not face the problem of aged employees.

Table: 4.3 Marital Status of respondents

Marital Status	Frequency	Percent	Valid percent	Cumulative Percent
Single	22	31.43	31.43	31.43
Married	45	64.29	64.29	95.72
Separated	2	2.85	2.85	98.57
Divorced	1	1.43	1.43	100.0
Total	70	100.0	100.0	

Source; Developed for this research



With regard to respondents' marital status, 22(31.43%) are single, 45(64.29%) are married and the rest 2(2.85%) were separated. and1 (1.43%) divorced. Research conducted on this area consistently indicates that married employees are more satisfied with their jobs than are their unmarried coworkers (Austrom et. al. 1988; Federico et. al. 1976; Garrison and Muchinsky 1977; Watson 1981). The reason may be marriage imposes increased responsibilities that may make a steady job more valuable and important. And job satisfaction is required to have a steady job. Many, in such cases, strive to coup up or adjust them with the facets they are dissatisfied with. (Azim,Haque and Chowdhury 2013)

Table4.4. Educational Qualification of Respondents

Level Of Education	Frequency	Percent	Valid Percent	Cumulative Percent
12 grade and below	2	2.85	2.85	2.85
Diploma	27	38.57	38.57	41.42
Degree	37	52.86	52.86	94.28
Masters and above	4	5.72	5.72	100.0
TOTAL	70	100.0	100.0	

Source: Developed for this research

The above table clearly shows that 38.57% of the respondents are diploma level graduates, 52.86% were BA/BSc holders and Masters and above graduate which is 5.72% of the respondents. The majority of the employees are BA/BSc degree holders these we can observe that they are kept satisfied they may have good career progression.

Table 4.5 Service Years at Hidase Telecom S/Co

Service Year	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	19	27.14	27.14	27.14
2 to 4 Years	16	22.86	22.86	50.00
More than 4 Years	35	50.00	50.00	100.0
TOTAL	70	100.0	100.0	

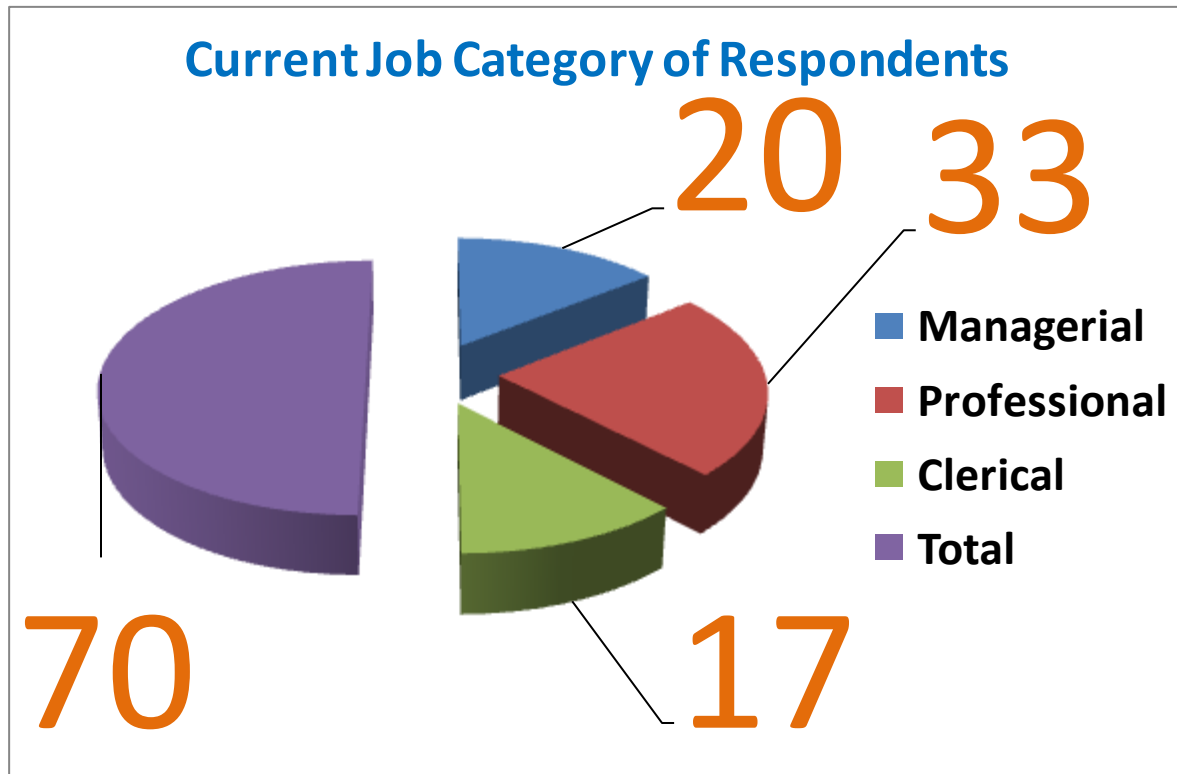
Source: Developed for this research

With regard to service years of respondents in Hidase Telecom Share Company the majority of the respondents have a service years of more than 4 years (50%) followed by less than 2 years of service respondents with 27.14%. The last groups of the respondents are employees with 2-4 years of experience. As the majority of the employees worked for more than three years, the information obtained from the respondents can be trusted to conduct meaningful analysis.

Table 4.6 Current Job Category of Respondents

Job Category	Frequency	Percent	Valid Percent	Cumulative Percent
Managerial	20	28.57	28.57	28.57
Professional	33	47.15	47.15	75.72
Clerical	17	24.28	24.28	100.0
TOTAL	70	100.0	100.0	

Source: Developed for this research



The respondents of this research were classified into three categories based on their position. From the above table we can see that Managerial employees constitute 20(28.57%) of the total respondents in the sample. The majority of the respondents are professional employees which accounts for 33(47.15%) of the sample drawn. The rest of the respondent i.e. clerical staff accounts 17(24.28%) of the total sample size. The percentage of professional employees like experts, s/officers and officers are larger than other categories. This happened due to the nature of the total population which accumulates large amount of employees in this job category.

Table 4.7 Salary Distribution of respondents

Income	Frequency	Percent	Valid Percent	Cumulative Percent
2001 -5000	23	32.85	32.85	32.85
5001-10000	36	51.42	51.42	84.27
10001-15000	9	12.85	12.85	97.12
Over 15000	2	2.85	2.89	100.0
TOTAL	70	100.0	100.0	

Source: Developed for this research

From the above figure we can observe that the majority of the respondents are earning 5000-10000 birr per month which accounts for 50% of the sample. The second largest respondents of the study are between 10000-15000 salary group which is 40 % of the sample. The rest 3% and 8% of the respondent salary are 2000-5000 and above 15000 birr respectively. This implies that all salary group of the company has been included and the researcher was not face difficulties to generalize its study for all salary groups.

4.2. Descriptive Analysis

In this section, the collected data was entered and reported using SPSS. The mean value of each satisfaction factor with respect to respondents' category is analyzed and presented.

Table: 4.8 Mean Distribution of Variables

VARIABLES	N	MEAN	Std Deviation(SD)
Pay	70	3.360	.780
Benefit	70	3.34	.601
Recognition	70	2.777	.897
Promotion	70	2.408	.850
Nature Of Job	70	3.720	.773
Working Condition	70	3.150	.679
Job Satisfaction	70	3.571	.771
Valid N (list wise)	70		

Source: Developed for this research

Table 4.5 shows the means and standard deviations of reward variables such as pay, benefits, recognition, promotion, nature of job and working condition rated by respondents. Descriptively, the average or mean level of job satisfaction in Hidase Telecom Share Company was 3.51 (SD = 0.77) on a five-point Likert Scale. This implies that, on the average, the employees of Hidase Telecom Share Company were not that much satisfied with overall job.

The result from this study shows that high mean result for nature of the job (M=3.72,SD=.773) , moderate for other variables like pay (M=3.36,SD=.78), benefit(M=3.34,SD=.60) to less mean scoring variables such as recognition (M=2.77 , SD=.89) , promotion((M=2.4 , SD= .85) and working condition(M= 3.15, SD=.67)

From the above table it is observed that financial rewards (Pay and Benefit) have a mean value of 3.33 (SD = .78) and non financial rewards have 2.65.This implies that the majority of the employees were relatively satisfied by financial rewards.

4.3 Correlation

The Pearson's Product Movement Correlation Coefficient was computed to determine the relationships between payment, benefit, recognition, promotion, nature of job and working condition with job satisfaction. Correlation analysis is a useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variables. If $r = 0$ there is no relationship between the variables and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between +1 and 0 or between 0 and -1, the different scholars have proposed different interpretations with slight difference. For this study diction rule given by Bartz (1999) was used. Bartz (1999) described the strength of association among variables as mentioned in Table 4.6 below.

Table 4.9 Interpretation of r value

VALUE OF R	DESCRIPTION
0.80 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very low
TOTAL	

Source: Bartz (1999)

Table 4.10 The Correlation among dependent and independent variables.

		Job satisfaction	Pay	Benefit	Recognition	Promotion	Nature of job	Working condition
Job Satisfaction	Pearson correlation	1	.712**	.139	.539**	.415**	.480**	.463**
	Sig (2 Tailed)		.000	.089	.000	.000	.000	.000
Pay	N	70	70	70	70	70	70	70
	Pearson correlation	.712**	1	.017	.398**	.271**	.319**	.359**
	Sig (2 Tailed)	.000		.839	.000	.001	.000	.000
Benefit	N	70	70	70	70	70	70	70
	Pearson correlation	.139	.017	1	.143	.145	.121	.016
	Sig (2 Tailed)	.089	.839		.080	.078	.140	.848
Recognition	N	70	70	70	70	70	70	70
	Pearson correlation	.539**	.398**	.143	1	.635**	.387**	.451**
	Sig (2 Tailed)	.000	.000	.080		.000	.000	.000
Promotion	N	70	70	70	70	70	70	70
	Pearson correlation	.415**	.271**	.145	.635**	1	.257**	.310**

	Sig (2 Tailed)	.000	.001	.078	.000		.002	.000
Nature of job	N	70	70	70	70	70	70	70
	Pearson correlation	.480**	.319**	.121	.387**	.257**	1	.349**
	Sig (2 Tailed)	.000	.000	.140	.000	.002		.000
Working condition	N	70	70	70	70	70	70	70
	Pearson correlation	.463**	.359**	.016	.451**	.310**	.349**	1
	Sig (2 Tailed)	.000	.000	.848	.000	.000	.000	

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

* . Correlation is significant at the 0.05 level (2-tailed).

Significant correlation existed between payment and employee job satisfaction ($r=0.71$, $p<0.01$). This implies that increase or decrease in payment or salary is associated with similar change in employees' job satisfaction. The correlation analysis indicates that there is a positive correlation exist between benefit and employee job satisfaction ($r=0.139$, $p >0.01$).

Recognition has significant and positive relation with job satisfaction ($r=0.539$, $p<0.01$). From this correlation we can observe that recognition employees has positive impact on employees' job satisfaction. The correlation of promotion with job satisfaction has ($r=0.415$, $p<0.01$) has positive and significant relation with dependent variable job satisfaction. Employee promotion has significant impact on job satisfaction.

There is a significant relationship between nature of the job and employee job satisfaction ($r=0.480$, $p<0.01$).

There was also a significant relationship between promotion and employee job satisfaction ($r=0.415$, $p<0.01$). If there is a good promotion scheme and practice has positive impact on their job satisfaction.

4.4 Regressions Analysis

Multiple regression analysis applied to find out whether there was statistically significant relation surfaced between Job Satisfaction and the six dimension of job satisfaction or not.

Moreover, it helped to devise a formula that shows the relation between the dependent variable (Job Satisfaction) and the independent variables (payment, benefit, recognition, promotion, nature of job and working condition).

Table 4.11 Multiple Regression Analysis and Model

MODEL	R	r square	adjusted r square	Std. Error of the Estimate
1	.802 ^a	.643	.628	.47087
a. Predictors: (Constant), Working Condition , Benefit, Promotion, Nature of Job, Pay, Recognition				

ANNOVA^b

Model	Sum of squares	Df	Mean square	F	Sig
REGRESSION	57.036	6	9.506	42.875	.000 ^a
RESIDUAL	31705	143	.222		
TOTAL	88.741	149			

a. Predictors: (Constant), Working Condition, Benefit, Promotion, Nature of Job, Pay, Recognition

b. Dependent Variable: Job Satisfaction

Coeficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std error	Beta	T	Sig
1	Constant	-137	.314		-437	.663
	Pay	.526	.056	.532	9.391	.000
	Benefit	.094	.065	.073	1.442	.151
	Recognition	.116	.062	.135	1.871	.063
	Promotion	.083	.059	.091	1.407	.162
	Nature of job	.185	.056	.185	3.289	.001
	Working condition	.132	.066	.117	1.995	.048

a. Predictors: (Constant), Pay, Benefit, Recognition, Promotion, Nature of Job, Working Condition

The model analysis includes the independent variable (Pay, Benefit, Promotion, Recognition, Nature of Job and Working Condition) and dependent variable (Job Satisfaction). As indicated in the above model summary and ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable, $R=.802$, adjusted $R\text{ square}=.643$, $F=42.84$ ($p=0.000$). An estimated 64.3% of total variation in the dependent variable, job satisfaction, is jointly explained by the predictors, i.e., pay, benefit, promotion, recognition, nature of job and working condition where as 35.7% is explained by other factors.

4.4.1 Hypothesis Testing

Based on the above regression multiple regression model the hypothesis of the study are tested and presented as follows:

H1: There is positive and significant relationship between Payment and Job Satisfaction.

The $P < 0.05$ and the Value of Beta value .526 which shows that 52.6% variance in employee job satisfaction is due to Payment. Thus payment has positive and significant relation with job satisfaction. Therefore H1 is supported.

H2: There is positive and significant relationship between benefit and employees job satisfaction.

The P-value is > 0.05 and the Beta value is .094 which shows that 9.4% variance in employee job satisfaction is because of benefit. Therefore, benefit has no relationship with job satisfaction. Therefore H2 is not supported. According to Artz(2008) fringe benefit do not provide a convincing determinate factor for all package under study and hence fringe benefit cannot be considered to have an effect on employee job satisfaction. Since fringe benefits differs in type and amount from company to company its effect on job satisfaction needs further study. Artz (2008).

H3: There is positive and significant relationship between recognition and job satisfaction.

Recognition has p-value $< .05$ and B value is .116 which means 11.6% variance in employee job satisfaction is due to Recognition. And hence satisfaction with recognition has no relationship with job satisfaction. Therefore H3 is not supported.

According to Padilla-Velez (1993), reported a low level of relationship between job satisfaction and the recognition aspects of their job for vocational teachers in Puerto Rico.

Bowen and Radhakrishna (1990), Cano and Miller (1992) failed to find a significant relationship between job satisfaction and recognition (as cited by Castillo, 1999).

H4: Promotion is positively and significantly correlated with employee job satisfaction

Promotion is positively related with employees' job satisfaction, its p-value $> .05$ and B is .083 which means 8.3% variance in employee job satisfaction is due to promotion. Therefore H4 is not supported. Azim and Sharma (2012) Study finding suggesting that satisfaction with promotion opportunities do not have a direct and positive impact on job satisfaction.

H5: Nature of the job is correlated positively and significantly with job satisfaction.

The fifth hypothesis is positively related with employees' job satisfaction, its p-value < 0.05) and its Beta value is .185. Which means 18.5 % of variance in job satisfaction is due to Nature of the job. And hence nature of the job has positive and significant relationship with job satisfaction. Therefore, H5 is supported.

H6: There is positive and significant relation between working condition and job satisfaction.

The working condition is positively related with employees' job satisfaction, its p-value < .05 and its Beta value is .132. This implies that 13.2% of variance in job satisfaction happens due to working condition. Hence nature of the job has positive relationship with job satisfaction. Therefore, H6 is supported.

Regression between Financial Rewards and Non Financial Rewards with Job satisfaction

Regressing the predictor financial rewards and non financial rewards with dependent variable job satisfaction revealed the following results.

Table 4.12 multiple regression between Financial and Non financial rewards with Job Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.754 ^a	.568	.563	.51043

Annova^b

Model	Sum of square	Df	Mean square	F	Sig
Regression	50.442	2	25.221	96.801	.000 ^a
Residual	38.300	147			
Total	88.741	149			

a. Predictors: (Constant), Non Financial Rewards, Financial Rewards

b. Dependent Variable: Job Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std error	Beta		
1 (Constant)				-1.574	.118

Financial Rewards	-.474	.301	.449	7.425	.000
Non Financial Rewards	.698	.094	.438	7.236	.000

a. Dependent Variable: Job Satisfaction

Source: Developed for this research

Result of the above regression analysis between Financial Rewards and Non Financial rewards with Job Satisfaction shows that the value of F statistics 96.801 at 2 and 147 degrees of freedom is statistically significant at 99% confidence which means that model is statistically significant. The R² of the model is 0.568, which shows that approximately 56.8 % of variance in dependent variable (job satisfaction) can be explained by the linear combination of the independent variables financial and non financial rewards.

Analysis of Variance (ANOVA)

Under this part the researcher investigated whether there are differences in job satisfaction based on biographical characteristics of the sample or not.

The independent T-Test – is used for testing the differences between the means of two independent groups. In this research, it is applied to test whether there were differences in job motivation based on gender.

Independent T-Test

Job Satisfaction	Levene's Test for Equality of Variances							
		F	Sig	t	Df	Sig	Mean Diff	Std error Dif
	Equal variances assumed	3.447	.065	.066	148	.948	.00947	.14414

	Equal variances not assumed			.057	53.400	.955	.00947	.16606
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Table 4.13: Means Value of Gender on Job Satisfaction

Independent Variable	Gender	N	Mean	St d Deviation	St d Deviation
Job satisfaction	Male	40	3.5736	.70377	.0668
	Female	30	3.5641	.94947	.1520

Source: Developed for this research

Table 4.13 analyze the statistical significance of the mean job satisfaction for male is 3.57 and female 3.56 in Levens table t-test was applied. From the table it can observe that there is no significant difference in level of job satisfaction between male and female employees.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter comprises of the summary of findings, conclusions, and recommendations of the research study.

5.1 Summary of Findings

This study aimed to investigate the Impact of reward system on employee job satisfaction in Hidase Telecom Share Company head office employees based on the questionnaire distributed to randomly selected employee of 80 respondents. From the distributed 80 questionnaires 70 were returned and the response rate was 87.5% which is acceptable for data analysis and discussion of the study.

According to the findings of the study, three fourth of Hidase Telecom Share Company positions are occupied by male employees.

The study also finds that more than half of the employees are married, most of the employees have first degree and significant number of employees have adequate service years of experience.

It was also found In the descriptive analysis most of the respondents are male 40(57%), 40 % aged in category of (31- 40) and 53 % of the respondents are BA/BSc holders. The result of the central tendency also shows that, the most indicator of job satisfaction was pay and benefit followed recognition, promotion, nature of job and working condition.

The other finding shows that the mean value and standard deviations of nature of the job (Mean=3.72, SD = .77) is higher than other values in the study. This implies that if there is conducive nature of job an employee job satisfaction will remains high. Pay is a subsequent variable which has a mean and standard deviation value of (M=3.36, SD=.78). Job satisfaction has a mean value of (M=3.57, SD= .771) which implies that the employees of Hidase Telecom Share company are moderately satisfied. The least mean value of independent variable is promotion (M=2.4, SD=.85).

Results from Pearson's Product Moment Correlation Coefficient and as per Bartz (1999) interpretation of r value were used to discuss the relationship between dependent variable job satisfaction and an independent variables pay, benefit, recognition, promotion, nature of job and working conditions.

The relation between dependent and independent variable shows that there is statistically significant relationship exist between all variables of rewards and job satisfaction. But financial reward variables have high degree of relationship with job satisfaction of employee's than non financial reward variables in this study. The highest value of relation found on pay (0.712**) the lowest point of correlation were benefit variable (.139**). The rest of independent variables like recognition and promotion also have no relation with dependent variable job satisfaction.

The model summary of multiple regression analysis revealed that the R square value of 0.568, demonstrates that 56.8% of variation in job satisfaction explained by the reward system considered in this study. The F-Statistic suggests that all the independent variables of job satisfaction together significantly predict the variation in job satisfaction at 95% confidence level. All job satisfiers financial (pay and benefit) and non financial (like recognition, promotion, Nature of work and working condition) are statistically significant in determining the variation in job satisfaction, at 99% confidence level.

5.2 Conclusion

After summarizing the findings related to research variable analysis the researcher conclude the following :

Payment is a major factor for employee's job satisfaction at HTSC. Based on the findings of this study employee satisfaction with pay is not satisfactory. Therefore pay is major areas of concern for the company.

Benefit has no relation with employee job satisfaction in HTSC. This may happen due to positive link between level of position and accompanied benefit. This can better explained if an employees' position has increased the chance to get more benefits will increase at HTSC.

Promotion has lowest mean and high standard deviations in this study. In HTSC employee promotion is not systematical and not mostly based on merit. Due to this the result we found on the variable implies that there is no relationship between promotion and job satisfaction of HTSC employees.

Nature of the job is the employees' satisfaction with the type of work they do (Spector 1997). In the study of this research it is found that there is significant relation between nature of the job and job satisfaction. Beside this the mean and standard deviation ($M=3.72$ and $SD=.77$) is the highest of all independent variable. This indicates that improving nature of nature of the job needs attention from the company side.

There is a significant relationship between rewards system both financial and non-financial and with a particular dimension of job.

In this study working condition has positive and significant relation with job satisfaction.

When we analyze the items related to policy and procedure more than 50% of the respondents are not satisfied with the existing policy and procedure work load. Thus the company has to do something to poor working conditions.

More than half of the employees are married, most of the employees have first degree and significant number of employees have adequate service years of experience. From this, one can conclude that

the distribution of resources in this organization inclined to males and most of the employees have the necessary experience and educational qualification to assume higher responsibilities.

less attention given to value of the work done. Hence the practice to recognize for the work done is less or poor at HTSC.

In general, the research study achieved its aims of defining and assessing the Impacts of reward system on employee's job satisfaction at Hidase Telecom Share Company head office employees.

5.3 Recommendation

Taking into account the findings and conclusion of this study, the researcher needs to recommend the following points in relation to the Impact of reward system on employees' job satisfaction at Hidase Telecom Share Company

The company should redesign its salary scale and payment structure based on the inflation rate and market condition and hence the highest influential factor for job satisfaction will be controlled.

There must be an appropriate promotion scheme and career path policy and procedure which have to be fairly and equitably apply for all the employees.

The nature of the job should be studied, the complexity, work over or under load position has to be known and the relation of the existing job with other has to be clarified this will reduce role ambiguity and improve organizational performance.

Based on the nature of the job the company should introduce job enlargement, job enrichment and job rotation to reduce the boredom and enhance the skill variety of its employees.

The company should study the existing working conditions and create conducive, exciting and attractive working atmosphere to motivate its staff and enhance their productivity.

The company should conduct a measurement or survey on the existing level of satisfaction of its employees by external or internal professionals and effectively implement the areas of improvement pointed by its employees. This will enhance the working relation and maximize the productivity of company.

The findings of this study shows majority of employees are more concerned with financial rewards.

Thus the company should continually review and adjust the financial rewards given to its employees.

Future research studies can be conducted on investigating other variables like task autonomy, work relation, organizational culture and leadership style and their effect on employees' job satisfaction

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Appendices

ANNEX A: QUESTIONNAIRE



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committed to excellence

**ST. MARY UNIVERSITY
DEPARTMENT OF GRADUATE STUDIES
MA DEGREE IN HUMAN RESOURCE MANAGEMENT PROGRAM
A QUESTIONNAIRE TO BE FILLED BY EMPLOYEES OF HIDASE TELECOM SHARE COMPANY**

Researcher: Birhane Demeke (Contact Address: 09-47-74-67-69)

Research Topic: -Assessment of Reward System and its Impact on Employee Job Satisfaction' (A case of Hidase Telecom Share Company)

Dear Respondents,

I am a postgraduate student of the above mentioned institution. I am currently undertaking a research project on Impact of rewards system on employee' job satisfaction / Hidase Telecom Share Company/. You are selected as a possible participant because you are an employee of this organization. Your participation in the study is completely voluntary.

The research work is for academic purpose only. Any information obtained in connection with this study will remain strictly confidential and not to be shared to any of your organization's administrators, supervisors, employees, etc.

The questionnaire will take approximately 15-20 minutes of your time. Your honest and true opinion will be valuable for this research. Thank you in advance for your assistance.

Birhane Demeke

Directions for filling the questionnaire

- ✚ Do not write your name
- ✚ Put “√ or ×” mark in the box provided for choice questions
- ✚ Your response will be utilized only for the purpose of this survey.
- ✚ Your honest and unbiased response will greatly contribute for the research to achieve its objective.

Part I: Demographic Information

Instruction: Put √ or × sign in the box answer to the questions of your choice.

1. **Gender** Male Female

2. **Age** 19-30 years old 31-40 years' old 41-50 years' old > 50 years' o

3. **Marital Status** Single Married Separated Divorced Widow

4. **Education level** 12 grade or less Diploma/level Bachelor Masters and above

5. **Service years at HTSC** _____

6. **Current Position** _____

7. **Monthly Income in Birr** _____ (including all extra allowances)

PART II: Reward and Employee job satisfaction.

Using the scale given below, please circle or tick √ the number in each phrase that best represents the extent to which you agree with the given phrase. Before you start, quickly read through the entire list to get a feel for how to rate. Remember there is no right or wrong answers, and your honest opinion is critical to the success of this stud

Instruction: Please indicate the extent to which you either **agree** or **disagree** with the following statements

1= Strongly Disagree 2= Disagree 3=Neutral 4=Agree 5=Strongly Agree

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Pay						
1	I feel I am being paid a fair salary amount for the work I do.	1	2	3	4	5
2	The periodic salary increment amount is so good.	1	2	3	4	5
3	I feel satisfied with the bonus schemes of the company.	1	2	3	4	5
Fringe Benefits						
4	I am satisfied with the benefits I receive	1	2	3	4	5
5	The benefits we receive are as good as most other organizations offer.	1	2	3	4	5
6	The benefit package we have is equitable .	1	2	3	4	5
Recognition and Appreciation						
7	When I do a good job I receive recognition for that.	1	2	3	4	5
8	I feel that my job receives enough attention from my company	1	2	3	4	5
9	The company gives me enough authority for my job assignment	1	2	3	4	5
Promotion						
10	There is really high chance for promotion on my job.	1	2	3	4	5
11	Those who do well on the job have a fair chance of being promoted	1	2	3	4	5
No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12	People get promoted as fast here as they do in other places	1	2	3	4	5
13	I am satisfied with the overall promotional schemes of my job	1	2	3	4	5
Nature of the Job						

14	I feel my job is highly valuable	1	2	3	4	5
15	I like doing the things I do at work.	1	2	3	4	5
16	I feel a sense of pride in doing my job.	1	2	3	4	5
Working Condition						
17	My job is enjoyable	1	2	3	4	5
18	Company rules and procedures are conducive for work	1	2	3	4	5
19	There is no work under load in my current job	1	2	3	4	5
20	There is no work overload in my current job	1	2	3	4	5
21	I feel that the organization has trust on me	1	2	3	4	5
22	I feel that the organization has confidence on me	1	2	3	4	5
Measure of Dependent Variables						
1	All in all, I am satisfied with my job.	1	2	3	4	5
2	In general, I like my job.	1	2	3	4	5
3	In general, I like working here.	1	2	3	4	5

Part III. Comments and Suggestions

1. In your opinion, do you think that reward and compensation practices influence employees' job satisfaction in your organization?

Yes No

2. What is your reason for your answer to question No. 1 above?

3. In your opinion, what are the real problems that you observe regarding rewarding practices of the company?

4. Would you please suggest if there is anything to be changed with regard to the current reward practices of the company?

5. Any suggestions you would like to share, please write it down.

Thank you for your support in completing the questionnaire!!!

Appendix B: Mean and Standard Deviation of Financial and Non Financial Rewards

Item	Mean	Standard Deviation
Measures of Independent Variables		
Financial Rewards		
Pay		
I feel I am being paid a fair salary amount for the work I do.	3.29	.878
The periodic salary increment amount is so good.	3.49	.946
I feel satisfied with the bonus schemes of the company.	3.29	.886
Average	3.35	0.9
Benefits		
I am satisfied with the benefits I receive	3.56	1.03
The benefits we receive are as good as most other organizations offer.	3.15	1.04
The benefit package we have is equitable.	3.32	.91
Average	3.34	.99
Non Financial Rewards		
Appreciation and Recognition		
When I do a good job I receive recognition for that.	2,45	1.179
I feel that my job receives enough attention from my company	2.933	1.127
he company gives me enough authority for my job assignment	2.946	1.054

Average	2.77	1.12
Promotion		
There is really high chance for promotion on my job.	2.33	.987
Those who do well on the job have a fair chance of being promoted	2.48	1.049
People get promoted as fast here as they do in other places	2.38	.953
I am satisfied with the overall promotional schemes of my job	2.43	1.012
Average	2.4	1
Nature of the Job		
I feel my job is highly valuable	3.26	1.334
I like doing the things I do at work.	4.03	1.012
I feel a sense of pride in doing my job.	3.87	.971
My job is enjoyable	3.70	1.052
Average	3.715	1.09
Working Condition		
Company rules and procedures are conducive for work	3.233	1.119
There is no work under load in my current job	2.98	1.092
There is no work overload in my current job	2.96	1.160
I feel that the organization has trust on me	3.12	1.146
I feel that the organization has confidence on me	3.44	1.006
Average	3.146	1.104
Measures of Dependent Variables – Job Satisfaction		

All in all, I am satisfied with my job.	3.48	.92
In general, I like my job.	3.8	.882
In general, I like working here.	3.4	.937
Average	3.57	.771

Note: Scale range from “1=Strongly Disagree” to “5=Strongly Agree”