



ST MARY UNIVERSITY
SCHOOL OF GRADUATES STUDIES

**EFFECTS OF REWARD ON EMPLOYEE JOB SATISFACTION IN
ETHIOTELECOM**

BY
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ADDIS ABEBA ETHIOPIA

**EFFECTS OF REWARD ON EMPLOYEE JOB SATISFACTION
IN ETHIOTELECOM**

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

I, hereby declare that this work entitled “**The effects of Rewards on Employees’ Job satisfaction**” “In the case of Ethio telecom is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently on my guidance and suggestion of my Advisor Temesgen Belaynehe (PHD). All information in this document acquired and presented in agreement with the academic rules and ethical conduct. It is submitted for the partial fulfillment of the Master degree of General Business Administration.

Wubye Kebede

Signature and Date

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Abstract

The main objective of this study was to explore the effects of reward on employees' job satisfaction in Ethio telecom. The objective of this study mainly crucial for the company to have satisfied, energetic, competent and committed staff for better chance of achieving the overall objectives and goals of the company. The study used both primary and secondary source of data. A quantitative research approach of the data collection used and 85 questionnaires were distributed and 73 completed usable questionnaires for response rate of 86.8% returned. Stratifying sampling method was used and employees were selected from each stratum with a simple random sampling technique. Data was analyzed using descriptive, correlation and multiple regression analysis. The correlation result has entailed that opportunity for promotion and work environment is found to have strong positive relationship ($r=0.486$, $r=0.714$, $p<0.01$ and) with employees job satisfaction, similarly moderate relationship obtained with benefit ($r=0.331$, $p<0.01$),and Training &development ($r=0.487$, $p<0.01$). Finally, the study suggest that as extrinsic and intrinsic rewards are a motivator factors in the enhancement of employees' job satisfaction, the researcher recommended that the concerned bodies need to try their best to revise and adjust reasonable reward packages better than the present one in order to accommodate and satisfy its work force employees as well as to enhance and achieving of overall objectives of the company.

Key words: Employees' Job satisfaction, extrinsic reward, Intrinsic Reward, Benefit

CHAPTER ONE

INTRODUCTION

This chapter introduces background of the study, Statement of the problem, Research question, Objectives of the study, Significance of the Study, scope of the study, limitation of the study and Operational Definition of Terms.

1.1 Background of the Study

The success of any organization in the long run depends very much on the quality of its human resources. This is especially true in the service oriented industry like Ethio telecom where improvements in service have to be made to meet the rising expectation of the customers. Trying to fulfill the expectation of customers, the company has to retain the good performer and efficient workforce. Among a blend of retention mechanism reward management is the one. A well-designed reward system along with the firms' strategies and human resource management has a great deal of relationship on attracting, acquiring, maintaining and motivated and satisfied employees to accomplish their task effectively and efficiently. (Markova and Ford (2011)).

According to Armstrong (2007), reward management deals with the strategies, policies, and processes required ensuring that the contribution of people to the organization. Many researchers have found that employees' job satisfaction is affected by both financial and nonfinancial rewards (Gerald and Dorothee, 2004; Clifford, 1985; Kalleberg, 1977; and Rehman, Khan, Ziauddin and Lashari, 2010). An ineffective reward management will affect employees' satisfaction and de-motivate them, hence affecting their performance outcome.

According to Luthans (2000), there are two basic types of rewards, financial and non-financial and both can be utilized positively to enhance performance behaviors and job satisfaction of employees. Financial rewards mean pay-for-performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non-financial rewards are non-monetary/non-cash and it is a social recognition such as acknowledgement, certificate, and

genuine appreciation etc. The non-financial rewards is also called materials award (Neckermann and Kosfeld, 2008).

In most organizations poor reward systems lead to lower satisfaction and in turn produces very low organizational commitment (Caruth& Handlogten, 2001). Employees who experience job satisfaction are more likely to be productive, effective performers and committed to the organization. Research has shown that increased job satisfaction improves employees' organizational commitment, performance and creativeness, and reduces absenteeism and turnover (Oshagbemi, 2010). Reward systems are made up of compensation, incentives and benefits provided for the employee as a reward for their contribution to the organization (Sims 2002). Poor reward packages are seen by employees as a source of unfairness in the system which causes the employees to become dissatisfied with their jobs resulting into lack of commitment thus affecting their overall performance (Bratton & Gold, 2007).

The lack of rewards will create an unpleasant environment, thus diminishing employees' work efforts and may cause them to withdraw from their jobs. For these reasons, rewards are increasingly important. The researcher therefore tried to assess effect of rewards systems in employee job satisfaction by selecting benefits, opportunity for promotion, work environment and training and development as independent variables and job satisfaction as dependent variable.

1.2 Statement of the problem

As stated by Byars (1996), rewards have been as the most powerful motivators of performance that leads to job satisfaction. In today business climate rewards have become more important than ever for several reasons. Managers have fewer ways to influence employees and shape their behavior. If their needs are satisfied the staff would be motivated to perform effectively and efficiently. As an employee of Ethio telecom, the researcher's personal observation testifies that most of the issues in management meeting are about employees' job dissatisfaction and their undesired behavior in the working atmosphere, absenteeism, late coming of employee and staff turnover.

In relation to the reward practices, the researcher of this study has a doubt that the existing reward management practice of the company had not been satisfying their needs. In connection to this the researcher is highly interested in assessing employee opinion on the existing reward system and its association on the employee job satisfactions in the attainment of the overall objective of the company. If this problem is not well address from the outset, it will be so difficult for the organization to achieve its objectives and realize its vision. To the best of the researcher's knowledge, no research was conducted to address this problem. This research was also done to fill this gap through theoretical discussion and empirical findings.

1.3 Research Questions

This research tried to deal with the following main and specific questions. The main research questions the paper tried to address, the effect of reward practices on job satisfaction. While the specific research questions include:

1. How intrinsic and extrinsic rewards (benefit, opportunity for promotion, work environment and Training dev) affect employee job satisfaction?
2. Is there any relationship between rewards (i.e promotion, benefit, training and development) and employees' job satisfaction?
3. What is the effect of rewards on employee job satisfaction?

1.4 Research Objective

The general and specific research objectives of the study are presented below.

1.4.1 General Objectives

The general or main objective of this research is to investigate the effect of reward practices on employee's Job satisfaction in Ethio telecom.

1.4.2 Specific Objectives

The specific objectives of the study are:

- To identify which reward contributes on employee job satisfaction

- To identify the effect of Intrinsic and extrinsic Rewards on employees job satisfaction of the company. (benefit, opportunity for promotion, work environment and Training and development).
- To identify to what extent the employees are satisfied with the effect of rewards that are put into use in the company.

1.5 Significance of the Study

This research anticipates discovering how reward systems in Ethio telecom contribute to employee job satisfaction in order to maintain better reward system, motivate employees and leads them to put their unreserved effort for the overall objective attainment of the organization. In addition to this the study is significant to give feedback to employees, employers, other stakeholders and researchers about the organizations current reward system. The outcome of the current study made the organization to get insight on what it takes to improve its reward system with respect to the job satisfaction in order to satisfy, maintain and retain its most valuable asset of human resource and would provide understanding of the general trend of the organization and set to act managers to take quick action to the concerns of employees.

Furthermore, the study may serve as a reference and base for future researchers who want to conduct detailed research on the issue.

1.6 Scope of the study

Among a blend of human resource management practices, the study focused only on reward practice, as it has a great impact on retaining and creation motivation on employees' job satisfaction. Among the variables which have association with employee job satisfaction, the researcher was initiated to identify the effect of selected reward practice (opportunity for promotion, work environment, benefits and training and development) with the intension of selecting variables which have a strong relation with employee's job satisfaction.

1.7 Limitation of Study

Some respondent's didn't able to return the questionnaire timely. This may create difficulty to finalize the research timely. Moreover, the study did not address the whole employees of the Ethio telecom to give the full insight of the reward practice of the organization. The research study is limited to ethio Telecom employees located at the six zonal offices. Though Ethio Telecom has many regional zones spread across the country, the research only covers Addis Ababa.

Therefore; the research is limited on the selected Division which found in the organization of the Head office.

1.8 Definition of Terms

The following operational definitions are given for the terms used in this study

Reward is something given or received for worthy behavior, or compensation given as an inducement to cause a desired act or circumstance to occur (Armstrong, 2007).

Job satisfaction- This is the feeling by the employee towards the job they do with regard to conditions of work and the rewards accrued.

Intrinsic rewards- refers intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal(Hafiza, Shan, &Jamshed, 2011).

Extrinsic Reward - extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. Extrinsic rewards can be in terms of salary or pay, incentives, bonuses, promotions, job security, etc.(Hafiza, Shan, &Jamshed, 2011).

1.9 Organization of the Study

The organization and overall content of the study have five chapters. The first chapter deals with the introduction part of the study which includes background of the study, statement of the

problem, research question research objective, significance of the study, scope of the study, limitation of study, Definition of terms and organization of study. Review of related literature presented in the second chapter. The third chapter focuses on research methodology. The fourth chapter concentrated on data analysis and interpretations and on the fifth chapter summary of findings, conclusions and recommendation is presented. At the end of the chapters bibliography and annexes attached.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Concepts of Reward Management

As explained by Armstrong and Murlis (2007), reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly equitably and consistently in accordance with the value they bring to the organization. It deals with the development of reward strategies and the design, implementation and maintenance of reward systems (reward processes, practices, and procedures) which aim to meet the needs of both the organization and its employees'.

As Armstrong (2010) stated, the aims of reward management are to Reward people according to the value they create. Align reward practices with business goals and with employee values and needs. Reward the right things to convey the right message about what is important in terms of behaviors and outcomes.

Reward the right things to convey the right message about what is important in terms of behaviors and outcomes; Help to attract and retain the high-quality people the organization needs; Motivate people and obtain their engagement and commitment; Support the achievement of business goals through high performance; Develop and support organizations' culture; Define what is important in terms of behaviors and outcomes; Reward people according to what the organizations values; Win the engagement of people and develop a high-performance culture;

The task of developing a strategic rewards framework for organizations is usually challenging but necessary to survive in the competitive and changing market place. The process however cannot be copied from the organizations but needs to be designed, developed and grown within the unique environment of the organization (Wilson, 2003). A well designed incentive program rewards measurable changes in behavior that contribute to clearly defined goals. The challenge in developing such a program lies in determining what rewards are effective agents of change, what behaviors can be changed and the cost and benefits of eliciting change (Hartman et al,

1994). Employees should be aware of the relationship between how they perform and the rewards they get. Organizations should apply performance management programs which assist in planning employee performance, monitor performance by effecting proper measuring tools Rewards should be used as a way of strengthening good behavior among employees as well as productivity. Hence reward systems should focus on reinforcing positive behavior. Employees could be rewarded for working overtime, taking initiative, team work, reliability, exceptional attendance, outstanding customer feedback, meeting deadlines or timeliness, productivity etc. Employers and managers should then design or come up with a system to measure or quantify all these aspects so that rewards are then given accordingly.

A good reward system that focuses on rewarding employees and their teams will serve as a driving force for employees to have higher performance hence end up accomplishing the organizational goals and objectives. An effective reward program may have three components: immediate, short-term and long term. This means immediate recognition of a good performance, short- term rewards for performance could be offered monthly or quarterly and long- term rewards are given for showing loyalty over the years (Schoeffler, 2005). Immediate rewards are given to employees repetitively so that they can be aware of their outstanding performance. Immediate rewards include being praised by an immediate supervisor or it could be a tangible reward. Short term rewards are made either monthly or quarterly basis depending on performance. Examples of such rewards include cash benefits or special gifts for exceptional performance.

Rewarding should not only be applied to individual employees within the organization but also to teams that perform excellently. Incentives given for good behaviour usually improve the relationship between the employees and management because employees feel that they are being appreciated for their efforts and good work. This leads to increased employee morale, better customer care as well as increased productivity. Long-term rewards are awarded to employees who have been performing well. Such an employee will become loyal to his or her organization and it reduces employee turnover. Long term rewards include being made partner, or cash benefits that mature after many years of service or at retirement. These rewards are very strategic for retaining the best human resources (Yokoyama, 2010). For rewards to be effective, they have

to be seen as fair. This means there has to be openness with respect to information about how the reward system operates and how employees will be rewarded. Employees should also be involved in designing the reward system and its administration (Jenkins, 1992)

2.2 Reward System

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

Employees will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management. There are many factors that affects employee performance like working conditions, worker or employer relationship, promotion and development opportunities, job security and company's overall policies and procedures for rewarding employees, etc. (Aktar,Sachu, \$ Ali, 2012)

2.2.1 Definition of Reward Systems

According to Porter and Lawler (2003), reward systems are the foundation of organization performance, and experience has shown that they can be quite difficult to design and implement in ways that both employer and employees view as mutually beneficial and satisfactory. Nevertheless, Kirimi and Minja (2011) argue that human resources specialists should establish reward systems that recognize those that positively impact the process of change. The wins should be celebrated and those responsible should be recognized. Therefore, reward systems encourage organizations to recognize their employees so as to motive them both intrinsically and extrinsically.

In the same way Porter, Kirimi and Minja have suggested. It is important to recognize and appreciate employees so as to increase organization's performance and this implies that those employees who perform best get a higher pay and incentives as compared to those whose

performance is less. However, there are situations that may call for the application of rewards to motivate the fewer performers.

However, according to Porter et al. (2003), organizations should come up with reward systems that satisfy the better performers and encourage them to stay with the organization. It should attract the achievement-oriented individuals because such employees tend to prefer environments where performance is rewarded.

An employee reward system consists of an organization integrated policies processes and practices for rewarding its employees in accordance with their contribution skills, competence and their market worth. It is developed within the framework of the organization reward philosophy, strategies and policies and contains arrangements in their form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay benefits and other forms of rewards. Armstrong (1999), acknowledgements that the reward systems consist of financial rewards (fixed and variable pay) and employee benefits which together comprise total remuneration. The system also incorporates non-financial rewards (recognition, praise, achievements, responsibility and personal growth)

Employee Reward System must be integrated and supportive with the corporate strategic objective; further reward system must be unbiased and discourage interdepartmental and organizational differences. (Gomez-Mejia and Balkin, 1992). Encouragement of employee's performance and creating sense of ownership in achieving tasks different business setups have been using various incentives, reward and pay system (Cameron and Pierce,1977).

2.3 Types of Reward System

2.3.1 Financial Rewards Vs Non-Financial Rewards

As stated by Casio and Namburdi (2010), reward is able to classify as financial and non-financial rewards. Financial rewards comprise direct payments plus indirect payment in the form of employee benefits. Non-financial rewards embrace everything in a work environment that enhance a worker's sense of self-respect and esteem by others that might be safe work

environment, recognition, and appreciation, opportunity for growth, effective supervision, and other. Such types of rewards have a great contribution for the success of organization retention mechanism.

2.3.2 Intrinsic Rewards vs. Extrinsic Rewards

Rewards can be also extrinsic or intrinsic. As suggested by Hafiza, Shan, and Jamshed (2011) extrinsic rewards are tangible rewards and these rewards are external to the job or task performed by the employee. Extrinsic rewards can be in terms of salary or pay, incentives, bonuses, promotions, job security, etc. Intrinsic rewards are intangible rewards or psychological rewards like appreciation, meeting the new challenges, positive and caring attitude from employer, and job rotation after attaining the goal.

2.3.2.1 Intrinsic rewards

Intrinsic rewards are intangible in nature. We cannot touch them with our hands but only feel them such as appreciation, caring attitudes from employer and job rotation. Intrinsic rewards are the rewards within the job itself such as satisfaction from completing a task, appreciation from employer. Loyalty of employees depends upon rewards and recognition. Mottaz (1985) said that intrinsic rewards are of different kinds. Task rewards are example of it and they refer duties and responsibility of an employee. Intrinsic non-monetary rewards can also be defined as the appreciation which an employee gets by his or her efforts by completing his job (Porter & Lawler, 1968). Malhotra et al. (2007) explained that intrinsic non-monetary rewards influence the loyalty of an employee more effectively than extrinsic rewards.

2.5.2 Extrinsic reward

All monetary rewards are included in this category (Martocchio, 2011).The non-monetary ones are included here under work-life balance policies reward people by recognizing their needs outside work by, for example, adopting family-friendly policies, including the provisions of more flexible working arrangements (Bogler.et al, 2010)

Employee wellbeing services can be provided for individuals to help them deal with their problems. This may involve counseling or personal casework where the aim is as far as possible to get individuals to help themselves (Kalleberg, 1997) Concierge services provide employees with help by undertaking mundane personal tasks such as getting their car serviced, home repairs or waiting at home for deliveries (Martocchio,2011). Voluntary benefit schemes provide opportunities for employees to buy goods services at discounted prices. The employer negotiates deals with suppliers (Martocchio, 2011). Learning and development programs give employees the chance to develop their skills and careers. All these, non-financial extrinsic reward are required to be included in the reward systems of those companies which need to retain talent and satisfy their employees(Armstrong et al,2004). Allen et al(1999) found in their research that including Profit sharing that links organizational performance with individual rewards, gain sharing which rewards work groups with bonuses for improvements they make in quality, productivity, or cost reduction., Pay-for-performance plans in which pay is based on achievement of quantifiable goals that are linked to the organization's quality strategy.

Strong assurances of employment security so that in employees do not fear losing their jobs as a result of making their work processes more efficient. All these extrinsic reward components are worth including in the company's reward strategy for they have positive correlation with company performance and in bringing quality in the organization.

Whether monetary or non-monetary, can positively affect employees by increasing motivation. Workers who are aware that outstanding performance or behavior in the workplace will result in desirable rewards are more likely to strive to meet the goals set forth by employers. This decreases boredom in the workplace and raises ambition and hard work amongst employees.

2.4 Rewards and Benefits to Employees

As stated by Luthans, Fred (2008), organizational rewards acquire a number of different forms including money (salary, bonuses, and incentive pay), recognition and benefits. Despite the inclination in the recent years to reduce the importance of pay as an organizational reward, there is ample evidence that money can be positively reinforcing for most people, and, if the pay system is designed properly to fit the strategies, can have a positive impact on individual, team and organization performance. (ibid). For example, many organizations use pay to motivate not

just their upper level executives but everyone throughout the organization. Hence, Organizations provide rewards to their personnel in order to try to motivate their performance and encourage their loyalty and retention.

When employees are rewarded according to their qualifications and performance they get satisfied with their job. This can be exhibited through low labor turnout and less absenteeism amongst employees. The communication and trust between employees and management is enhanced and there is less conflicts and grievances between the two parties.

2.5 Reward Strategy

As explained by Armstrong (2006), reward strategy is a “declaration of intent” defining the actions an organization intends to take in the long term to develop and execute reward policies, procedures and practices, which will enable this to achieve its business goals and those of its stakeholders.

As for the formulation of strategies in general, business strategy included, reward strategy aims at providing guidance, direction and a clear path for developing reward policies and practices within an organization. Since reward strategy should aim at helping the organization achieving its overall business strategy, reward strategy formulation needs to take into due consideration the organization needs, values and shared beliefs. Nonetheless, a good and effective reward strategy also needs to duly take into consideration employees’ needs and the way these can be satisfied, ultimately balancing the needs of the one with the ones of the others.

2.6 Component of Reward Management

Similarly, as defined by Armstrong (2005) about reward management & practice listed parts of reward management. A concise description on each element will be made on the underneath.

2.6.1 Reward Policies

It provides guide lines for the implementation of reward strategies and design and management of reward processes. They will be influenced strongly by the guiding principles and reward

philosophy of the organization. The reward policy will be concerned with, the level of rewards, the relative importance attached to market rates and equity, attraction and retention of employees, the match between rewards and business performance, total reward policy, the need to communicate reward policies to employees and transparency.

2.6.2 Reward Procedures

The reward procedures are operated in order to maintain the system and to ensure that it operates efficiently and flexibly and provides value for money. For example, a procedure will be used for conducting the annual pay review.

2.6.3 Reward Processes

Reward processes is a process consists of the ways in which policies are implemented and practices are carried out, for example the way in which the outcomes of surveys are applied and how managers manage the pay adjustment and review process.

2.6.4 Reward Practices

It consists of the grade and pay structures, techniques such as job evaluation, and schemes such as contingent pay used to implement reward strategy and policy. For example, the policy on pay levels will lead to the practice of collecting and analyzing market rate data, and making pay adjustments that reflect market rate of increase.

2.7. Total Reward

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have

on motivation, job engagement and organizational commitments. Total reward incorporates the summation of financial and non-financial rewards provided to individual employees (Armstrong 2006). The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies (Armstrong & Brown, 2006).

Organization then use rewards to motivate people. Employee Reward System must be integrated and supportive with the corporate strategic objective; further reward system must be unbiased and discourage interdepartmental and organizational differences. (Gomez-Mejia and Balkin, 1992). Encouragement of employee's performance and creating sense of ownership in achieving tasks different business setups have been using various incentives, reward and pay system (Cameron and Pierce, 1977)

Employees are key resource of any organization. Organization invest lot of capital on employees in the form of organizing training and development sessions and seminars, further foreign training sessions are also arranged for executives and directors of organizations, this increases employees' skills which in return increase the efficiency and effectiveness of the employees which results in increased in organizational productivity (Knoke&Kalleberg)

2.8 Theories of Reward Systems

2.8.1 Equity theory

According to Duening (2006) equity theory concerns the perception of (cognitive process) how they are being treated. Equity theory is based on the assessment process workers use to evaluate the fairness of justice of organizational outcomes and adjustments process used to maintain perception of fairness. It focuses on the fair distribution of outcomes across employees in order to encourage high level of job satisfaction. It is known as distributive justice. This theory is concerned with fairness of procedures used to make decisions about distributions of outcomes. Procedural decisions pertain to how the levels of performance are evaluated, how disputes are handled and how outcomes such as pay rises are distributed across employees.

2.8.2 Reinforcement Theory

As explained by Skinner (1953), the theory states that behavior is a function of its consequences. Behaviors which are followed by positive consequences are rarely occurred. Positive reinforcement occurs when rewards, such as recognized good performance, occurs after a desired behavior occurs. Evenly highly valued rewards lose their motivating potential unless they are given at the correct time. If creativity is desired behavior, it should be rewarded when it is displayed.

2.8.3 Two-Factor theory

As proposed by psychologist Frederic Herzberg (1959), the theory is based on need satisfaction and on motivational effect of those satisfiers and dissatisfies conditions. It was found that the accounts of good periods most frequently concerned the content of job, particularly achievement, recognition, advancement, autonomy, and the work itself.

The equity theory discussed in Armstrong (2009) states that people will be better motivated if they are treated equitably and demotivated if they are treated inequitably. If an employee perceives his/her ratio to be equal to those of relevant others, a state of equity exists. In other words, he/she perceives that his/her situation is fair – that justice prevails. However, if the ratio is unequal, inequity exists and he/she views him/herself as under rewarded or over rewarded. Employees, upon the receipt of inequity, they will act to correct the situation. The result might be higher or lower productivity, improved or reduced quality of output, increased absenteeism, or voluntary resignation

In order to investigate the reward practices of ethiotelecom and to determine its effect on employee Job satisfaction, the researcher selects four variables from both intrinsic and extrinsic rewards and explained the forgoing studies.

2.9 Job satisfaction

According to Stephene (2005), Job satisfaction refers to a collection of feelings that an individual hold towards his or her job. A person with a high level of job satisfaction holds positive feelings toward the job; a person who is dissatisfied with his or her job hold negative

feeling about the job. When people speak of employee attitudes, more often than not yet mean job satisfaction.

Job satisfaction is the dependent variable. It describes how content an individual is with his or her job. It greatly depends on the rewards and benefits to employees by their employers, the relationship between employers and employees, communication between the two parties and maintenance of employees by management, that is provision of conducive work environment.

2.10 Concept of Job satisfaction

As stated by John Wiley & Sons (1991) Job satisfaction is an attitude emanated from employees' perceptions of their jobs or work environments and refers to the extent to which a person likes his/her job.

Job satisfaction is one of the most important and significant variables in organizational behavior and in work organizations. According to Robbins (2000), "job satisfaction refers to an individual's general attitude towards his/her job" (p.142). The higher the job satisfaction, the more likely workers will hold a positive attitude toward their jobs (Wang & Feng, 2003) and are more likely to be committed to the organization. Similarly, workers with higher level of job satisfaction would display a decreased tendency to search for a job and decreased inclination to leave the organization (Wright & Bonett 2007). In the same way, employees who perceive their needs as unmet grow in general dissatisfaction and become increasingly attracted to competing places of employment (Tziner 2006).

Job satisfaction is defined by different scholars of human resource management in different time. Therefore, some of those scholars have been discussed as follows.

A number of studies describe that 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 [Simmons, 2004].

Many empirical researches have shown that job satisfaction has a direct impact on the job performed by employees at various levels in an organization. It is related to employee motivation and performance [Omoto, 2002.]. For any company or enterprise this job satisfaction of total workforce plays a vital role and with a group of satisfied worker institutions can successfully implement their plan.

To sum up, job satisfaction is the result of various attitudes possessed by an employee towards his or her job. These attitudes may be related to job factors such as wages, job security, job environment, nature of work, opportunities for promotion, prompt removal of grievances, opportunities for participation in decision making and other enjoyment of fringe benefits.

According to Arnold and Feldman (1996), there are a variety of factors that make people feel positive or negative about their job. It has been of devoted interest to many scholars on why some people report being satisfied with their jobs, while others express much lower levels of satisfaction. The drive to understand and explain job satisfaction has been motivated first by utilitarian reasons as well as humanitarian interests.

As explained by Herzberg (1968) report, there are five factors which act as strong determiners of job satisfaction which include; achievement, recognition, work itself, responsibility and advancement. Other determinants are supervision, working conditions, salary and interpersonal relations.

2.11 The significance of job satisfaction

Human beings require high levels of egoistic and self-actualizing need satisfaction from their jobs. The process of growing up involves accepting more and more challenge and autonomy and belonging more independent (Leonard and Strauss, 1966 as cited in Jonathan, Darroux and Thibeli, 2011). Those who don't have those opportunities (in particular those who are unable to express themselves meaningfully through work) never reach psychological maturity. Since the average man spends nearly a third of job doesn't provide challenge and autonomy he may suffer real frustration, with results that are costly both to himself and his employer.

Thus, in fact many individuals' have boring; meaningless jobs may lead to sever job dissatisfaction. Companies that do satisfy employees' desires for good. managerial relations, respect, fair and adequate compensation and opportunities for growth and development through training, are reaping benefits (Bruce and Blackburn, 1992). Moreover, the notion that satisfied employees make a difference was spurred by what has been called the "Third IR," which began with the Hawthorne studies of the 1930s calling for a humanization of work place. Designing "enriched" jobs that created employee satisfaction, as opposed to providing only a displaying for a day's work, become one part of the work place humanization movement. This movement is based on the premise that "the work force assures long term productivity if it is well cared for". This movement presupposes the desirability of having satisfied employees (Hanlin, 1982).

Based on this the study revealed the four-independent variable as explanatory for strongly determine employees" job satisfaction. These variables opportunity for promotion, work environment, Training and development and benefit are included in the intrinsic and extrinsic factors. Those are the following;-

2.11.1 Opportunity for promotion as factor of Job satisfaction

Opportunity for promotions was described as the chances for advancement to higher hierarchy in an organization Locker (1976) offers that employees seek fair promotions policies and practices. Promotions provide opportunities for personal growth more responsibilities and increased social status. Individual who perceive that promotions therefore are a likely to experience satisfaction from their jobs Nzuve (2007) divine promotions as a change of assignment from a job at a lower level to another at a higher level within the organization. He sees promotions as proving an employee with an increase in pay and improved status. Promotion has been fount affect employee performance according to the reviewed literature. However, for promotion to be effective in improving job satisfaction it must be seen as fair based on meritocracy.

As stated by many researchers Promotion employed as a reward for better work performance and way of keep employee motivation. However, a lot off skilled and efficient employees can be, leave an organization, when they are feeling that, there is no high position for promotion. Cascio and Namburdi (2010) assert that promoted employees usually assume greater responsibility and

authority in return for higher pay, benefits, and privileges. The aim of promotion procedure of a company should be to enable management to obtain the best professional's employee who available within the organization. As stated by Negrinandzafir(2004), that having no opportunity for advancement in an organization can dissatisfy employees as this strongly linked with pay. It also examined by (Getie, Betre and Hareri 2013) that, promotion is an imperative that all key employees have a view of his future role in the organization otherwise; he/she may decide to leave the organization for a career elsewhere.

2.11 .2 Benefits

Employees benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items such as annual holidays, pension, sick leave, insurance cover company cars and house. It deals with the level of reward considering, market stance that is internal rates of pay and compare with market rates: achieving equal pay, the approach to total reward; transparency of rewards that is the publication of information on reward structures and processes of employees.

Benefits reflect indirect pay to the individual in the form of health, Retirement and payment for time not worked, and other non-financial returns. Pay Structure and administration refers to the hierarchical relationships created among pay Rates for different jobs within the organization and procedures by which the pay system is administered (Heneman and Schwab,1985). Employee compensation has long been a topic of interest to employers and employees.

The concept of an employment relationship implies that employees work in exchange for some reward, and this reward is usually monetary remuneration. Pay, benefits and satisfaction have emerged as popular Variables for use in organizational research (Carragher et al.,2004 a,b,c; Gerhart and Rynes, 2003; Scarpello and Carragher, 2008; Williams et al.,2008). They exhibit significant relationships with organizationally important out comes such as absenteeism, turnover intentions, perceived organizational attractiveness for job seekers, organizational citizenship behaviors, and job performance (Carragher et al., 2006a,b; Gaiduk et al.,2009; Labatmediene et al.,2007; Sturman et al.,2003).

According to Arokiasamy (2013), benefit is critical in attracting, retaining, and motivating the employees to continue contributing towards organization's success. Based on the Equity theory, if an employee perceives the distribution of resources as unfair, then turnover intent will appear. To prevent such type problems organization, have to exercise equal distribution of benefits.

2.11.3 Training and Development

Training provides chances to employees enhance their knowledge and skills for effective development (Jun et al., 2006). Trained workers are more satisfy to their job as compared to untrained employees (Saks, 1996). These training programs positively raise employees' development that is good for competencies Martensen and Gronholdt (2001).By getting these training programs employees able to get self-assured, evolution of career, and have positive thought for their companies (Jun et al., 2006).

Training and development is planned, continuous effort by management to improve employee competency levels and organizational performance. Although the terms may be used interchangeably, a distinction is sometimes made between the two. Training is designed to provide learners with the knowledge and skills needed for their present jobs. Showing a worker how to operate a lathe or a supervisor how to schedule daily are examples of training. On the other hand, development involves learning that looks beyond today's job it has a more long term focus. It prepares employees to keep pace with the organization as the company changes and grows. Training and development activities have the potential to align employees of the firm with its corporate strategies (R. Wayne Mondy et al..., 1999).

The money annually paid for training by business and industry also demonstrates the importance of training. In the organizational context, training can be defined as „The organizationally directed experiences that are designed to further the learning of behaviors' that will contribute to organizational goals. In the ideal situation, training helps to further both the goals of the organization and individual's goals.

This broad definition of training includes both skill training, which is usually of a technical nature and has a short term focus, and management and career development programs, which are aimed to at educating employees above and beyond the immediate technical requirements of

their jobs in order to increase the organization's present and future ability to attain its goals. Thus, management and career development tend to be more future oriented than skill training. The purpose of skills training is to bring the competencies of individuals up to desired standards for present or near future assignments. The purpose of skill retraining is to develop new skills and knowledge to replace those that have become obsolete as a result of technological or organizational changes (Wendell L. French, 1990).

In virtually every market, customers are demanding higher quality, lower costs, and faster cycle times. To meet these requirements, firms must continually improve their overall performance. Rapid advances in technology and improved processes have been important factors in helping businesses meet this challenge. However, the most important competitive advantage for any firm is its workforce and these workers must remain competent through continuous training and development efforts. Improved performance – the bottom line of purpose of training and development – is a strategic goal for many organizations. A number of forward thinking firms have become or are striving to become learning organizations. Training and development costs should be accepted for what they are an investment in human resources. It is clear that training and development is not merely a nice thing to provide; it is a strategic resource that firms must tap to move their organizations into the next century (R. Wayne Mondy et al., 1999).

Training and development frequently employed to close the gap between current performances and expected future performance. As noted by (2013), training and development program is one of the most important potential motivators, which can lead to both short-term and long-term benefits for individuals and organizations. Inadequate training and development program that not goes to specific needs of employees led to job dissatisfaction. Regardless of their position and title, employees forced to leave their organization due to the absence of training (Sadra, 2012).

As noted by (Joseph K. 2009) and According to Ambler (2006) Implementation of formal training and Development programs gives us the below mentioned advantages.

- It helps ensure that companies will have the human resources needed to support business growth and expansion.
- Training can enable a small business to make use of advanced technology and to adapt to a rapidly changing competitive environment.

- Training can improve employees' efficiency and motivation, leading to gains in both productivity and job satisfaction.
- It brings quality job performance in business organizations.

2.11.4 Workplace Environment

Workplace environment may have also positive or negative impact on the satisfaction level of employees depending upon the nature of working environment. The employees can perform better if they are provided good environment. The working outcomes are directly interlinked with working environment; the more it (environment) is conducive the better the outcome will be. Dole and Schroeder (2001) emphasized that when working environment is conducive it will give higher level of satisfaction then it reduces turnover and in turn enhances the morale of an employee. Carlopio (1996) found that satisfaction with workplace is optimistically associated with job accomplishment and it is indirectly connected with turnovers for better future and he also discussed further the current workplace environment of various organizations has positive association with satisfaction of employees.

As explained (Baron and Greenberg, 2003) about working conditions, the worker would rather desire working conditions that will result in greater physical comfort and convenience. The absence of such working conditions, amongst other things, can impact poorly on the worker's mental and physical well-being. As also stated by Arnold and Feldman (1996) shows that factors such as temperature, lighting, ventilation, hygiene, noise, working hours, and resources are all part of working conditions. Employees may feel that poor working conditions will only provoke negative performance, since their jobs are mentally and physically demanding. However, Arnold and Feldman (1996) warned that if working conditions are too favorable or the extreme, this could be taken for granted or ignored by most employees. In such a case the employee does not really appreciate his good working conditions, or if it is the contrary, this may not bother or affect him.

Workplace, facets of employees and job discipline are related to working situations. Organization tasks and job activities training, capabilities, utilization, health, secure and working period is deal in it. Well-situated workplace, airing, illuminating and temperature, prominent, beneficial, neater work places and office places are consider in physical working circumstance

(Ceylan, 1998). Employees want relax and ease surroundings and these factors regulate on employee job satisfaction. Organization gains employee satisfaction by supplied this environment. Physical job conditions primarily ascribed on low job satisfaction levels (De Troyer, 2000)

2.12 Relation of Job satisfaction and Reward s

As stated by Pratheepkanth, 2011 employees cannot be satisfied with their jobs unless they are motivated by effective reward systems. Hence, in present day, among manager's tasks is to create an environment which motivates people to perform satisfactorily and to be a profitable asset, that they can foster the organization's growth. In a wider context, there is an increased emphasis on people as a key source of competitive advantage, often being regarded as the key differentiator between organizations. Many managers try to comprehend the complexities of motivating people at work so as to build job satisfaction. For this reason, increased emphasis is given to financial and non-financial rewards for employees (Georgeakopoulos, Sotiropoulos, &Dimitris. 2010). Increasingly, organizations are realizing that in order to build on employee's job satisfaction, they have to establish an equitable balance between the employee's contribution to the organization and the organization's contribution to the employee. Establishing this balance is one of the main reasons to reward employees.

It is assessed at both the global level (whether or not the individual is satisfied with the job overall), or at the facets level (whether or not the individual is satisfied with different aspects of the job).Hersey and Blanchard (1989) stated, "measuring job satisfaction removes a gap and discrepancies between the viewpoints of supervisors, managers and staff about job satisfaction factors in working condition or environment". High level of job satisfaction can lead to good health and mental position

Job satisfaction is an emotional state emerging from a cognitive appraisal of job experiences. Intrinsic job satisfaction is about how an employee feels about his or her job while extrinsic job satisfaction is about how an employee feels about the aspects of his or her work that are external to the work itself. Intrinsic rewards such as challenging work, variety and opportunity to use one's own skills and extrinsic rewards such as pay, promotion and working conditions contribute

to job satisfaction. Job satisfaction can also be seen within the broader context of the range of outlet which affects an individual knowledge resulting from actual observation of work or their quality of their life. Job satisfaction can be understood in term of its relationships with other key factors, such as general wellbeing, stress at work, control at work, homework interface, and working conditions.

The term of 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. Though several papers within the latest literature, it is easy to understand that job satisfaction is quite difficult to measure while it is considered as major determinant of organizational performance (Riketta, 2002) and effectiveness (Laschinger, 2001).

Research shows how reward systems are strong determinant of job satisfaction. Gerald and Dorothee (2004) found that rewards are significantly related to professionalism and job satisfaction. They supported the argument that job satisfaction for professionals is derived in part from what professional perceives from Job satisfaction is influenced by the reward systems.

Therefore, Satisfaction with reward system is one of the drivers of organizational commitment. For an employee to be satisfied with his/her pay, a few basic elements need to be present. People have to believe that the pay they earn is fair in relation to the work they do. They also must feel that their compensation, including salary, incentives and benefits, compares favorably with the realities of the market, especially in comparison to people doing the same work in similar circumstances (Parker & Wright, 2001).

Ac cited by (Armstrong, job 2010) Rewards are very important for job satisfaction because it fulfills the basic needs as well as helps to attain the higher level of goals. Earnings is the way by which employee get to know how much they are gaining by dedicating their time, effort and skill in a Attractive remuneration packages are one of the very important factors of retention because it fulfills the financial and material desires as well as provide the means of being social by employee's status and position of power in the organization (Pfeffer, 1998). Many researchers demonstrate that there is a great deal of inter-individual difference in understanding the significant of financial rewards for employee retention (Woodruffe, 1999). An organization's

reward system can affect the performance of the employees and their desire to remain employed (Robinson & Pillemer, 2007).

2.13 Empirical Review

Many Authors did research on the effect of reward system on employees' job satisfaction in different times. In related to this As research conducted by Birhane Demeke (2017) on impacts reward system on employee job satisfaction. Here study aimed to investigate on impacts reward system on employee job satisfaction in Hidase Telecom Share company. The study finds out from pearson,s product Moment Correlation coefficient and as per Bartz(1999) interpretation of r value were used to discuses between, promotion, dependent variable job satisfaction and independent variable pay, benefit, recognition, promotion, nature of job and working conditions.

An investigated that the relations ship between dependent and independent variable shows that there is statically significant relationship exist between all variables of rewards and job satisfaction. But financial rewards variable have high degree of relationship with job satisfaction of employees than non financial reward variables in this study. The rest independent variables like recognition and promotion also have no relations with dependent variable job satisfaction.

And the model summary of multiple regression analysis also revealed that the R square value of 0.568%, demonstrates that 56.8 of variation of job satisfaction explained by the reward system considered in this study. And the F-stastics of her study suggest that all the independent variable 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 statically significant in determining the variation in job satisfaction, at 99% confidence level. Berhane (2017) concluded that payments is a major factor of employees job satisfaction at HTSC. Based on that her findings study employee satisfaction with pay is not satisfactory. Therefore pay is major areas of concern for the company. Also on the variables of the benefit, benefit has no relationship to employee job satisfaction in the studied company. This may happen due to positive link between level of position and accompanied benefit. this can better explained if an employee's positions increases the chance to get more benefits will increases at HTSC. Generally the findings of her study shows majority of employees are more concerned with financial rewards. And

recommended that the company should continually to review and adjust the financial rewards given to the employees.

Also the study conducted by Thomas (2012) observed that 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 discovered 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 the supervisors and as such satisfaction package should be geared towards the clerical workers to ensure that they delight the customers. The findings of the study revealed that if management with redrew 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.

Another research studied by Ahmed & Ali (2008) also founded that on the "impact of reward and recognition programs on employee motivation and satisfaction". Research design used was exploratory. Sample chosen for the study was 80 employees of Unilever companies and data collection instrument used was a questionnaire. Pearson's correlation was used to analyze data to determine the degree of relationship between reward and satisfaction and motivation. Major findings indicated a positive relationship between rewards and work satisfaction as well as motivation. Factors affecting satisfaction were identified; payment 86%, promotion 74%, work conditions 61%, personal 37%. Analysis showed support for a positive relationship between reward and employee satisfaction. The researchers recommended that further studies can be done on 'impact of reward and recognition on motivation and satisfaction for diverse groups of people' example gender, race and disability. Duberg & Mollen (2010) undertook a study on reward systems within the health and geriatric care sector. The problem of the study was how reward systems designed in health and geriatric care are and whether the current reward systems affect the care quality. The thesis aimed to extend 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 salary 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. This must be reconsidered to be able to work with well designed reward systems similar to those in private care organizations. The researcher recommended that further studies should be done to compare reward system and investigate its impact on an organization in relation with one that does not.

In the same way Garlick (2009) carried out an online study of 1913 full-time employees and asked people to rank order 14 potential performance incentives in order of preference. These performance incentives included common extrinsic rewards such as cash bonuses, gift cards, award points, and 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. Nine-out-of-ten (89%) listed cash bonuses within their top three preferences. However, the primary issue the study investigated was whether offering cash bonuses really influenced employee attitudes, as well as other business outcomes. 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. The above studies have dealt with reward in organizations and its

relationship with factors such as employee motivation, employee performance, employee satisfaction and effect on quality of work done. Overall the studies show reward to have a positive effect. However, different rewards seem to have a different impact on employee attitude, satisfaction and performance. There are mixed findings when it comes to individual rewards and their effect on performance.

Research conducted by Shagufta Sarwar about the Influence of rewards and Job Satisfaction on Employees in the Service Industry, the purpose of his study is to investigate whether the relationship between perceptions of job satisfaction and increased customer satisfaction and loyalty are influenced by higher rewards and employee satisfaction. The main contribution of his study is to extend the HR literature on employee job satisfaction and ascertain new ideas from employees in the service sector on some of the contemporary variables that stimulate employee satisfaction. Extant literature suggest that correlates of job satisfaction including passion, talent use by employer, value congruence, fair pay, education, age, and gender (Westover et al.2010) are important in work organizations. His study goes beyond the underlying components of job satisfaction to discover new insights of job satisfaction variables from employees in the service industry.

The results of his study suggest that higher rewards and satisfied employees in work organizations play a major role both in the promotion of employee job satisfaction and consequently higher productivity in organizations. These findings support Wang and Feng (2003)'s claim that the higher the job satisfaction, the more likely workers will hold a positive attitude toward their jobs, and are more likely to be committed to the organization.

Therefore, the major findings of his work are showed that; first, there is a significant relationship between higher rewards and higher job satisfaction of employees, and second, there is a significant relationship between satisfied employees and increased customer satisfaction and loyalty. Findings of the study also illustrated that majority of the respondents were not happy with their pay as compared with others in similar jobs in other companies. More importantly, the findings of his study indicated that majority of the respondents were not happy about the recognition they get from the work they do.

Finally his study adds to their knowledge on job satisfaction and management practices in several ways. In the first place, employees' perceptions are built on reactions of organizational policies and practices towards employee input. Thus, the higher the rewards perceived by workers, the greater the satisfaction of workers to organizational policies and practices leading to greater productivity as a result of employee performance. His general findings showed that rewards encouraged positive job satisfaction of employees. Additionally the findings also proved that job satisfaction of employees stimulated their loyalty to the organization. However, a very high level of employee dissatisfaction was recorded for employee pay and the amount work they do. His study resulted finally highlights the role of employees' job satisfaction and the responsibilities of organizations.

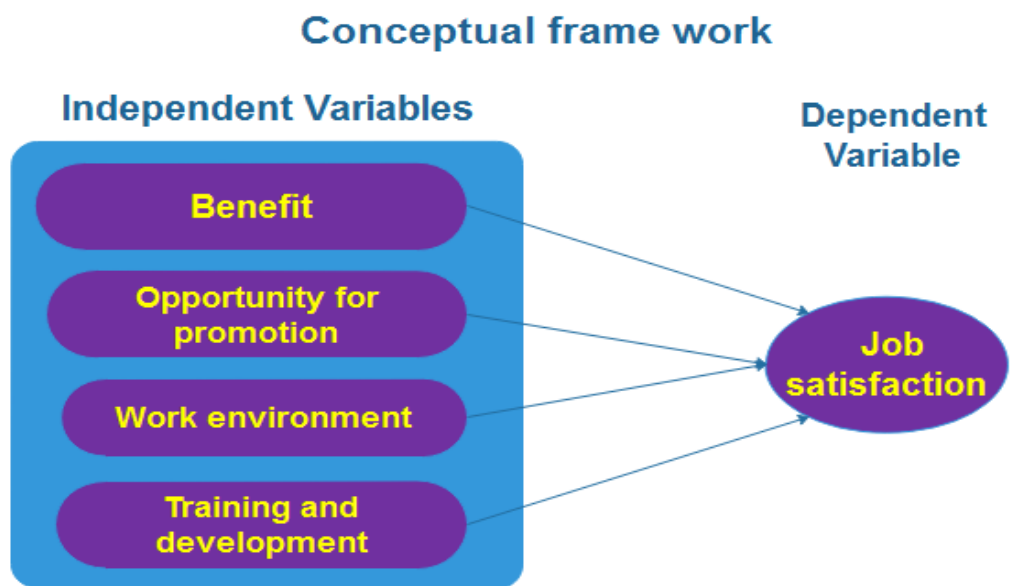
In the same way Merhawit Assefa (2017) was conducted a study to examine the relationship between reward management practice to job satisfaction level of employees". Both intrinsic and extrinsic reward that contributes to employees' job satisfaction was explored in his study including: payment, benefits, supervision, working condition promotion, recognition, empowerment, personal growth and carrier advancement. And his descriptive statistical analysis showed that different dimension of rewards and job satisfactions are significantly related. And an inverse relationship exists between payment, benefits and job satisfaction level of employees". This showed that other than payment and benefits, there were other factors that contributed to the job satisfaction of employees" in EIC. The result of the multiple regression analysis regressing intrinsic, extrinsic reward variables against job satisfaction, as dependent variable significantly explained the variance in job satisfaction. The research of his result also indicated that a relative high percentage of variation in job satisfaction as a result of intrinsic rewards than extrinsic rewards. Therefore, intrinsic reward is the most influential factor of job satisfaction in his findings.

2.14. Conceptual Framework

Following the careful study of literature review, a conceptual model formulated to illustrate the relationship between effects of some intrinsic and extrinsic reward and employee job satisfaction. The below figures show the conceptual framework of job satisfaction is as

dependent variable and, extrinsic rewards (Benefit, opportunity for Promotion,) and intrinsic reward (Work environment, and training and development) are taking as independent variables. The independent variables have to administer and implemented properly in order to motivate good performer employees. Otherwise, the employees demotivated and forced to leave the organization instead of to be stable.

Figure 2.1 Conceptual Frame work for the study.



Source: Spector 2012

2.15 Hypothesis of the study: -

- H1.** Benefit has a positive relation with employees' job satisfaction
- H2.** Opportunity for Promotion has a positive relation with employees' job satisfaction
- H3.** Work environment have a positive relation with employees' job satisfaction
- H4.** Training and development have a positive relation with employees' job satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

The study conducted to measure the effect rewards on employee job satisfaction. To realize this objective and provide a conclusive answer for the research questions outlined in chapter one, the following research design and methodology were adopted.

3.1 Research Design

As cited by Burns and Grove (2003:195) a research design as a blueprint for conducting maximum control over factors that may interfere with the validity of the findings. As explained by John W. Creswell (2004, P245.) research designs define as a plans and the procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. This study adapted explanatory research design for explain and interpreting relations between reward and job satisfaction. It is characterized by the collection and analysis of quantitative data followed by the collection and analysis of qualitative data. The priority typically is given to the qualitative data, and the two methods are integrated during the interpretation phase of the study. It is typically used qualitative results to assist in explaining and interpreting the findings of a primarily qualitative study. In addition, in order to summarize the demographic characteristics of the respondents and to know the level of employee's perception about independent variables, descriptive analysis used by comparing the mean and standard deviation of each variable.

3.2 Population and Sample Size

The population of the study was conducted on the selection department of Human Resource, Insurance and finance section that was located in A.A. of the Head office. The researcher used Stratified sampling in order to draw the target population. And the target population was 107, a total of 85 sample size used to the study. In order to determine the sample size the researcher used Taro Yamane (1967) sample selection method.

Strata	No of employees in each section	Sample size
Finance	45	36
Human Resource	42	33
Insurance	20	16
Total Population	107	85

$$\text{Distributions} = \frac{\text{no of individual in each department} \times \text{sample size}}{\text{Total number of population}}$$

The sample size represents 79.43% of the total target population. Based on this percentage the sample from each section selected proportionately. The respondents from each section were selected by using simple random technique.

$$\text{Distributions} = \frac{\text{no of individual in each section} \times \text{sample size}}{\text{Total number of population}}$$

3.3 Sampling Technique and sample determination

As stated by Steven K. Thompson (2012) Stratified sampling method is used if a population is partitioned in to strata.. Kothari (2004), stratified sampling method is applied if a population from which a sample is to be drawn does not constitute a homogeneous group.

The study used stratified random sampling appropriate for selecting samples from the population which is diversified in terms of age, sex, educational qualifications, jobs variety and other parameters of the employees. The respondent's perceptions of job satisfaction on issues like effect of rewards have expected to be varied accordingly. A stratified random sampling allows us to take in to account the different subgroups of people in the population. And make the sample selected more representative of the target population with the intension of obtaining an in-depth information to address the research questions.

As the researcher mentioned above, the number of total populations for the study was 187. In order to determine the sample size, the researcher used Taro Yamane (1967) sample selection method with a probability of 95 % free error. Based on this method, a total of 85 sample which is 79.43% drawn from total population.

$$n_0 = \frac{N}{1+N(e^2)} = \text{Where}$$

n_0 is the sample size,

N is the total population size,

e is the level of precision

3.4 Data Sources and Data Collection Method

Data gathered from employees who are currently working in A.A which were located in the Head office. In this research, both primary and secondary type of data used. The primary data include questionnaire and interview to obtain first hand information. The Secondary data that were collected from published journal articles, human resource books, organizational manuals, annual report and brochures were used to substantiate the reliability of the information obtained from the questionnaire and the interview.

3.5 Data Collection Instruments

The data collection method for this study was questioner and document review. Data collection would be done through both primary and secondary resources.

3.5.1 Primary Data

As explained Thietart et al. (2001, p. 73) consider primary research to yield greater truth-value as they argue the researcher has observed the phenomena with their own eyes. It is generally considered to be a superior form of data collection as the researcher will have formed a system of data collection very specific to the research been undertaken. In this sense, primary research does have advantages and disadvantages.

Advantages of primary data:

- Addresses specific research issue
- Efficient spending for information
- Efficient spending for information
- Greater control
- Proprietary information i.e. you do not have to share it with others.

Disadvantages of primary data:

- Time consuming
- Can be expensive
- Not always feasible to do it and have access to respondents

3.5.2 Secondary Data

For the purpose of this research, the secondary data research consisted of a critical review of current published literature, in order to give a better understanding of the topic in question. Although secondary data can be a useful source of information to help you formulate and answer your research questions, it also should be met with some caution, just as primary research. According to Sanders et al. (2009) secondary sources of information can first seem to be relevant but upon closer scrutiny are not appropriate to your research objectives and in light of this you must be careful when selecting your secondary data sources and their validity.

Advantages of secondary data:

- Ease of access
- May help to clarify the research question
- Low cost to acquire
- May help to clarify the research question

Secondary data can also be gathered from a number of primary sources and weighed together to put together an overall assessment of what has happened.

3.5.3 Questionnaire

Questionnaires for the target population was designed based on the study objectives so as to provide in depth information for the study. The questionnaire was employed to express their feelings, perceptions, problems related to effects of reward practices on employee job satisfaction in the organization.

The questionnaire was designed to possess the necessary information about the purposes, processes, criteria, employee attitude toward the existing reward system. And the questionnaire was administered to respondents to fill in their offices or places of work while the researcher waited. It helped the researcher to test attitudes, knowledge and other relevant information possessed by the respondents and which were reinforced by a review of relevant literature. The questionnaire was screened intensively to understand the importance, homogeneity and completeness of all the independent variables in the study. The respondent's selection was also being based on the fact that they are employees and they have a good understanding of the issues at hand. The questionnaire was pretested to a selected sample which was similar to the actual sample which the researcher planned to use in the study. Sample in the study was not used in the pretest. The procedure that was used in pre-testing the questionnaires was identical to those which were used during the actual data collection. During pretesting, questions which were vague were revealed, comments made by respondents were taken seriously and incorporated and the deficiencies in the questionnaire were also revealed for example unclear directions, insufficient space to write the responses.

The questionnaire was divided into two main sections .The first section was on the demographic characteristics of the respondent's information which included items such as, gender, age, educational level, marital status and years of service.

The second part is a five points rating scales of questionnaire from strongly disagree (1) to strongly agree (5) is prepared to measure or rate employees' job satisfaction towards rewards variables. This section was further divided into four main subsections of variables used in the study and namely benefits, opportunity for promotion, Training and development, work environment and job satisfaction. Each of these sections contained four up to six questions.

3.6 Data Analysis Method

In order to analyze the gathered data and come up with answers to the research questions, the researcher used both descriptive and inferential statistics. The data that collect from the respondents was computed by simple statistical measures such as percentage, ratios and proportions to make frequency distribution table and the inferential statistics that was correlation analysis and regression analysis was conducted to test the hypothesis developed. Finally, generalization was prepared based on the result of the study.

3.6.1 Descriptive Statistics

It was used to describe and summarize the response of the questionnaires by checking the mean, frequency and standard deviation for the variables of intrinsic rewards, extrinsic reward and employee job satisfactions.

3.6.2 Inferential Statistics

Inferential statistics was computed and used to come up with conclusion on how representative was the sample to tale about the population. First, Pearson product- Moment Correlation Coefficient analysis was applied which is primarily concerned with the finding out whether a relationship exist or not and determine magnitude and direction. Second, multiple regression analysis was applied to measure the dependent variable i.e. employees job satisfactions which is presumed to be a function of the independent variables of effects of reward. The objective of this analysis is to make a prediction about the dependent variable based on its covariance with all concerned independent variables.

The equation of multiple regressions on this study is generally built around two sets of variable, namely dependent variables (employee job satisfaction) and independent variables benefit, opportunity for promotion, training and development and work environment. The basic objective of using regression equation on this study is to make the researcher more effective by describing, understanding, predicting, and controlling the stated variables.

Therefore, this **explanatory type of research** exhaustively addressed through such statistical techniques.

3.6.2.1 The Pearson Product Moment Correlation

For the purposes of determining whether a statistically significant relationship exists between Organizational culture and overall job satisfaction, the Pearson Product Moment Correlation Coefficient was used. It provides an index of the strength, magnitude and direction of the relationship between variables (Sekaran, 2003).

3.6.2.2 Regression analyses

Regression is a statistical technique that is used for studying the relationship between the dependent variable and independent variable (s). It provides a method to predict the changes in the dependent variable in response to changes in either a single or more than one independent Variable. Hence, it allows the researcher to determine the relative importance of each predictor as well as to ascertain the contribution of the independent variables (Sekaran, 2003). Therefore, in this study the four effect of rewards are the independent variables and employees job satisfaction is the dependent variable.

3.7 Ethical Consideration

As stated by Bryman and Bell (2007), “research participants should not be subjected to harm in any ways and respect for the dignity of research participants should be prioritized.” By considering this, the researcher assured the purpose of the research paper and confidentiality of any information on the introductory part of the questionnaire. Every person involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn is acknowledged. And the researcher showed fairness, respect or the integrity of the individuals and by informing the willingness on the part of the subjects to participate voluntarily in the research.

Activities were the bases of ethical consideration. Furthermore, the purpose of the study was explained to the respondents during administration of the questionnaires. By the time of data distributing and gathering, some respondents didn't show willingness to fill and respond the

questionnaire, even if, the researcher approached them smartly and clarify the purpose of the study, and assured the confidentiality and finally they were positive to give response.

3.8. Reliability and Validity of Research Instrument

As mentioned by Kothari, (2004), sound measurement must meet the tests of validity, reliability, and practicality. Validity refers to the extent to which measurement of instrument actually measure what is intended to measure. Thus, Effect of reward is adopted from various scholar works. Items in the questionnaire was prepared using a five point-Likert scale except the demographic items, Maximum effort was exerted to create logical link between the items in the questionnaire and the objectives of the study. Reliability also refers to internal consistency or dependability of a measuring instrument. Internal consistency or reliability is a measure of consistency between different items of the same construct. Cronbachs alpha is a reliability measure designed by Lee Cronbach in 1951 (Bhattacharjee, 2012). It is a coefficient of reliability and it is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. For testing the reliability of the data instrument Cronbachs Alpha was calculated. According to Zikmund, Babin and Griffin (2010) scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability.

The below table shows the SPSS result on the Cronbach Alpha.

Table 3.1 Cronbach's Alpha result

Variables	Cronbach's Alpha	No. of Items
Benefit	0.627	5
Opportunity for promotion	0.796	5
Training and development	0.738	4
Work environment	0.774	4
Job satisfaction	0.789	5
Total scale	0.826	23

Generally, as Cronbach's alpha is shown in the above table for Benefit, Opportunity for promotion, Training and development, work environment and merged Job satisfaction.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, AND INTERPRETATION

This chapter deals with the presentation and analysis of the data. The purpose is to simplify the discussion and to contribute to a better understanding of the research findings. In this chapter, the data obtained in the study are presented analyzed, and interpreted. The presentation starts by providing the demographic and personal information of the respondents. The descriptive and inferential statistics are presented thereafter. To collect the data required for the purpose of the study, a total number of 85 questionnaires were distributed. Out of these, 73 (85.88%) usable questionnaires were collected and 12 (14.12%) of them were not returned. Therefore, the analysis presented hereafter is based on the responses of 73 (85.88%) respondents.

4.1 Demographic Characteristics of Respondents

The first part of the questionnaire consists of the demographic information of the participants. This tried to gather information regarding personal and professional demographic characteristics of respondents. Accordingly, the following variabls about the respondents were summarized and described in the in table 4.1 And these variables includes: sex, age, educational level, martial status ,service years in the organization of the respondents.

Table 4.1 Demographic Characteristic of the respondents.

Items	Classification	Frequency	Percent
Gender	Male	33	45.21
	Female	40	54.79
	Total	73	100
Age	22-30	34	46.58
	31-40	20	27.40
	41-50	19	26.03
	51-60	-	-
	Above 60	-	-
	Total	73	100
Educational level	Diploma	11	15.07
	First Degree	50	68.49
	Masters Degree	12	16.44
	PHD	-	-
	Total	73	100
Marital status	Single	25	34.25
	Married	48	65.75
	Divorce	-	-
	Others	-	-
	Total	73	100
Service year in the organization	5 and below	21	28.77
	2-5	16	21.92
	5 -10		
	15-20	21	28.77
	Above 20	15	20.55
	Total	73	100

The above Table 4.1 presents the gender distribution of the sample. The sample was representative of a larger number of female respondents to that of male respondents. Male respondents comprised of 45.21% (n = 33) compared to 54.79% (n = 40) female respondents. This indicates that the number of proportions between male and female employees in the company in this study is not proportional.

As far as age of respondents is concerned, 34 (46.58%) of the respondents are in the range of 22-30 years, 20 (27.40%) of the respondents are in the range of 31-50 years, 19 (26.03%) are in the range of 41-50 and none of the respondents are in the age of 51- 60 and above 60 years. This indicate that majority of respondents of the company are in the productive ages. Therefore, unless the company tries its best to keep them satisfied by providing reasonable amount of extrinsic and intrinsic rewards, it might also lose them as their age might also allow them to be volatile. Thus, they may leave the company for better opportunities and join similar organizations.

Since, employees at productive ages are more volatile for turnover for cash and other differentials and if the company rewarded properly these work forces they can be potential resource for the company to achieve its objective.

Concerning educational background of respondents, the majority 50 (68.49%) are degree holders, 12(16.44%) are master degree holders, and 11 (15.07%) of respondents are in diploma level, and no PHD level of educational background. From this point of view, the majority of the employees in the companies are professional enough to fill the questionnaires with full understanding. Therefore, the company should implement practical and effective reward mechanism in order to use these well-educated resources efficiently and effectively.

Regarding to the marital status of the respondents, the majority of respondents 48 (65.75%) are married, 25 (34.25%) are single. And, the researcher couldn't find any respondents under the category of others and divorce.

The last item of in demographic information of the respondents about the length of service years, the majority of employees fall within the service years 15- 20 and below 5 years of experience, while 21.92% and 20.55% are 6-10 years and above 20 years respectively. This indicates us that the employee service years are a combination of youngster employee and employees which have ample service year in the company, for the youngster the company attempt to handle the energetic work force by delivering reasonable reward practice to retain those. Whereas, the employee which have six and above service years they have better knowledge about their organization reward, policy, practice and procedure and system and have adequate enough to respond to the various issues raised in relation to effects of rewards on employee job satisfaction in the company.

Since majority of the respondents have six and more years of experience, the company will be benefited from such experienced staff if they formulated and implemented reasonable reward packages.

4.2 Results of Descriptive analysis of respondents for effects of reward and employee job satisfaction.

Descriptive statistics in the form of arithmetical means and standard deviation for the respondents were computed for the multiple dimension of effects of reward that have been examined through the questionnaires collected from the respondents.

To present the overall perceptions of the respondents concerning selected reward effects and employees job satisfaction in the company.

Table 4.2 Mean and Standard Deviation of the Five Study Variables

Descriptive Statistics

Variables	Mean	Std. Deviation	N	Item
Benefits	2.9562	.59371	73	5
opportunity for promotion	2.6000	.72265	73	5
Training and Development	2.6267	.69861	73	4
Work environment	3.1507	.66502	73	4
Job satisfaction	3.0822	.66235	73	5

Source: Developed for this research

The above table 4.2 show that the mean and standard deviations of reward variables such as Benefit, Opportunity for promotion, Training and Development, work environment and Job satisfaction rated by the respondents. Descriptively, the mean or the average response of the respondents about the benefit was 2.9562 (SD=.59371) on a 5-point scale. This indicates that the value is closer to 3.00 which means neutral neither satisfied nor dissatisfied with the benefit the organization given them.

Similarly, the mean scores of the rest three variables (opportunity for promotion, training & development and job satisfaction) are closer to three (3) indicating respondents are neutral or moderate in their satisfaction with the respective variables. As seeing of the opportunity for Promotion shall be given for motivating the employee job satisfaction that was worked in the company. According to the respondent's response about promotions revealed in the above table, the mean value is 2.6 (SD= .72265, indicates that the majority of respondents are not satisfied and at the same time are not dissatisfied with the existing promotional opportunities in the company.

Concerning training and development as it is known Training and development help individuals to become more achievable and assist organizations to attain its objective. When employees learn new skills and acquire new knowledge, they increase their career potential and add values which

become more productive and this put in value to their organization. Having neither dissatisfied nor satisfied employees with the current training & development opportunity of the company may result in low performance and commitment. When we come to the study result of variable of training development, the mean value as shown in the above table is 2.6267(SD=.69861), this indicates the respondents had above average satisfaction and agree about the training development practice of the company but compared to the other variables it is below average. It implies the practice of training and development of is not satisfactory

The same table, Table 4.2, above also show mean and standard deviation of the examined variables of work environment is 3.1507 (SD=0.66502) this shows the work environment was greater than the rest variables. But still the value is rounded to 3.00 which means neutral this indicates the majority of the respondents were neither satisfied nor dissatisfied by the current working environment of the company are the value still closer to three.

4.3 Correlation Matrix

Correlation refers to synonym for association or the relationship between two variables. It measures the degree to which two sets of data are related. Higher correlation value indicates stronger relationship between both sets of data (Coetzee, 2003). The correlation coefficient gives a mathematical value (-1 to 1) for measuring direction and the strength of the linear relationship between two variables.

According to Kothari (2004), positive values of r indicate positive correlation between the two variables (i.e., changes in both variables take place in the stated direction), whereas negative values of ' r ' indicate negative correlation i.e., changes in the two variables taking place in the opposite directions. A zero value of ' r ' indicates that there is no association between the two variables. When $r = (+) 1$, it indicates perfect positive correlation and when it is $(-) 1$, it indicates perfect negative correlation. In the same way, Tabachnick and Fidell (2007), also put the values of the coefficient of correlation between 0 and 1 are interpreted as follows:

$r=.10$ to $.29$ or $r=-.10$ to $-.29$ weak

$r=.30$ to $.49$ or $r=-.30$ to $-.49$ moderate

$r=.50$ to 1.0 or $r=-.50$ to -1.0 strong

On the ground of this Pearson's correlation was computed for the purpose of determining the relationship between independent variable (Benefit, Opportunity for promotion, work environment and training & development) and the dependent variable (Job satisfaction).

Table 4.3 Correlations

Correlations

		Benefit	Opportunity for promotion	Training & Dev.	Work environment	Job satisfaction
Benefit	Pearson Correlation	1	.325**	.281*	.219	.331**
	Sig. (2-tailed)		.005	.016	.062	.004
	N	73	73	73	73	73
Opp.for promotion	Pearson Correlation	.325**	1	.497**	.447**	.686**
	Sig. (2-tailed)	.005		.000	.000	.000
	N	73	73	73	73	73
Train&Dev.	Pearson Correlation	.281*	.497**	1	.397**	.487**
	Sig. (2-tailed)	.016	.000		.000	.000
	N	73	73	73	73	73
Work Env.	Pearson Correlation	.219	.447**	.397**	1	.714**
	Sig. (2-tailed)	.062	.000	.000		.000
	N	73	73	73	73	73
Job satisfac.	Pearson Correlation	.331**	.686**	.487**	.714**	1
	Sig. (2-tailed)	.004	.000	.000	.000	
	N	73	73	73	73	73

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

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

As illustrated in the table, for benefit and employee job satisfaction correlation Coefficient of $r=0.331$, $p<0.01$ was found, this shows that there is moderate relationship between the two variables. In the same regard, opportunity for promotion and employee job satisfaction coefficient $r=0.686$, $P<0.01$ was found; it also verified that there is strong positive relationship between the two variables.

A correlation coefficient $r=0.487$, $p<0.01$ was found between Training and development and employees' job satisfaction. Since two-tailed significance test value is less than 0.01 and the value of r between 0.5 to 1.00, this shows that there is a moderate relationship between the two variables.

Considering a correlation coefficient outcome of work environment and employee job satisfaction was found $r=0.714$, $p<0.01$. And it shows that a strong relationship between them working environment and job satisfaction of employees. From this one can infer that not all benefit packages have similar impact on job satisfaction of employees.

4.4 Regression Analysis.

Regression analysis helps in order to measure the relative strength of independent variable on dependent variable. On the basis of results indicating a direct positive relationship between reward and job satisfaction all dimension was examined using multiple regression analysis to ascertain the extent to which they explain that the variance in job satisfaction.

The main objective is predicting the future (the unknown) based on data collected from the past (the known). It analyzes one variable, the dependent variable, taking into consideration the effect on it by one or more factors, the independent variables. The analysis determines that some independent variables have more effect than others, so their weights must be considered when they are the basis of a prediction. Regression analysis, therefore, is the process of looking for predictors and determining how well they predict.

In order to prove the impact of each independent variable on dependent variable and to check the hypothesis developed linear regression analysis was applied. As per the study conducted the results of regression analysis are in the underneath.

Table 4.4 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	.827 ^a	0.683	0.633	0.41711	0.683

a. Predictors: (Constant), work environment, Benefit Training & Development., Opportunity for promotion.

The Table 4.4 model summary shows the coefficient of multiple correlations R which is the degree of association between elected reward effects and employees' Job satisfaction is 0.827. The value of the adjusted r square is 0.633 this justify that 63.3% of variation in employees' job satisfaction is explained by benefit, opportunity for promotion, work environment&, training & development and work environment where as 37.8% of variance is explained by other factors.

Table 4.5 Coefficients'**Coefficients'**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.087	.486		.179	.860		
Benefit	.074	.141	.066	.527	.603	.818	1.223
Opportunity for promotion	.331	.129	.362	2.557	.017	.633	1.580
Training & Dev't	.114	.127	.123	.896	.379	.678	1.476
Work environment	.515	.133	.495	3.872	.001	.774	1.293

a. Dependent Variable: Job satisfaction

Table 4.5 shows that the degree to which each independent variable influences the dependent variable. The relative importance of intrinsic and extrinsic rewards (independent variables) in contributing to the variance of the employees' job satisfaction (dependent variable) is explained by the standardized beta coefficient. The beta value is a measure of how strongly predictor variable influences the criterion variable and the higher the beta value the greater the impact of the predictor variable on the criterion variable.

The beta value for Benefit is (beta=.066,P=0.603, Opportunity for promotion (beta=0.362, P=0.17), training and development (beta= .123, P=0.379) and work environment (beta=.495, P=0.01). From this we can understand that the four of the explanatory variables of job satisfaction are positively related with employees' job satisfaction.

Among the independent variables, working environment is more significant and statistically meaningful. This can be interpreted as a certain improvement on the working environment will increase employee's job satisfaction by 49%.

Therefore, work environment is verified that to be an essential part and principal factor in influencing the employees job satisfaction in the company. So, management should cortically be aware that increasing conducive work environment in order to enhance the employees job satisfaction

Hypothesis No 1

The correlation result on the above table shows that benefit ($r= 0.331$, $p<0.01$) has moderate positive relation with employee's job satisfaction. Therefore, the result supports the hypothesis that benefit has positive relation to employees' Job satisfaction.

Hypothesis No 2

A statistically strong and positive relationships was also absorbed between opportunity for promotion and job satisfaction as hypothesized ($r=0.686$, $p< 0.01$). Therefore, the result support the alternate hypothesis is accepted.

Hypothesis No 3

On the same way, the third hypothesis also accepted, as the correlation result shows Training and development ($r= 0.487$, $p<0.01$) is positively moderate and significantly related with employees' Job satisfaction.

Hypothesis No 4

Concerning the hypothesis correlation analysis result of work environment ($r=0.714$, $p<0.01$) also supports the hypothesis that work environment has significantly and strong relationship of employee's job satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter was intended at investigating the effect of rewards on employee job satisfaction in Ethio telecom. The study was conducted through questionnaires by collecting data from 73 respondents and it presents the general findings of the research in the framework of the central ideas strengthening the objectives of this research. The perspective of this chapter does not only recommend solutions but presents the findings in relation to employee job satisfaction. The key components of the chapter include the summary of findings, recommendations and conclusion.

5.2 Summary of Major Findings

The sample consisted majority female respondents (n=40 or 54.79%) than male (n=33 or 45.21%). The majority of the work force (n=34 or 46.57%) are participating in the study ranging between the age category of 22-30 years old and majority of them are married and first-degree holder (n=50 or 68.49%).

As far as the relationship of the identified independent variable benefit and the dependent variable job satisfaction by quantitatively testing their relationship using the coefficient of value, it was found a moderate relationship between independent and dependent variable.

On the same way, concerning the relationships of the independent variables training and development and employees' job satisfaction, it was found moderate relationship between these variables.

Depending on the result of inferential statistics, strong positive relationship was found between opportunity for promotion, and work environment ($r=0.686$, $p < 0.01$), ($r=0.714$, $p < 0.01$) respectively and moderate relationship between benefit which is ($r=0.331$, $p < 0.01$) and Training and development ($r=0.487$, $p < 0.01$).

5.3 Conclusion

The objective of this study was to examine the effect of rewards on employee's job satisfaction. Job satisfaction was examined in this study by including the variables: benefit, opportunity for promotion, work environment and Training and development. And majority of the employees are not satisfied with the existing rewards.

- The Descriptive statics in the form of arithmetic means of standard deviations for the respondents were computed for the reward variables of benefit, opportunity for promotion, work environment and Training and development and overall job satisfaction of the selected employees of the ethiotelecom. Based on the result of value in intrinsic and extrinsic reward is moderate and the overall job satisfaction of is low. This shows that the employees are not that much satisfied with the existing rewards. The low mean of job satisfaction shows that there are also other factors which make the employee dissatisfied.
- There is a moderate relationship obtained between the independent variables training and development and job satisfaction.
- The result of the correlation coefficients analysis was computed for the purpose of determining the relationships. The relationship between the different reward variables and employee job satisfaction, there is a statically strong and significant relationship between opportunity for promotion and work environment. Thus, if rewards being offered to employees for this two variables were to be altered then a correspond change in job satisfaction.
- Moreover, from the correlation analysis result it can be concluded that training is moderately and significantly correlated with employee job satisfaction and all relationship between the dependent variables (job satisfaction) and independent variable (training) are positively and significantly correlated.
- Regarding regression analysis regressing extrinsic and intrinsic reward against employee's job satisfaction (dependent variable) only work environment significantly explains the variance employee's job satisfaction. Hence according to this study, work environment is the most influential factor of employee's job satisfaction

Recommendations

- Based on the above findings and conclusion made, the researcher recommended the following measures must be taken by the Ethio telecom in order to enhance the job satisfaction level of the employees that has an impact on personal improvement and achievement of organizational goals. These are the below ones: -
- The mean score result mostly indicates that employees in the company are moderately satisfied with benefits and training and development they have in and it is evidenced that there is a positive and significant relationship between intrinsic and extrinsic reward and employees' job satisfaction.
- On the basis of this finding management should focus on these reward effects to yield highly satisfied employees, by continuously examining the benefit and reward package of other organization and make adjustment. So, as the company can exploit the potential of employees and which is an indispensable factor to sustain the human capital.
- As seen the demographic nature of the respondents Ethio telecom is having group of professionals that belong to the most active and energetic age group may help the organization to achieve its goals. The company should attempt its best to keep them satisfied by providing practical reward packages to accommodate its workforce age composition
- As obtained from the findings work environment is the major predictor factor on job satisfaction it is clear that any employees prefer to work in an environment that is suitable and conducive for them, so, the management need to attempt its best to maintain conducive work environment even make better than the presented one.
- Fair and clear opportunity for promotion program should be implemented based on employee performance and ability this enhance employees' morals. Therefore, the management should design a system that meets its employee expectation. By doing so, it

can increase employee job satisfaction and this has an impact to achieve its set goals, objectives, mission and vision.

- Lastly, as per the result of the regression analysis there are other further factors that affects employees job satisfaction research should be done to know such factor on the area.

Since the study sample is mainly focused on selected departments of head office employees of Ethio telecom. Hence, future researchers can take to study a larger sample so as to generate wider conclusion in understanding the relationship between the variables (reward systems, job satisfaction, organizational commitment and employee performance) and other HRM practices.

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Appendix I



**ST MARY'S UNIVERSTIY
SCHOOL OF GRADUATE STUDIES
DEPARTEMENT OF GENERAL BUSINESS ADMINISTRATION**

Dear Respondents

The purpose of this questioner is to collect primary data for the study on “Effects of reward on employees’ job satisfaction” in the case of Ethio telecom as partial fulfillment of the requirements for the degree in Master of Business administration. The study is required for academic purpose only. Your cooperation in filling the questioner is crucial and makes the paper very much valuable. So, kindly take a few minute to fill the questioner and be objective while completing your answers. I would like to assure that the information you give would strictly kept confidential.

Instruction

- No Need to write your name
- Please put a tick mark (√) in the box.

If you have any question to be clarified contact me through the following address.
Tel-+251912174033, wubxkeb2005@yahoo.com

PART I. PERSONAL DATA

1. Sex M F
2. Age 22-30 31-40 41-50 51-60
- Above 60

3. Educational level
- Diploma first Degree Master’s degree

PHD

4. Marital status
- Single Married Divorce Others

5. Service year in the organization
- Below 2 year 2- 5

2-5 Year 15-20

5-10 above 20

PARTII. Question related to reward practices in the company

Please put a tick mark (√) in front of the following items indicating the level of your agreement or disagreement that best expresses your opinion based on the below scale

Scale: 1-Strongly disagree 2- Disagree, 3- Neutral 4 – Agree 5- Strongly Agree

I	Benefit	1	2	3	4	5
1	There is attractive salary in the company that makes me encourage staying in the organization.					
2	I am satisfied the benefits of my company are better than other organizations offer.					
3	There are benefits we don’t have which we should have.					
4	There is equity in benefit					
5	The company provides me a fair house allowance.					
6	The company benefits provide better benefit than other					

	organizations offer.					
II	Opportunity for promotion					
7	There are chances to get a new position.					
8	I perceive my promotion and grad as fair.					
9	There are chances to get a new position from others employee on the same position.					
10	There are chances for advancement on the job.					
11	Employees who do well on the job have a fair chance of being promoted.					
12	The company promotes me to develop new skill.					
13	Qualification and experience are considering to promotion.					
III	Training and Development					
14	There is equal access to job-related training opportunities.					
15	The company have good training and orientation opportunity					
16	My organization has a sponsorship programs that assist employees to pursue academic and professional education programs.					
17	There are really high chances of training on my job.					
IV	Work Environment					
18	There are enough input materials to carrying out my job in the company.					
19	There are suitable working conditions.					
20	The company's rules & regulations are conducive for work.					
21	Facility availability on my work place is adequate.					
V	Job satisfaction					

28	The reward policies and procedures of the company are put in to practice.					
29	There are opportunities of getting appreciation and rewards if the desired targets accomplished.					
30	I am generally satisfied with the kind of work I do on this job.					
31	The company provided welfare facilities for my job.					
32	The job provides me stable employment.					

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

Prepared by Wubye Kebede