



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATES**

**EFFECT OF REWARDING SYSTEM ON EMPLOYEE
PERFORMANCE: THE CASE OF HABESHA BREWERY,
ETHIOPIA**

BY

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February, 2022

Addis Ababa, Ethiopia

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DECLARATION

I the undersigned declare that this research thesis is my original work prepared under the guidance of Muluadam Alemu (PhD). All materials used for this research proposal have been acknowledged. I confirm that this proposal has not submitted for any degree.

Name

Signature

CERTIFICATION

This is to certify that Rebka Tsegaye has properly completed her research work entitled “EFFECT OF REWARDING SYSTEM ON EMPLOYEE PERFORMANCE: THE CASE OF HABESHA BREWERY, ETHIOPIA” with my guidance through the time. In my suggestion, his task is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Master of Business Administration.

Research Advisor

Muluadam Alemu (PhD)



June 11, 2021

Signature and Date

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LIST OF ACRIMONY

ANOVA	Analysis of Variance
GDP	Gross Domestic Product
HR	Human Resource
HRM	Human Resource Management (HRM)
SPSS	Statistical Package for Social Science

ABSTRACT

Reward system is an important tool that management uses to channel employee's motivation in desired ways such as better functionality and further improve company performance. This study examined the impact of reward systems on employee performance in Habesha Brewery. The study has used descriptive and explanatory research designs which incorporated both quantitative and qualitative approaches. The study surveyed 237 employees from Habesha Brewery by using self-administered questionnaire. Only 190 employees properly filled and returned the questionnaire and as result, this study attained 80 % of response rate. Accordingly, the study found that the proper implementation of rewarding system was limited by mishandling of fair promotion and transfer techniques but rewarding system is strongly implemented by providing well designed physical work area, brewery based rules and procedures, and creating learning brewery environment. In addition, the study found that there exist moderate positive relationship between recognition and praise, pay and bonus, training & development and work environment and employee performance. Further, recognition, pay and bonus, training and work environment affects employee performance in brewery industry. This study revealed that there is a significant motivational factors difference among the employees in the brewery industry by demographic variable such as gender and work environment, education level by using independent T test. Finally, the study concluded that reward management has positive effect on the performance of employees in the study organization. Hence, this study suggests the need to work on management succession that involves hiring new executives, promotions, and transfers as well as it may enhance its manufacturing competency that entails ensuring that staff possesses the appropriate skills and knowledge to perform the service.

Key Words: Brewery, Performance, Reward

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance of each employee usually affects not only the employee himself/herself but also the team he/she is working at, department, management and the company. Thus, performance is the fundamental aspect of organization's success and productivity (Armstrong, 2013). On other hand, reward system is the way to increase organization's productivity and at the same time monitor performance of employees. According to Sheilds and associates (2015), rewards should be based on differing needs of employees. The needs of some employees can be fulfilled by cash rewards while others are more interested in other incentives such as house, car, paid holidays, etc. a reward system should have an effective combination of both monetary and non-monetary rewards and incentives in order to satisfy the needs and expectations of employees towards management and reward system (Sheilds, *et al.*, 2015).

Most commonly rewards are categorized as intrinsic and extrinsic where extrinsic rewards stand for promotions, commission, bonus, awards, while intrinsic rewards are performance appreciation, social recognition, improved working conditions, diversification in job description, increasing responsibilities (Njanja, *et al.*, 2013). Intrinsic (non-monetary) motivation refers to the motivation that comes from inside an individual. This type of motivation usually comes with the satisfaction employee gets after the work being done or in some cases during the working process (Armstrong, 2013). In contrast, extrinsic (monetary) motivation is generated by some actions being done for people to motivate them. A good balance of extrinsic and intrinsic rewards enables the organization to maximize employee's performances, commitment, motivation, and job satisfaction which in turn maximizes the performance of employees particularly in terms of productivity (Khan, *et al.*, 2013).

Wang (2004) points out the fact that reward system is an efficient method of increasing employee commitment towards organization maximizing employee loyalty and job satisfaction. (Brief & Weiss, 2002). Ali and Ahmad (2009) conducted an investigation and found that positive relationship between reward and recognition and positive relationship between satisfaction and

motivation. The study concluded that by enhancing reward and recognition of employee performance an organization can maximize employee performances and satisfaction. Latham (2012) has concluded that a company should have a developed rewards system which meets the needs and wants of employees; otherwise there would be no any benefit from the system.

The study conducted by Andrew and Kent (2007) showed that job satisfaction strongly depends on employees' perception of reward system as well as performance appraisal and recognition, Boehm and Lyubomirsky (2008) concluded that rewards have potential to promote job. They focused on Intrinsic and extrinsic nature of rewards and identified that they are determinants of job satisfaction. The study conducted by Andrew and Kent (2007) illustrated that employees are highly conscious of reward system as well as performance recognition and thus they are important variables in job satisfaction.

Danish and Usman (2010) investigated reward system as a method of creating pleasant and favorable working conditions for employees, thus motivating workforce to maximize productivity and deepen loyalty to an organization. Moreover, they point out that performance recognition leads to the creation of high working moral among employees which contributes to companies' successful operation on the market. In addition, Kehoe and Wright (2013) conducted statistical tests and found significant relationship between reward system and performance recognition, as well as with motivation and job satisfaction. According to their study, employee motivation and job satisfaction change correspondently with the changes in recognition and rewards. For instance, increase in rewards leads to increase in employee performance.

Aktar, Sachu, and Ali (2012) conducted a study to examine the relationship between rewards and employee performance and relationship between extrinsic and intrinsic rewards. The study also explored determining factors of extrinsic and intrinsic rewards and impact on employee performance. In many manufacturing settings, instead of the reward systems to synchronize the interest of employee and employer by tuning employee interest towards performance, the systems have progressively made parallel the interest of employee and employers. Particularly, industries in developing countries like Ethiopia which has engaged its labor force in manufacturing areas, needs to review the effectiveness of their reward system to address employee performance. It shows that there is need for a research to experience high levels of

employee performance, lower production cost, and higher-profit margins. To address conflicting interest between employee and employer resulting in high labor turnover with its associated cost effect, industrial based research work is essential to investigate the effect of reward system on employee performance in brewery industry. Thus, this study was envisioned to investigate the effectiveness of rewarding system on employees' performance in Habesha Brewing Company.

1.2 Statement of the Problem

Over the last two decades, the manufacturing sector in Ethiopia has experienced an array of challenges (Tariku, 2016). Ethiopia, a country with long world history and a population of more than 100 million, still remains as one of the least developing countries in the world. The manufacturing sector contributes no more than 11% to GDP and 5% to employment (Haile & Satya, 2016). The pace to maximize benefits from manufacturing industry is far below expectation due to quality management and other different problems. Recently Ethiopian manufacturing organizations particularly breweries are demanded to improve their products quality in order to improve their competitiveness.

In response to the challenges facing the manufacturing sector, Habesha brewery has had to cut on payroll expenses. One way has been the withdrawal of some of the staff benefits. This has had some adverse effect on employees' morale, and consequently, performance. Preliminary interview with its employee indicated that Habesha brewery needs to have efficient and effective strategies in different areas of operation to stay in competitive industry. The success of the company depends on the employee performance and motivation. There has also been increased expression of job dissatisfaction significantly impacting employee performance.

In manufacturing industries and specifically breweries, it is very imperative for organizations to stay focused on employee performance and seek ways to enhance it. Whereas employees are assets in any organization, the significance of an employee in brewery industry is more significant because the industry is by nature manpower intensive (Uzoma, 2019). The majority of the employee activity and behaviour in the manufacturing industry involves adapting technology, exposure for risks and fatal and heavy direct contact with product manufacturing (Sev, et al., 2016). Every employee behaviour or activity does not result in performance. If the activities or behaviour have nothing to do with the organization's objective such as increasing the sales of the

organization and making profit, it is unlikely to contribute to the organization's performance (Uzoma, 2019).

Beardwell and Claydon, (2010) showed that several other factors besides rewards influence employee performance. These contain employee working conditions, employees' relationships with their employer, job security, training and development, and the policies that guide rewards for employees. Various researchers such as Aktar, *et al.*, (2012) and Pratheepkanth (2011) argue that organizations' reward systems have both positive and negative effects on employee performance. However, these studies were not conducted in the food processing sector and they disregarded the role of reward system in employee performance in brewery industry. In addition, they focused on challenges and practices of rewarding system. Others focused on service industry like Ermias (2007) examined the effect of reward system on perceived employee performance in banking sector. Nevertheless despite the relevant of the study to test the effect of reward system on employee performance, the result cannot generalize to all countries in the world also the findings cannot be generalized owing to economical social and culture difference.

Particularly, manufacturing firms in Ethiopia suffered from various challenges have been brought about by the credit crunch that happened in project investment and lack of foreign currency and others (Haile & Satya, 2016). As a result, several industries were severely affected and were forced to cut employees' benefits to mitigate financial challenges. Worse still, the Ethiopian manufacturing sector was dealt a further blow when political instability launched by public demonstration across the country since 2018 that affecting even import and export trading that contributed to the performance of the manufacturing sector (Fortune, 2020). In addition, Haile & Satya (2016) stated that relatively labor cost is lower in Ethiopia when compared with the rest of the world. However the lower productivity of labor and the increment of the labor cost affect the industry's competitiveness in international market.

Notwithstanding the relevant of the study still we can have different result if we conduct the same study at different location and in recently established industries like the surveyed brewery. Since the study was done in the Brewery Company, recently established manufacturing industry this took place at regional setting. Therefore, this study established to investigate the effects of rewards on employee performance in the brewery industry, by examining the extent to which intrinsic rewards influence employee performance, the extent to which extrinsic rewards

influence employee performance and the extent to which rewards are aligned to employee performance.

1.3 Research Questions

1. To what extent reward system influence performance of employees of Habesha Brewing company?
2. To what extent recognition and praise rewards influence employees' performance in Habesha Brewing Company?
3. To what level pay and bonus rewards influence employees' performance in Habesha Brewing Company?
4. What is the level of conducive work environment influence on employees' performance in Habesha Brewing Company?
5. To what extent training and development influence employees' performance in Habesha Brewing Company?
6. Are the significant motivational factors differ among the employees in Habesha Brewing Company by demographic variable like sex, gender and income?

1.4 Objectives of the Study

1.4.1 General Objectives

- The main objective of this study is to examine the effect of reward management system on the performance of employees of Habesha Brewing company in Ethiopia

1.4.2 Specific objectives

1. To determine the effect of recognition and praise rewards on employees' performance in Habesha Brewing company;
2. To test the effect of pay and bonus rewards on employees' performance in Habesha Brewing company;
3. To investigate the effect of conducive work environment on employees' performance in Habesha brewing company;

4. To examine the effect of training and development on employees' performance in Habesha Brewing company; and.
5. To test if there is a significant motivational factors difference among the employees in the brewery industry by demographic variable like sex, gender and income.

1.5 Significance of the Study

This study focused on identifying relationship between rewards and employee performance in the surveyed firm. Findings of this study will have some practical relevance. First, it will provide a deeper understanding of the appropriate reward systems that required to be adopted by Habesha Brewery to influence employees work performance. Second the findings of the study will help the planners of Human Resource rewarding system on how to implement appropriate reward strategies within the organization to enhance work performance. Third this study will help Habesha brewery to reflect more on the purpose and benefits of rewarding employees in line with work performance. Forth the results and methods that used in the research will be useful Habesha brewery and may be also useful for other similar manufacturing organizations to improve their existing reward systems.

From the practical implication perspective, the findings of the research are valuable for making recommendations for Habesha Brewery study case as the principal objective of the research is to improve company's existing reward system and, therefore, increase overall employee performance. Besides, the findings of this study will benefit industrial promotion in the country by guiding the management on how to align rewards with employee performance based on recommendations provided at the end of this study. In addition, this study will be of significance to the brewery and similar industries like bottling companies (water, soft drink, juice and others) by providing ideas on how to deal with the effects of rewards on employee performance. Similarly, this study will be used by manufacturing industry human resources practitioners to make decisions regarding reward options of reward systems that they should consider for their respective organizations. Moreover, the government of Ethiopia will benefit from this study because it will be a source of statistics that will help policy makers develop sector rewards policies that are in line not only with sector objectives, but that are also cognizant of the prevailing circumstances in the sector. Finally, this study will add value and knowledge to the

body of researchers and academicians. Researchers can utilize these findings as a basis for testing hypothesis, or conducting further research, while academicians can utilize it for literature review, conducting further studies, or confirming findings through study hypothesis on the same. To end with, this study will also use as an input for researchers who want to make further improvement in this area of study.

1.6 Scope and Limitations of the Study

1.6.1 Scope of the Study

This study was delimited in terms of geography, target groups, issues and time. This research is related to brewery industry particularly Habesha brewery. It focused on recognition and praise rewards, pay and bonus rewards, conducive work environment, training and development and employees' performance in brewing company experiences. This study was conducted in Ethiopia. It focused on the population of the 237 employees who are stationed at the surveyed brewery. The researcher collected data from both management and staff under the union umbrella. The researcher made an effort of gathering information from employees from all major sections which include sales and marketing, service support staff, supply chain and production and general service and administration. The study took place over a period of six months. Moreover, this study employed descriptive and explanatory survey design and in the course of researching both primary and secondary data were employed. To achieve the research objectives, a well-designed five point liker scale questionnaire and interview checklist, and close ended questionnaires were used to gather data from sample respondents.

1.6.2 Limitation of the Study

The study focus on one Brewery company as of various similar firms in the country due to the need for detailed analyses of the effect reward system on performance. This limited the generalizability of the findings to other bottling firms in the country. In addition, shortage of time, skill on research and few employees refusal to fill the questioner is other potential limitation of the study. In addition, the study did not include secondary data from the surveyed company due to financial security and data provision culture across the country. The subject of reward systems is a very sensitive area in many companies, hence, it was anticipated that challenges of the Brewery might arise with both the respondents in the organization due to issues

of confidentiality. However, this limitation was overcome by clearly stating the academic purpose of the study and also reassuring the respondent that their participation in the study was held confidential. Thus, this study attempted to collect data from the perception of the employees and interview methods

1.7 Definition of Terms

- Employee performance is defined as the successful completion of tasks, responsibilities or assignments by a selected employee or group of employees based on set performance objectives and indicators of efficiency and effective utilization of available resources (Dewhurst, Guthridge, and Mohr, 2010).
- Extrinsic rewards as the fringe and pay advantages employees get from an organization. This includes promotion opportunity, career advancement and conducive workplace environment (Farooqui and Nagendra, 2014).
- Intrinsic rewards are those rewards that are inherent within a job and are available in job for example employees' ability, receiving appreciation, recognition, challenges and achievement, and behaviour that shows understanding and concern as to enhance awareness, ability and confidence in the person being mentored (Richard, Ryan and Deci, 2010).

1.8 Organization of the Study

This study consists of five chapters. The first chapter provides brief introduction of the study which includes, background, statement of the problem, objectives and significance of the study, research questions, scope and limitations of the study, and operational definitions and terms. The second chapter includes theoretical and empirical review of related literature of the study. Third chapter discusses the research methodology that includes research approach, research design, population and sampling and sampling techniques of the study, data collection and analysis tools are presented. Chapter four deals with data presentation of the study; and it also includes analysis and interpretation of the study findings. Finally, chapter five presents summary of findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review contains both conceptual framework of the study concerning the theoretical Frameworks and empirical literature. This chapter presents existing literature based on the objectives of this study. Literature on effects of intrinsic rewards on employee performance is presented first, followed by literature review on extrinsic rewards that influence employee performance, and finally the extent to which other factors influence employee performance. Conceptual Framework by which the overall research tasks is focused and used to construct the conceptualization of the impact of employee reward system and their performance. The empirical literature review which helps to get the previous findings in the empirical studies and discussions related to reward system and employee performance.

2.2 Theoretical Framework of the Study

2.1.1 Concept and Definitions

Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about 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 stakeholders (Farooqui & Nagendra, 2014). The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals. Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility (Richard, *et al.*, 2010).

The aims of reward management are achieved by developing and implementing strategies, policies, processes and practices that are founded on a philosophy, operate in accordance with the principles of distributive and natural justice, function fairly, equitably, consistently and transparently and are aligned to the business strategy, fit the context and culture of the organization, fit for purpose and help to develop a high performance culture. The philosophy

recognizes that, if human resource management (HRM) is about investing in human capital from which a reasonable return is required, then it is proper to reward people differentially according to their contribution (Beardwell & Claydon, 2010).

The philosophy of reward management also recognizes that it must be strategic in the sense that it addresses longer-term issues relating to how people should be valued for what they do and what they achieve. Reward strategies and the processes that are required to implement them have to flow from the business strategy (Richard, *et al.*, 2010). Reward management adopts a 'total reward' approach, which emphasizes the importance of considering all aspects of reward as a coherent whole that is linked to other HR initiatives designed to achieve the motivation, commitment, engagement and development of employees. This requires the integration of reward strategies with other HRM strategies, including talent management and human resource development. Reward management is an integral part of an HRM approach to managing people (Beardwell & Claydon, 2010).

The approaches to achieving the aims of reward management are incorporated in the reward system of an organization. These consist of reward strategies, which set out what the organization intends to do in the longer term to develop and implement reward policies, practices, processes and procedures that will further the achievement of its business goals. For example, an organization may have a strategy to maintain competitive rates of pay (Farooqui & Nagendra, 2014). In addition, it included reward policies, which set guidelines for decision making and action. For example, an organization may have a policy that sets the levels of pay in the organization compared with median market rates. Then, it contains reward practices, which consist 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 analysing market rate data, and making pay adjustments that reflect market rates of increase. Moreover, it included reward processes, which consist of the ways in which policies are implemented and practices carried out, for example the way in which the outcomes of surveys are applied and how managers manage the pay adjustment and review process. Finally, we have reward procedures, which 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 (Beardwell & Claydon, 2010).

2.1.1.1 The Concept of Reward

According to Njanja, et al., (2013), reward is indispensable and an unbreakable motivator to realize the organizational performance. This has been adopted by different public and private sector organizations. For example, doing more with reward is very important to elevate self-esteem and to establish kindness between managers and their employees in downsizing (Pratheepkanth, 2011). For the most part, the employee's insight into the reward practice clarity depends on two factors: complexity and communication. In this case, the employees need to know the relationship between the firm's goals, their supply, and the way they are rewarded; and ambiguity in this regard will decrease the motivation rewarding value. In other words, the requirement for a clear reward system includes having an obvious communication of the offer and concentration on the rewards as well as the concerns about comprehending the methodologies, targets, and measures applied while introducing rewards (Njanja, *et al.*, 2013).

While motivation is at the heart of organizational behaviour, the interactive and direct effects of extrinsic and intrinsic rewards can be the centre of motivation study. Extrinsic motivation behaviours include the actions that are extracted from external rewards, such as payment, esteem, material properties, and positive evaluations (Uzoma, 2019). On the opposite side of extrinsic motivation, the intrinsic one is mentioned to exist when the behaviour is done for its exclusive aim rather than to access social empowerment or material.

Reward management deals with the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. Reward management takes place within the context of the internal (corporate) and external environments. Reward policies cannot be considered, designed or operated independently of their context. The approach to reward between organizations differs considerably and there are no universally effective or ineffective reward practices (Bayon, 2013).

Reward systems had existed in the past and have served as a premise for the development of recent ones that better align the interest of both employee and employer. The perceptions that employees have with regards to their reward climate influences their attitude towards their employees. In addition, the commitment of managers towards their organization is also shown by how the manager rewards his/her employees (Bello & Adebajo, 2014). The norm of reciprocity focuses on the ability of organization to accommodate the needs of their employees and reward

them for their effort. In exchange for the rewards provided to them, employees should reciprocate by increasing their commitment towards their organization and their work. Many studies in the creativity literature have shown that the firm's perform creatively (Bayon, 2013).

Reward systems have several parts and structures depending on the need of the organization exploiting the reward system. What every organization regards as its goals for profitability and growth are the parameters that are expected to be included in the reward system to ensure that desired behaviours are rewarded while undesired actions are not. This requires a breakdown and restructuring of organizational goals into understandable and measurable behaviours and performances. The outcome is some forms of a management control tool that measures and rewards performance. These systems sometimes have minimum and maximum reward that can be paid out depending on what it is designed to achieve (Bello & Adebajo, 2014).

2.1.1.2 Types of Reward

There are different parts of a reward system. The first include the monetary part which is the most common part of every reward system. It is not necessarily the most important part of the system but has a high motivating impact on employee performance. It is the financial part of reward (Uzoma, 2019). There are three main categories of the monetary part of a reward system: performance base salary-increase that is organizations pay salaries to their employees after every fixed period of time. It is expected that employee competencies increase over time as a result of experience in longevity.

2.1.1.2.1 Salary Pay and bonus rewards

As a result, provisions are made for a small increment in salary after particular periods of time (Bello & Adebajo, 2014). These are known as performance base salary increments. Additional, short-term incentive plans that is a cash bonus given mostly to managerial level staff based on performance measured over a short period of time usually less than one year. In addition, there is a long-term incentive plans that rewards that are based on performance measures over time periods longer than a year are long-term incentive rewards. By using this plan, a company can reward employees for their great work performance to maximize the firm's long-term value. This also helps to attract and retain key talented persons in an organization (Bayon, 2013).

On other hand, as defined by Pratheepkanth (2011), total reward ‘includes all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic’. All aspects of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the effect of the two major categories of reward are transactional rewards that included tangible rewards arising from transactions between the employer and employees concerning pay and benefits; and relational rewards that contained intangible rewards concerned with learning and development and the work experience.

2.1.1.2.2 Conducive work environment

The second is the non-monetary parts which are intangible non-cash rewards such as scope to achieve and exercise of responsibility, career opportunities, health care, learning and development, career progression, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization. A word of appreciation and certificates of recognition are other forms of non-monetary part of a reward system (Njanja, *et al.*, 2013). Nonmonetary part of a reward system creates a long term effect on employee commitment than the monetary part. Nonetheless, an effective reward system must contain both components (Bayon, 2013).

Rewards systems can either result in intrinsic motivation or personal growth motivation. Intrinsic motivation is the type that comes from within the individual, a feeling of being proud of something, feeling content and happy by something that you have done. Contrariwise, personal growth motivation is the type that is brought to you by another person or an organization (Pratheepkanth, 2011). Besides, extrinsic rewards can be monetary or non-monetary. The monetary part is usually a variable compensation which is separated from the salary. It is received as an outcome of extraordinary performance or as an encouragement. It can be either individually based or group based. The conditions to obtain these reward systems are often set in advance as well as the performance needs to be expressed in a measurable form (Njanja, *et al.*, 2013).

A total reward approach is holistic, reliance is not placed on one or two reward mechanisms operating in isolation, and account is taken of every way in which people can be rewarded and

obtain satisfaction through their work. The aim is to maximize the combined effect of a wide range of reward initiatives on motivation, commitment and job engagement. The conceptual basis of total rewards is that of configuration or ‘bundling’, so that different reward processes are interrelated, complementary and mutually reinforcing. Total reward strategies are vertically integrated with business strategies, but they are also horizontally integrated with other HR strategies to achieve internal consistency (Bayon, 2013). Essentially, the notion of total reward says that there is more to rewarding people than throwing money at them. A total reward strategy is critical to addressing the issues created by recruitment and retention as well as providing a means of influencing behaviour: ‘It can help create a work experience that meets the needs of employees and encourages them to contribute extra effort, by developing a deal that addresses a broad range of issues.

2.1.1.2.3 Recognition and praise rewards

Recognition is to acknowledge someone before their peers for desired behaviour or even for accomplishments achieved, actions taken or having a positive attitude. It provides advice to any leader of change as being one of the most important tasks when they to recognize state: —learn and appreciate pro refer to an attitude adjustment in starting to recognize any and all achievements of all employees in an organization, and call it. It is related to appreciation that shows gratitude to an employee for his or her action. Such rewards support employees to gauge their performance and know whether they are doing good or bad (Haile and Satya, 2016).

2.1.1.2.4 Training and development

Training and development leads to increased employee motivation. In consequence, the management can motivate people through such methods as pay, promotion, praise and training. Motivating other people is about getting them to move in the direction you want them to go in order to achieve a result (Armstrong and Murlis, 2004). Motivated people are those with clearly defined goals who take action that they expect will achieve those goals. Training and development also enhances competitive advantage of an organization. This is the essence of competitive strategy. It encompasses those capabilities, resources, relationships and decisions which permit an organization to capitalize on opportunities in the market place and avoid threats to its desired position (Andrew and Kent, 2007).

2.1.1.3 Concept of Employee Performance

Sev, *et al*, (2016) indicated that management suggests the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of loyal customers and customer feedback. Similarly, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Armstrong, 2006). This buttresses the need to measure individual performance of employees as a way of weighing the effect the reward system has on the workforce and by extension, the organization. In addition, it is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance.

Employee performance is an indicator of the capacity of an organization to efficiently accomplish organizational goals (Farooqui & Nagendra, 2014). It can be assessed in many ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment. It is linked with both quantity and quality of output. It takes into consideration timeliness of output and presence/attendance on the job, the efficiency of the work completed and effectiveness of job completed (Sev, *et al*, 2016). Employee performance is the successful completion of a task by an individual or individuals, as lay down and measured by a supervisor of the organization. It entails meeting pre-defined and acceptable standards while efficiently and effectively utilizing available resource within a changing environment. Bello & Adebajo (2014) states that the definition of performance does not include the results of employee's behaviour, but only the behaviours themselves. Performance is all about behaviour or what employees do and not just about what employees produce or the outcomes of their work. Perceived employee performance refers to the general belief of the employee about his behaviour and contributions towards the success of the organization. There are three basic factors that determine employee performance: procedural knowledge, declarative knowledge, and motivation (Farooqui & Nagendra, 2014).

There are two dimensions of employee behaviour and activities in employee performance, task performance and contextual performance (Sev, *et al*, 2016). Task performance is employee

behaviour and activities that directly involve the transformation of raw materials to goods and services which are specific to the job or the core technical skill. Contextual performance concerns aspects of an individual's performance which maintains and enhances an organisation's social network and the psychological climate that supports technical tasks. Task performance is further split into two. On the one hand we have activities that transform raw materials into the goods and services. Examples of such activities include operating a production machine in a manufacturing plant or selling merchandise in a retail store. On the other hand, we have activities that service and maintain the organization's technical core by replenishing its supply of raw materials or distributing its finished products (Bayon, 2013).

2.1.2 Theories Related to Rewarding System

The following fundamental concepts influence the aims of reward management, reward strategy and how people are valued.

2.1.2.1 Social Exchange Theory

The social exchange theory is one of the most suitable theories to explain employees' reward system as well as employees' intention to quit. According to this theory, individuals are constantly in the process of exchange in which the needs of each of the parties should be met by the other. The theory suggests that since individuals cannot satisfy their needs and goals alone, they must be in a mutual exchange relationship with others. Accordingly, reciprocity is the underlying norm of social exchange theory that states the unfulfilled obligations distort the balance in a relationship of reciprocal exchange and lead to negative consequences for both parties. Based on this theory, this study signifies a reward system is more related to providing reward, such as voice and autonomy, to those employees who fulfil their obligations. In parallel with blocking a prior agreement, employees would have a chance to stay in the organisation (Sey, *et al*, 2016). The literature suggests that those employees who have the attributes of organisational reward system in the workplace tend to stay their organisations.

2.1.2.2 The Resource-Based View

This is the understanding that it is the range of resources in an organization, including its human resources, that produces its unique character and creates competitive advantage. HRM provides added value and helps to achieve sustainable competitive advantage through the strategic

development of the organization's rare, hard to imitate and hard to substitute human resources (Ayanda & Sani, 2011). Armstrong and Murlis (2004) refer to the situation in which people are employed with competitively valuable knowledge and skills, as one that confers 'human capital advantage'. The role of reward management is to add to the acquisition and retention of such people. On other hand, performance management strategy is based on the resource-based view that it is the strategic development of the organization's rare, hard to imitate and hard to substitute human resources that produces its unique character and creates competitive advantage. The strategic goal will be to 'create firms which are more intelligent and flexible than their competitors' by developing more talented staff and by extending their skills base, and this is exactly what performance management aims to do. Thus, this theory is very important for this study as it is lined to the concept of human capital. It is human capital that is the differentiator for organizations and the actual basis for competitive advantage. Human capital management is an integrated effort to manage and develop human capabilities to achieve significantly higher levels of performance. This suggests that one of the roles of reward management is to differentiate from rather than imitate the 'best practices' of other firms.

2.1.2.3 Motivation Theory

According to Armstrong (2008), motivation is the force that energizes, directs and sustains behaviour. Motivation theory explains how motivation works and the factors that determine its strength. It deals with how money and other types of rewards affect the motivation to work and levels of performance, what creates job satisfaction, and the link between job satisfaction and performance. It consequently influences decisions on how people should be valued, the choice and design of financial rewards and the use of non-financial rewards.

A distinction is made between extrinsic and intrinsic motivation. Extrinsic motivation occurs when things are done to or for people to motivate them. These include rewards, such as incentives, increased pay, praise, or promotion, and punishments, such as disciplinary action, withholding pay, or criticism. Intrinsic motivation is provided by the work itself. There are four main categories of motivation theories (Armstrong, 2008). First, instrumentality theory is the belief that if we do one thing it will lead to another. It states that people only work for money and it accepts that people will be motivated to work if rewards and penalties are tied directly to their performance; thus the awards are contingent upon effective performance. Second, content

(needs) theory focuses on the content of motivation in the shape of needs. It provides guidance on what needs should be satisfied by the reward system if motivation is to occur. The basis of content theory is the belief that an unsatisfied need creates tension and a state of disequilibrium.. The main needs identified by these and other writers are those for achievement, recognition, responsibility, autonomy and the opportunity to develop and use skills. These have to be taken into account in deciding how people should be rewarded and also in achieving motivation through job design. But a note of caution is necessary.

This theory proposes that to a large extent all people strive for the same fundamental goals. In fact, people are more varied and complex than this. Theories stating that there are strong similarities between people lead to the conclusion that there is ‘one best way’ to motivate and reward them, which is simply not true (Armstrong and Murlis, 2004). Process theory as described below is based on more realistic, albeit more complex ideas. The third one is focused on the psychological processes or forces that affect motivation, as well as on basic needs in process theory. The three main theories are: Expectancy theory, which states that motivation will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile.

Goal theory which states that motivation and performance are higher when individuals are set specific goals, when goals are difficult but accepted, and when there is feedback on performance. Equity theory which states that people will be better motivated if they are treated equitably, and demotivated if they are treated inequitably. There are two forms of equity: distributive equity or distributive justice, which is concerned with the fairness with which people feel they are rewarded in accordance with their contribution and in comparison with others; and procedural equity or procedural justice, which is concerned with the perceptions employees have about the fairness with which company procedures in such areas as performance management, promotion and discipline are being operated. The main distinction between content and process theory is that the former provides guidance on what needs should be satisfied by a reward system while the latter indicates how they should be satisfied, especially in pay schemes that are contingent on performance, contribution or skill. In their case, process theory is the most significant (Armstrong, 2008).

2.1.2.4 Principal Agent Theory

Principal agent theory, frequently identified as agency theory, is based on the supposition that the separation between the owners (the principals) and the agents (the managers) means that the principals may not have complete control over their agents (Beardwell and Claydon, 2010). Because the principals may not have complete control over their agents, the latter may act in ways that may not be in accordance with the wishes of those principals and are not revealed to them. This generates what economists call agency costs. These consist of the extent to which the amount earned for the company by the managers as agents to the owners or principals is more than what might have been earned if the principals had been the managers (Armstrong, 2008).

Agency theory as described above can be extended to the concept of the employment relationship, which may be regarded as a contract between a principal (the employer) and an agent (the employee). The payment aspect of the contract is the method used by the principal to motivate the agent to perform work to the satisfaction of the employer. On the other hand according to this theory, the problem of ensuring that agents do what they are told remains. It is essential to clear up ambiguities by setting targets and monitoring performance to ensure that those objectives are achieved (Beardwell, J., & Claydon, 2010).

This theory is essential for this study as it indicates that it is desirable to operate a system of incentives to motivate and reward acceptable behaviour. This process of ‘incentive alignment’ consists of paying for measurable results that are deemed to be in the best interests of the owners. Such incentive systems track outcomes in the shape of quantifiable indices of the firm’s performance such as earnings per share, rather than being concerned with the behaviour that led up to them. It is used to justify executive bonuses in accordance with the belief that if incentives Schemes are designed properly, top managers will out of self-interest closely monitor performance throughout the organization.

2.1.2.5 The Psychological Contract

It is a set of unwritten expectations that exist between individual employees and their employers. It is concerned with: ‘The perceptions of both parties to the employment relationship of the reciprocal promises and obligations implied in that relationship’. A psychological contract is a system of beliefs that encompasses the actions employees think are expected of them and what response they expect in return from their employer, and, reciprocally, the actions employers believe are expected of them and what response they expect in return from their employees

(Beardwell, J., & Claydon, 2010). The concept of the psychological contract highlights the fact that employee/employer expectations take the form of unarticulated assumptions. Disappointments on the part of management as well as employees may therefore be inevitable (Armstrong, 2008). These disappointments can, however, be alleviated if managements appreciate that one of their key roles is to manage expectations, which means clarifying what they believe employees should achieve, the competencies they should possess and the values they should uphold. All this can be done through reward and performance management.

Overall, this theory is helpful as relational rewards help to deliver a positive psychological contract. The organization can become an ‘employer of choice’ and ‘a great place to work’, thus attracting and retaining the talented people it needs. This theory is very supportive for this study as it is involved performance management that is largely about managing expectations; both managers and individuals understand and agree what they expect of one another, thus developing a more positive psychological contract.

2.1.3 Relationship between Rewards and Employee Performance

According to Kim (2010), organisation performance consists of the sum of performances of every individual in a company. The reward system of a firm is used as a tool to monitor performance of employees as well as a method to motivate employees. Consequently, an organisation such as Nor-met uses reward system to stimulate the performance of its employees. The goals and objectives of organisation are accomplished by designing tasks and duties of employees. The efficiency and effectiveness of the whole organisation depends upon individual effectiveness and efficiency in achieving individual tasks and duties. From the above literature it is possible to make a hypothesis that there is a positive relationship between rewards and employee performance.

Previous studies such as Dewhurst, *et al.*, (2009) found that an adequate re-ward system is critical for employee motivation both for high achievers and low achievers. This is because rewards increase the job satisfaction among high performers and act as an incentive for low performers. The systems may vary in various organisations because of workforce personalities, backgrounds and preferences, therefore, all reward systems have the same objective to motivate employees for continuous improvement, personal development and professional growth. Pratheepkanth (2011)

stated that any reward system should be created based on the needs and preferences of employees as someone's needs may be fulfilled by monetary rewards while others are searching for promotion, appreciation, increase of responsibilities, trainings and other types of non-monetary rewards. An efficient re-ward system should be flexible and contain both monetary and non-monetary rewards to meet the expectations of all employees.

2.1.3.1 Recognition and Praise Rewards on Employees' Performance

Recognition can come in several forms such as employee awards, pay raises, promotions, and physical and verbal support. The key is not necessarily what recognition is bestowed, but the fact that the employee is being recognized. Further to this it is important to provide a forum for this recognition so the employees can receive the accolades in front of their peers (Farooqui & Nagendra, 2014). On other hand, the concepts of "recognition" and "praise" are two critical components for creating positive emotions in organizations. Employee appreciation centres on showing gratitude to an employee for his or her action. Such rewards help employees to gauge their performance and know whether they are doing good or bad (Dewhurst, *et al.*, 2009).

As well, the need to feel appreciated is deeply ingrained in all employees. Being appreciated through praise helps employees develop a positive self-concept and it meets their needs for esteem, self-actualization, growth and achievement. Recognition is emerging in this changing universe as a critical linchpin in the rewards platform. Employees work for much more than a pay check and they want to be recognized for their efforts (Haile and Satya, 2016). Consequently, employers should show appreciation and give employees credit for their work. Praise for a job well done is probably the most powerful, yet least costly and most underused.

2.1.3.2 Pay and Bonus Rewards on Employees' Performance

Money is placed at the top for creating motivation because people require money to fulfill the basic necessities of life so it motivates the employees more than any other incentive (Khan, *et al.*, 2013). They stated that paying is a vibrant factor which affects employee's creativity. Different motivating elements like promotion and bonuses, and suitable payment compensation have significant connection with higher performance (Kim, 2010). In the same way, Khan, *et al.*, (2013) also defined compensation to include issues regarding wage and/ or salary programs and

structures accruing from job descriptions, merit-based programs, bonus-based programs, commission based programs and so on, while benefits typically refers to retirement plans, health life insurance, disability insurance, vacation, employee stock ownership plan and others. Additionally, Kim (2010) observed employee compensation as comprising of base pay and fringe benefits. Base pay or cash pay is the direct pay provided by employers for work performed and these include salary, overtime pay, shift allowance, uniform allowances and pay contingent on performance like merit awards, incentive pay, bonuses and gain sharing.

On the other hand, bonus is form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible. They are reflected taxable to employees, but are considered an expense of doing business and a tax benefit to the employer (Khan, *et al.*, 2013). Pay/pay-bonus reward can be linked to extrinsic incentive. This incentive is compelled by external factors which are principally financial in nature. These rewards have been an issue of debate, whether they actually motivate the employees or move them to perform.

2.1.3.3 Conducive Work Environment on Employees' Performance

Work environment is related to the ways in which work is organized, managed and carried out will influence pay structure and the use of contingent pay. The introduction of new technology may result in considerable changes to systems and processes. Different skills are required, new methods of working and therefore reward is established. The result may be an extension of the skills base of the organization and its employees, including multiskilling (ensuring that people have a range of skills that enable them to work flexibly on a variety of tasks, often within a team working environment) (Armstrong, 2008). For example, the total rewards approach recognizes that it is necessary to get financial rewards (pay and benefits) right. But it also appreciates the significance of providing people with rewarding experiences that arise from the work they do, their work environment, how they are managed and the opportunity to develop their skills and careers. It adds to the production of an employee value proposition that provides a clear, compelling reason why talented people should work for a company (Armstrong and Murlis, 2004).

According to Vance (2012), conducive working environment contributes significantly to employee performance. The physical attributes of a work environment are just as important as the emotional attributes of a work environment. Employees normally develop attachment to their work environment since they spend most of their time at work. Kim (2010) also indicated that employees with a good working environment were highly motivated to get to work compared to those who indicated that they did not like their work environment. Respondents who indicated that they had good working environment exhibited high performance levels. This was attributed to the fact that good work environment made employees get to work early and leave late. As a result, they put in more compared to employees who did not like their work place and who came in late and left work early.

2.1.3.4 Training and Development on Employees' Performance

Armstrong (2008) stated that several organizations have got to the point of recognizing that training and development is a strategic priority rather than a tactical response. A reason for training and development is to give the organization a competitive edge. Training and development ensures increased productivity. Armstrong and Murlis (2004) stated that all organizations are concerned with what should be done to achieve sustainable high level of performance through people. The aim is to develop motivation processes and a work environment that will help to ensure that individuals deliver results in accordance with the expectation of management. It also enhances customer relations. Andrew and Kent (2007) suggest the following aspects that enhance customer relations with the clients like being good listeners to the customers and communicating well with them, being sensitive and tactful, employees being sincere with the information they provide, making promises they can keep, loyal to customers, associates and the company.

Uzoma (2019) states that a company that seeks to train and develop its employees well and reward them for their performance has its employees in turn motivated and thus are more likely to be engaged in their work hence improving performance and loyalty to their company. These same employees, being the point of contact with customers will provide better service, leading to more business and more referrals from the satisfied customers. The increase in sales through referrals and repeat businesses will translate into an increase in business profits

thus improving shareholders' investment. For that reason, the shareholders are benefiting from increased returns on their investment in the business. In addition, good financial performance also attracts new shareholders to the business. Suppliers will be eager to do business with the company due to its financial strength and its positive reputation. The company is therefore able to negotiate friendly purchase terms with suppliers.

2.3 Empirical Framework of the Study

In this part, the researcher reviews various rewarding and employees' performance studies from global perspectives, Africa and Ethiopian researches collected from various journalized articles from 200s up to the present. This study aimed to neglect relatively old publications that were only revised as bird's eye view but recent articles (2000-2019) were reviewed deeply.

Danish & Usman (2010) mentioned that a firm that fulfills both financial and non-financial rewards could be the best one. Moreover, they investigated the influence of financial motivators on the performance of employee. Besides, the study results showed that better performance was best foreseen by the job reward; and job commitment was best forecasted by a combination of cost values, rewards, and the amount of investment. Certainly, the financial and non-financial rewards motivate the employees; and this motivation leads to realize a higher performance level. On other hand, Aktar (2012) studied the effect of rewarding system on employee performance and tested if there is financial rewards that can either be direct financial or be indirect financial. As a result, monetary rewards have great impacts towards the employees' performances. These include strengthening the relationship between the employers and their employees. This is an important and a crucial aspect that is based on the respect of the employers towards their employees through motivation. An employer offers monetary rewards to his employees after observing their performances. The employer rewards the best-performing workers in his or her firm. Through this kind of rewards, the employers create comfortable environments that motivate and additionally connect the workers to their work and are more committed to their work. This is the most important impact of monetary rewards as the good relationship between the employers, and their workers create ample room for other positive results. The comfortable working environment enhances development companies since the employees will free to air their points of views to their bosses.

Decenzo and Robbis (2004) found that financial rewards improve the employees' level of engagement towards his duties. This means that the employees have high morale enthusiasm, and their level of commitment towards their duties is high. The organization and employees meet their objectives. In addition, monetary rewards facilitate workers motivation. Motivation leads to workers satisfaction through positive attitude of the workers towards their work. The addition of financial rewards to the workers payment is a way of motivating and attracting focused workers to the company. Monetary rewards also contribute to improved working performance. The labor market requires trained, high skilled and qualified employees. The performance of the workers in a certain organization determines its output and performance. For workers to perform best, they require job satisfaction. High performers in an organization demand attractive rewards from employers to retain the spirit of hard work.

Walters, Bamidele, Emmanuel and Nwanneka (2019) examined the effect of reward system on employee performance among selected manufacturing firms in the Litoral Region of Cameroon. Specifically, the study assesses the degree to which profit sharing affects employee commitment in manufacturing firm; ascertains the effect of flat-rate systems on employee work values in manufacturing firms; and appraises the influence of collective bargaining reward systems on employee cohesiveness in manufacturing firms. The major source of data used for the study was primary data and the instrument used for data collection was questionnaire. The findings revealed that, profit sharing had a significantly positive effect on employee commitment in manufacturing firms; flat rate systems had a significantly negative effect on employee work values in manufacturing firms; and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. The study concluded that there is a positive link between reward systems and employee performance. This link creates an opportunity for employers to use reward system as a motivating factor to fine-tune employee behavior towards efficiency and effectiveness.

Uzoma (2019) investigated the effect of reward management on the performance of four selected brewing companies in South East Nigeria. They adopted a descriptive survey design; generating our primary data with item structured research instrument on Likert scale from a total of 428 respondents that formed the study population and analyzed the collated data using Pearson correlation coefficient and simple regression analysis statistical tools. The findings of the study

revealed that recognition/praise rewards, pay/bonus rewards, work environment, training and development have significant positive relationship with employees' performance in brewing companies in South Eastern Nigeria. Therefore, reward management has a positive effect on the performance of employees in the brewing companies in Nigeria. They recommend that management should adopt feedback mechanisms that will give them signal on the performance level of the various reward systems in use in their organizations.

Similarly, Sev, et al., (2016) examined motivational factors as determinants of employee commitment and performance enhancement in profit oriented firms with a survey of selected brewery manufacturing companies in Nigeria using a sample of 280 from six (6) selected Brewery firms. Multiple Regression test was used in testing the two (2) formulated hypotheses. Findings from the studies revealed that motivational factors such as Intrinsic, extrinsic and social motivation have a good relationship with employee commitment and performance enhancement in profit oriented firms especially Brewery manufacturing companies.

Ermias (2007) aimed to assess the effect of reward system on perceived employee performance. The purpose is to examine the effect of reward systems on the dimensions of employees' perceived performance. This study also attempted to investigate what types of reward system financial or non-financial contribute to the employee better performance. Both qualitative and quantitative research methods were applied. The findings of the study indicated that there was a significant relationship between reward system and employee performance in general and financial and non-financial rewards in particular. The financial reward component base pay positively and significantly influenced employees' working performance ($r=0.264$, $p<0.01$) While from non-financial dimension, career development highly correlated ($r=0.559$, $p<0.01$). In addition, the findings of the study revealed that financial rewards ($r=0.333$, $p<0.01$) strongly affect employees' perceived performance than non-financial rewards ($r=0.253$, $P<0.01$). Finally, it is the recommendations of the research study that reward systems have an impact on employees' performance ($r=0.516$, $p<0.01$) and the researcher observed that there was a significant difference in its effect due to demographic factors.

Tariku (2016) find out the effect of rewards on employee performance. The main objective of this study is to determine whether a relationship exists between rewards system and employee

performance. More specifically, the study intends to address the relationship between intrinsic (non-financial) and extrinsic (financial) rewards on employee performance. This study found that the presence of a relationship between rewards and employee performance and that there is a significant difference on the effects of intrinsic and extrinsic rewards on employee performance. The finding shows that the most significant variable in the research is reward and compensation. It shows a great effect on the performance of employees. It boosts up the efficiency of employees. On the contrary the variables motivation and incentives contribute least to the employee performance.

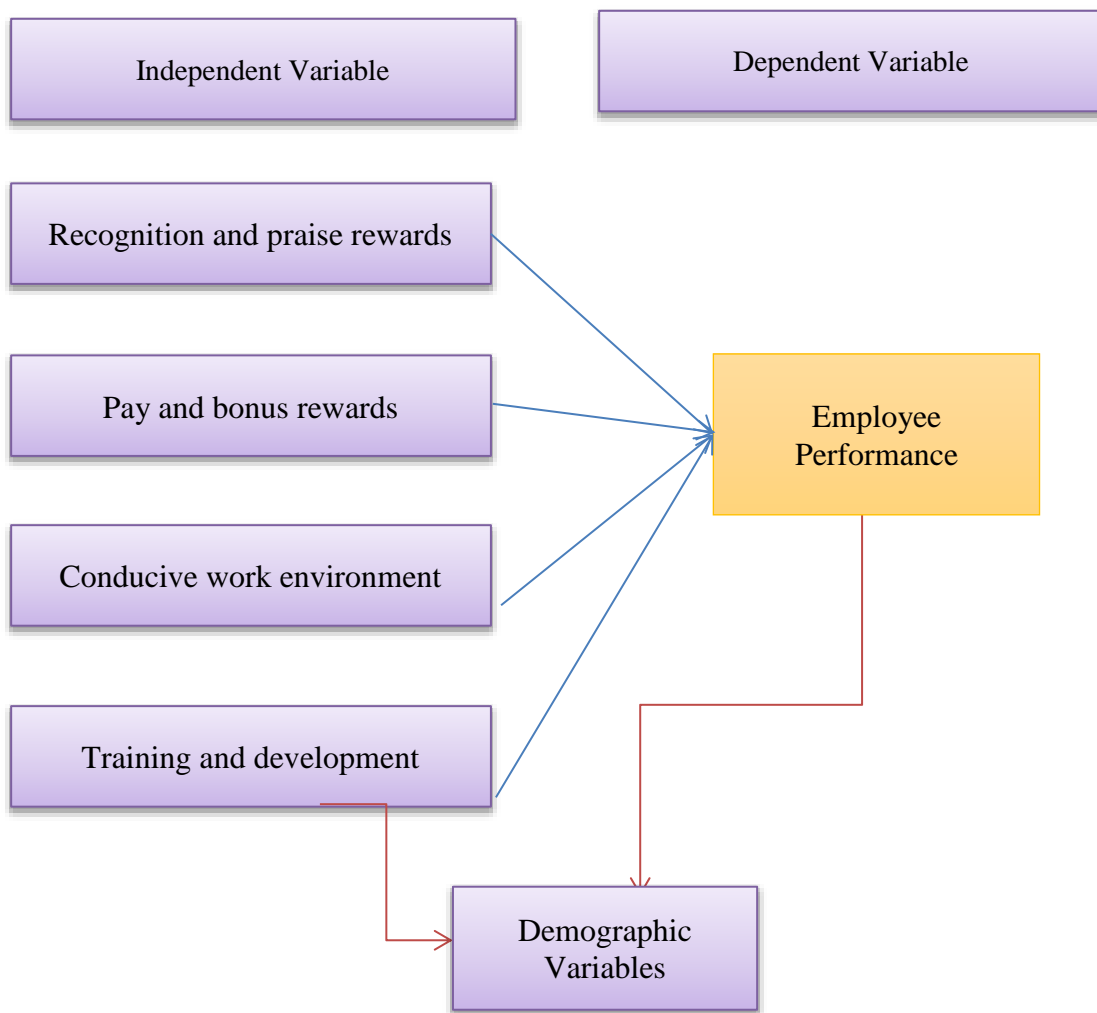
2.4 Knowledge gap

Within the research domain of performance management situated in the context of reward management, many scholars (Sev *et al*, 2016; Walters, et al, 2019 and others) used varied methodologies such as multiple regression; Pearson product moment correlation; regression analysis; Hierarchical regression methods; ANOVA; Chi-Square analysis; Spearman rank correlation coefficient; Structural model with standardized parameter estimates. These researchers focused on intrinsic and extrinsic motivational factors and found out that motivation has direct relationship with employee commitment and performance enhancement. On the other hand, studies by (Pratheepkanth (2011) interested in reward system and its impact on employee motivation in service organization and Farooqui & Nagendra (2014) examined the impact of person organization fit on job satisfaction and performance of the employees. Though countless previous studies and scholars have studied reward management and performance of employees, none has taken a holistic focus on both financial and non-financial reward management systems in brewing companies in Ethiopia. Additionally, some of these studies examined one set of reward system or broad variables such as financial or recognition rewards. These studies yielded conflicting results suggesting that there may be vary by sector (focused on services) and working cultural differences and consequently, there is need for research into how Ethiopian workers react to different reward systems. They did not examine in detail the effect of different extrinsic and intrinsic rewards on organizational performance. This research fills this knowledge gap and will examine the impact of intrinsic and extrinsic rewards on organizational performance of brewing companies in Ethiopia.

2.5 Analytical Framework

The reward can be in the form of monetary (pay and bones), and non-monetary (recognition and praise) or a combination of both. Employees, who experience burnout in their work, typically do not feel fulfilled. They tend to have negative outlooks, and they also approach the tasks at hand with less vigour and dedication. Wage differential between high and low income earners was related to the low morale, lack of commitment and low productivity. Employees who are effective and efficient are likely to be limited if they are not motivated to Perform. Based on the above review, rewarding has been found to be one of the main organizations' policies which can increase the performance of staff and increase the outputs employers and their employees. Decenzo and Robbis (2004) found that financial rewards improve the employees' performance and Walters, et al., (2019) revealed that, profit sharing of organizations. It is important for the study sought to establish the status of employee performance in newly established Brewery factory.

This study more focused on social exchange theory. As the social exchange theory suggests, if employees' needs are addressed, they engage in their work in a spirit of reciprocity. Hence, employees are not expected to leave their organisations if they get appropriate support from them. Prior studies have shown that similar findings Aktar (2012) found that monetary rewards have great impacts towards the employees' performances. These include strengthening the relationship between the had a significantly positive effect on employee commitment in manufacturing firms; flat rate systems had a significantly negative effect on employee work values in manufacturing firms; and collective bargaining reward systems had a significantly positive impact on employee cohesiveness in manufacturing firms. Uzoma (2019) revealed that recognition/praise rewards, pay/bonus rewards, work environment, training and development have significant positive relationship with employees' performance in brewing companies. Therefore, reward management has a positive effect on the performance of employees in the brewing companies in manufacturing firms.



Adapted from Uzoma, 2019

Figure 1 Conceptual Framework

Conceptual framework is a set of coherent ideas or concepts organized in a manner that makes them easy to communicate to others (Pratheepkanth, 2011). The above figure is the conceptual framework showing the relationships between independent and dependent variables, as well as intervening variables for the research problem. The independent variables were conceptualized as intrinsic rewards (recognition, Learning opportunities, challenging work, genuine appreciation and career advancement, and extrinsic rewards (basic salary and performance bonus). In contrast, the dependent variables measures work performance (such as job quality, job accomplishment). For example, Richard, *et al.*, (2010) found that each reward factor within both extrinsic and intrinsic reward systems was a highly significant factor which affects employees ‘performance. Other factors such as other government policy, economic, climate and cultural difference of

employees has been taken into consideration because of their moderating effect on the dependent variables. Performance was taken as the dependent variable which was determined by posing several statements to the respondents related to the employee performance in the organization.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter presents research approach and design of the study. It also includes target population, sampling procedure and techniques, data type and source, validity and reliability test, data presentation and model of the study and ethical research standards of the study.

3.2 Description of Study Area

3.2.1 Study Site Description

Habesha built its beer manufacturing plant in Debre Birhan city, 120km north of Addis Ababa, which has a production capacity of 650,000 hectoliters. In addition, the main office found here in Addis Ababa; then the study sites are Debre Birhan and Addis Ababa. Debre Birhan city was established in the 600 years old historical town- Debre Birhan – a town situated in North Shoa Zone, Amhara Region. It is 130 km away from Addis Ababa in the north. In addition, the area of this study was conducted in Addis Ababa and its administrative divided into eleven (11) sub-city administrations. It hosts the Federal Government sector bureaus, and headquarters of various international organizations. The study is conducted on the capital city of Ethiopia. Inhabitants of Addis Ababa are more connected to the digital world

3.2.2 Survey Firm Description

The study was conducted in the case of Habesha Breweries. Habesha Breweries was established by 8,000 Ethiopian shareholders including traditional associations like *equbs*, *idirs* and Ethiopians in the Diaspora who contributed 4,000 birr to 5 million birr. The second largest brewery in the Netherlands, Bavaria, holds 40 percent stake on Habesha Breweries. Habesha Beer joined the local market in July 2015, has become a popular beer brand. The beer has five percent alcohol content. Habesha has partnered with Ethiopian Airlines and began has begun supplying canned Habesha Beer to Ethiopian Catering since July 2016. Canned Habesha beer is now available on Ethiopian Airlines flights. Habesha, has a motto to “Reach and connect”, has an ambition to reach Ethiopians in the Diaspora.

3.1 Research Approach

Research can be approached as qualitative and quantitative or mixed when approach to research has been considered as the criterion of classification. Qualitative research is more subjective in nature than quantitative research and involves examining and reflecting on the less tangible aspects of a research subject, e.g. values, attitudes, perceptions. Whereas, the emphasis of quantitative research is on collecting and analyzing numerical data; it concentrates on measuring the scale, range, frequency etc. of phenomena (Marczyk & Festinger, 2005). In addition, mixed method integrates quantitative and qualitative data collection and analysis in a single study or a program of enquiry (Creswell, 2009).

This study collected and analyzed numerical data; concentrates on measuring the scale, range, frequency etc. of phenomena. The study is highly detailed and structured and results can be easily collected and presented statistically. On other hand, this study depends on careful definition of the meaning of rewarding system in manufacturing settings and its associated effects on employees' perception and it properly develops the concepts and variables of human resource, human capital and industrial human resources management, and the plotting of interrelationships between these. Industrial human resources management and rewarding system concepts like pay, bonus, recognition, training and development and working environment and others are real and detectable, even if they are difficult to record and measure. Overall, the study employed both methods and it can be said that it is a mixed research approach.

3.2 Research Design

The research design can be classified using a variety of ways, such as the methods of data collection, time dimension, researcher participation and the purpose of the study. On the other hand, the most widely-used classification is the one based on the purpose of the study. There are three types of research design based on the study's purpose: exploratory, descriptive and causal (Creswell, 2009). The exploratory study provides more insight and ideas to discover the real nature of the issue under investigation. Descriptive study stems from prior knowledge and is concerned with describing specific phenomena; it is a means to an end rather than an end, since it encourages future explanation. Causal or explanatory research explains causal relationships between variables. These three basic designs are interrelated, and the research can combine more than purpose.

This study is going to try to investigate the effect of rewarding system on employee performance in industrial sector. Because the research was conducted to test effect of rewarding system on employee performance and explain the relationships between the studies constructs in manufacturing sector. The study explained causal relationships among factors influencing effect of rewarding system on employee performance to facilitate generalization and to predict the future. Moreover, it employed mathematical models and theories pertaining to rewarding system and employee performance. Besides, the study provided a complete picture of rewarding system and employee performance in Ethiopia industrial sector and explained the human resource rewarding practices that are the essential task of human resources manager under modern industrial management. In addition, it described various aspects about rewarding system and employee performance in Ethiopia with its perceived human recourse management. Thus, this study appropriately employed descriptive study and explanatory research.

3.3 Data Source and Type

In this study, it took a primary data for analysis and described the problem raised in the statement of the problem. Primary data were originated by the researcher for the specific purpose of addressing the problem at hand. Thus, the primary data was originated by the researcher for the specific purpose of addressing the problem that was indicated in the first chapter. In this study, a primary data sources were collected from employees of the surveyed firm. Even if obtaining can be expensive and time consuming, primary data for this study was gathered through structured questionnaires and interview.

3.4 Population and Sampling

3.4.1 Target Population

Population is defined as the complete set of units of analysis that are under investigation, while element is the unit from which the necessary data is collected (Marczyk & Festinger, 2005). This study examined the employees of the surveyed firm in Debre Birhan and Addis Ababa from both genders. The target population of the study was 584 employees of the surveyed firm in Debre Birhan and Addis Ababa during the year 2021 in Addis Ababa.

3.4.2 Sample Size and Sampling Technique

The sample was drawn from employees of the surveyed firm in Debre Birhan and Addis Ababa

through stratified and random sampling methods. The sampling procedure was selected because it is the more accessible method for reaching the respondents by obtaining direct and personal search. In order to make generalizations with confidence about the constructs under investigation, the appropriate sample size has to be considered. The sample size of this study was determined by using the formula developed by Taro Yamane (1967).

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

$$n = \frac{584}{1 + 584 (0.05)^2}$$

$$=237$$

Where, n is the sample size, N is the population size, e is the level of precision or sampling error = (0.05). The total number of employee in the firm is 584 and the sample size of 237 employees was selected from the population of 584.

Table 1 Sample Size Determination

No	Sites	Population	Proportion	Sample Size
1	Debre Birhan	350	0.40582192	142
2	Addis Ababa	234	0.40582192	95
Total		584		237

Survey result, 2021

3.5 Data Collection Instruments

The data gathering tools for this study was questionnaire and interview.

3.5.1 Questionnaires

The assessment questionnaire was used to gather information on the status of rewarding system and employee performance. Converting the answers to a Likert Scale to measure the frequency of practices (1 to 5) was used to measure the rewarding system and employee performance. The questionnaire has closed ended questions and it was adapted from Njanja, *et al.*, (2013) for rewarding system and performance questions were adapted from Ermias (2007).

3.5.2 Interview

The researcher has used to conduct the interview from some employees at the office of Human Resource officers Managers on the basis of their experience and closeness to reward and benefit management process. The main advantage of interviews is that they are useful to obtain detailed information about personal feelings, perceptions and opinions. It allows more detailed questions to be asked, and it also achieves a high response rate. Semi structure interview were conducted for the purpose of investigating the participants understanding the concept of rewarding system and employee performance.

3.6 Methods of Data Analysis and Presentation

Both qualitative and quantitative data analysis methods were applied based on the nature of data collection. Therefore, the quantitative data gathered through structured questionnaire was processed by using computerized software SPSS (Statistical Package for Social Science) version 20. Quantitative data were gathered via structured questionnaire using inferential statistics (correlation and regression) and descriptive statistics (Independent T Test, percentages, frequency, mean and standard deviation). Finally, qualitative data gathered through interview and document review were analyzed through organization based on their types and reduction through summarization and categorization.

Model specification

The multiple linear regression model of the study is based on the theoretical regression model as indicated follows

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y= Employee Performance

a= the y intercept.

X₁ –Recognition

b₁= the regression coefficient of Recognition

X₂ – Pay and Bonus

B₂= the regression coefficient of pay and Bonus

X_3 – Working environment

B_3 = the regression coefficient of Working environment

X_4 – Training and Development

B_4 = the regression coefficient of Training and Development

e = error term.

3.7 Instrument test

3.7.1 Validity

Validity is the extent to which difference found with measuring instrument reflecting true differences among those being tested. To ensure the quality of the research design content and construct validity of the research was checked. Construct validity establishing correct operational measures for the concepts being studied (Ermias, 2007). The literature review was conducted and thoroughly examined to make sure that the content of measuring is relevant to the study. Experts who had specialized knowledge and experience on human resources, human capital, rewarding system and performance measurement were asked about their opinion on the scales.

3.7.2 Pilot Study

A pilot survey was conducted on ten respondents prior to administering the questionnaire to the selected sample size. The pilot survey was conducted to check if the questionnaire is clear, easy to understand and straightforward to ensure that the respondents could answer the questions with no difficulty. Based on the feedback from the pilot survey, necessary changes were made on the questionnaire before administering to the selected sample size.

3.7.3 Reliability

This study used Chronbach's alpha to assess the internal consistency of variables in the research instrument. Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Ermias (2007), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Chronbach's alpha score of 0.70 or higher is consider adequate to determine reliability. According to Crobach (1951) there are several devices for checking reliability in scales and tests such as Test and re- test, alternative forms methods or split half method. The reliability of this study's instruments was ascertained by using

Cronbach's Alpha test.

Table 2 Reliability Statistics Test Result

Variables	Cronbach's Alpha	N of Items
Recognition and Praise	.779	6
Pay and Bonus	.756	7
Training and Development	.754	8
Work Environment	.788	7
Employee Performance	.847	7

Survey result, 2021

The purpose of deriving a scale score by having multiple items is to obtain a more reliable measure of the construct than is possible from a single item. Therefore, Cronbach's alpha gives the proportion of the total variation of the scale scores that is not attributable to random error. This study used more than .75 test results as considered as excellent. The reliability coefficients for each of the variables were more than 0.75 and the data collection instrument is reliable.

3.8 Ethical Consideration

All the participants of this study were provided with detailed information on the purpose and procedure of the current study, in all cases directly from the researcher. The information regarding the purpose and procedure of the study was provided through both verbal means when personally meeting each of the participants as well as through a written form that is included with the questionnaires. The researcher maintained scientific objectivity throughout the study, recognizing the limitations of his competence. 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 and collaboration were acknowledged properly and ethically. In addition, all the collected data through the questionnaires and interviews were employed only for this particular research project and was not used in any other contexts or other research purposes. As

permission to conduct the current study granted by top management, all study procedures were communicated and study materials were submitted.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This part of the study presents the study' data presentation, analysis and discussion part which contains research analysis techniques and demographic profile of respondents. Data were analyzed and presented in terms of figures, tables and graphs in this study. The aiding tool for analysis was the Statistical Package for Social Sciences (SPSS Version.25.0). This chapter represents the findings of the study through data based on the specific objective. First, the researcher was able to analyze data using descriptive analysis which was used in representing the findings and then inferential analysis was followed.

4.2 Response Rate

The study collected data from Addis Ababa and Debre Birhan workplaces of the surveyed organization. The data on the response rate is compiled in the table below.

Table 3 Response Rate Result

No	Sites	Sample Size	Returned	Response Rate (%)
1	Debre Birhan	142	118	62
2	Addis Ababa	97	72	38
	Total	237	190	80

Survey result, 2021

According to the data in Table 3, out of 237 questionnaires distributed to sample respondents, about 190 of them are correctly filled and returned. Thus, the study attained 80 % of responses rate as 190 questionnaires were correctly returned out of all distributed questionnaires.

According to Tariku (2016), a response rate of 50% is adequate for a study, 60% is good and 70% and above is excellent. Thus, a response rate of 75% was fit and reliable for the study as shown below table. Thus, the study appeared good data efficiency and creditable reactions with respondents due to Covid 19 struck and its consequence.

4.3 Respondents Profile

This part presents the respondents’ profile about their education, gender, age, marital status, involvement in the surveyed organization and other related issues that related to this study.

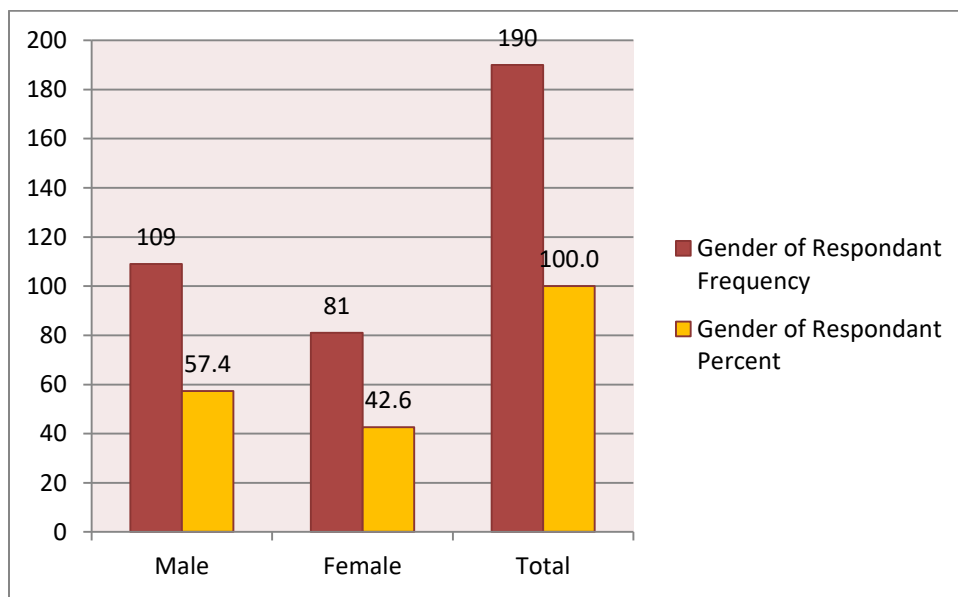


Figure 2 Respondents’ gender profile

Survey result, 2021

According to the data in Figure 2 57.4% of respondent are male while 42.6% of the respondents were female employees. This indicate that the surveyed firm has large number of male employee than female employee but this did not have any impact on this study. The more males recorded for this study due to the fact that women who are considered to be less in their number in the surveyed organization.

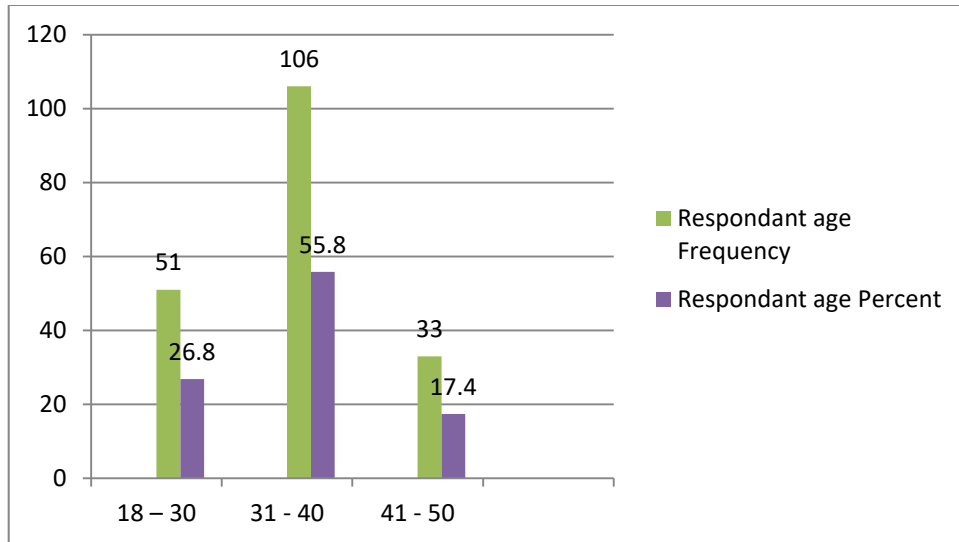


Figure 3 Respondents' age profile

Survey result, 2021

According to the data in figure 3, about 51 employees are aged between 18 to 30 years, 106 employees are aged between 31 to 40 years and about 33 employees aged 41 years and above. This result shows that out of 190 respondents, 157 employees are young employees between 18 to 40 years. This shows that the organization has a lot of young employees than older employees. This implies the organization believe on young professionals and it needs to cultivate their talent, energy and their learning capacities.

Table 4 Education Level

	Frequency	Percent
Diploma	35	18.4
First Degree	112	58.9
Master's Degree & above	43	22.6
Total	190	100.0

Survey result, 2021

The figures in Table 4 portray that 18.4 % of the respondents completed and graduated in diploma, 58.9 % of them completed university or college first degree and 22.6 % of them completed master's degree & above. This shows that the majority of the respondents was well

educated and has been a capable of responding appropriate responses on the provided questions and information.

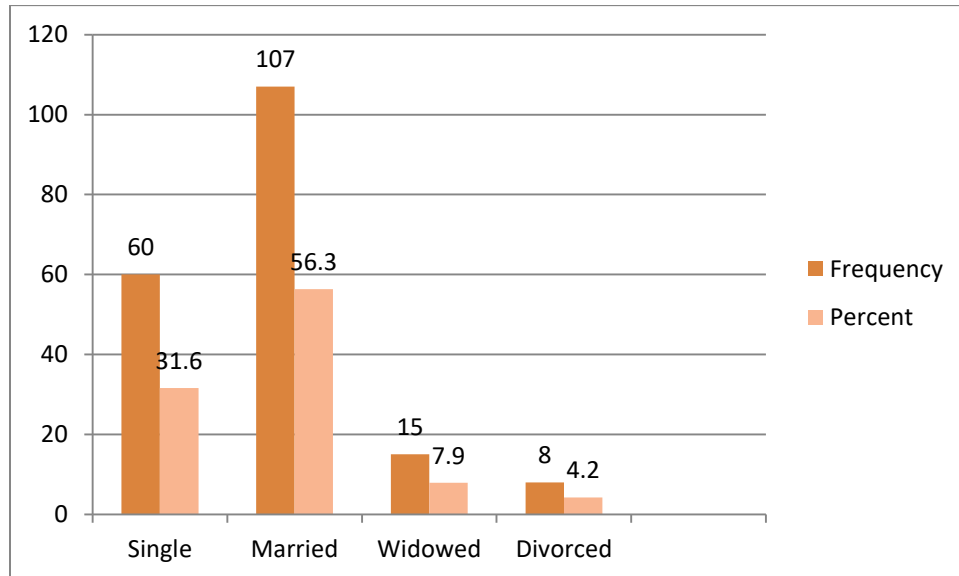


Figure 4 Martial Status

Survey result, 2021

The above Figure 4 show that 107 of the respondents are married which is cover the highest number among the respondents, 60 of the respondents are single, 12.1 % of the employees' respondents which is 7.9 % is widowed and 4.2 % of them are divorced. Another influential biographic variable that might have bearing on reward system is marital status of the employees. However, there are not enough studies to draw any conclusion about the role of marital status on reward system but the limited research conducted on this area consistently indicates that married employees are more easily satisfied with their reward system and jobs than are their unmarried coworkers (Robbins, et al., 2004 and Aktar, *et al.*, 2012). The reason may be marriage imposes increased responsibilities that may make a steady job more valuable and vital. And reward system is required to have a steady job. Many, in such cases, strive to coup up or adjust them with the facets they are dissatisfied with.

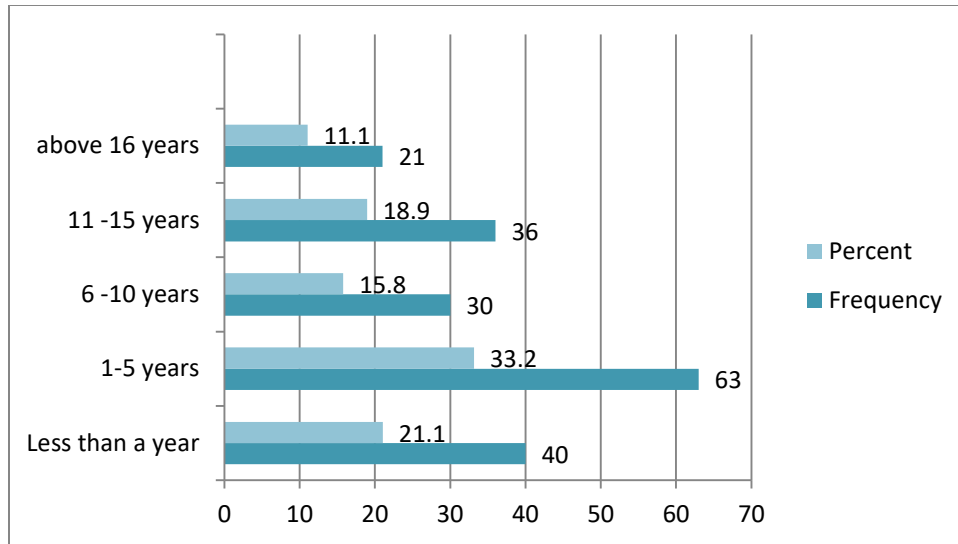


Figure 5 Working year

Survey result, 2021

The above figure 5 indicates that, 33.2 % of the respondents have been working for 1 to 5 years, 18.9% have been working for 11 to 15 years, and 11.1 % have been working for more than 16 years. The data collected with respects to respondent’s general information is complained and described here above in Figure 5. From this the fact and opinion of sampled employees is relevant for the study.

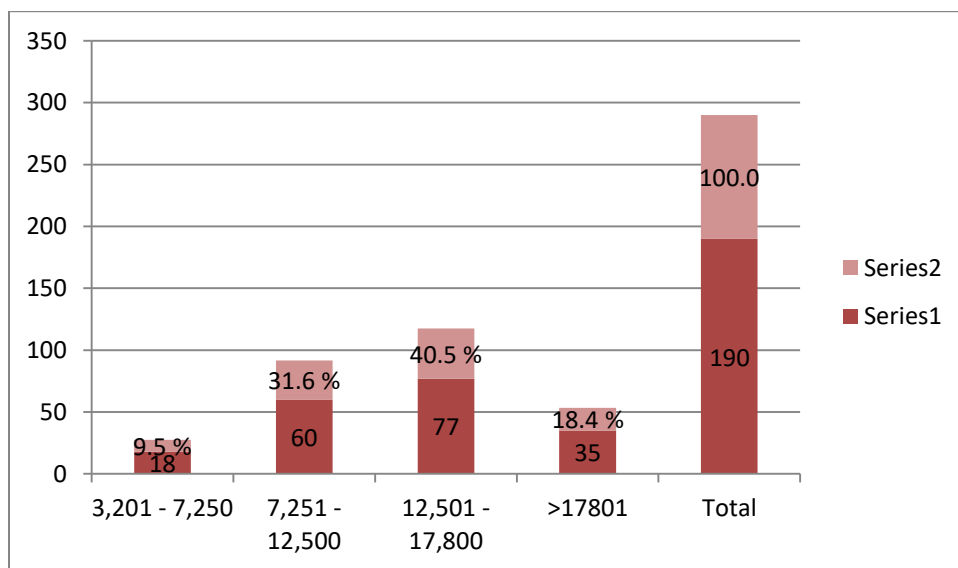


Figure 6 Monthly Income

Survey result, 2021

The above Figure 6 shows that 77 (40.5%) of the respondents have obtained between 12, 501 to 17, 800 Birr per month; 60 (31.6%) of the respondents have obtained between 7,251 to 12,500 Birr per month. This implies that 172 (90.5 %) have obtained more than 7,251 Birr per month so that there is a good opportunity to maintain a secured source of income. The employees are concerned to steady the job and they try to develop a positive working environment.

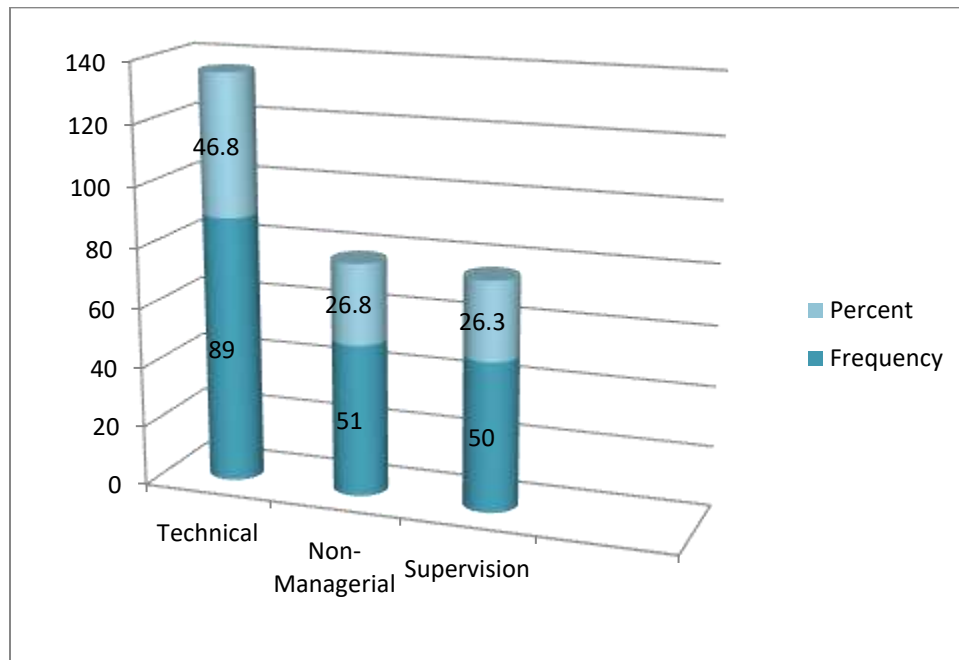


Figure 7 Current Position

Survey result, 2021

The above figure shows that it is nearly half (46.8 % of the surveyed employees) were technical staffs (46.8%) and the remaining accounted for non-manual and supervisors.

Overall, the results shows that majority of the respondents had worked in this organization have more than a one year working experience. The majority of the participants of the study have had a good working experience to handle the study questionnaire. This shows that the respondents are able to respond the provided information to accomplish this study objective.

4.4 Results of the Descriptive Statistics

Research participants were asked to indicate the extent to which they agreed and disagree to statements relating to the variables under the study of five-point Likert scale (5= strongly agree to 1= strongly disagree).

As per Walters, *et al.* (2019), a mean of 3.0 is reflected to measure neutrality on the test of variables. Thus, vales above 3 treated as high and values below 3, interpreted as low. In addition, standard deviation was used to indicate variation from the mean. A low (below one) standard deviation indicate that points tend to be very close to the mean, whereas high standard deviation (greeter than 1.5) indicates that the data is spread over a large range of values. This is pronounced in the tables and explanation below with N= 190.

4.4.1 Recognition and Praise

Recognizing or honoring employees for high level of service is meant to encourage repeat actions, through reinforcing the behavior to see repeated (Njanja, *et al.*, 2013). In consequence, the findings of this study are summarized in the table below:

Table 5 Recognition and Praise

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	%	Count	%	Count	%	Count	%	Count	%		
Receive positive recognition	24	12.6	43	22.6	37	19.5	33	17.4	53	27.9	3.25	1.403
Fairly promotion and transfer	57	30.0	21	11.1	21	11.1	38	20.0	53	27.9	3.05	1.624
Receives enough attention	7	3.7	18	9.5	11	5.8	67	35.3	87	45.8	4.10	1.106
Deserve when a great job.	7	3.7	25	13.2	9	4.7	72	37.9	77	40.5	3.98	1.148
Have chances of getting ahead	0	0.0	41	21.6	0	0.0	57	30.0	92	48.4	4.05	1.163

Feel valued by my organisation.	0	0.0	25	13.2	0	0.0	54	28.4	111	58.4	4.32	1.006
Grand											3.79	1.240

Survey result, 2021

Results indicated that the grand mean (3.79) was rated as good and recognition/praise makes employees feel respected by their firm. The data in Table 5 indicates that 27.9 % (53) of the total respondents strongly agree on the receive positive recognition for what they perform better in Habesha Brewery, while only 12.6 % strongly disagreed on receiving positive recognition. From the analysis the interpretation was that the existence positive recognition for what they perform better in Habesha Brewery creates a not as much of motivating environment in surveyed company. However according to open ended question the rewarding system in the Brewery are mostly by group based recognition.

In addition, according to Table 5 above 20 percent of the respondents agreed and 27.9 percent strongly agreed on they obtained fairly promotion and transfer that makes them feel recognized by their company. From the analysis the explanation was that the existence fairly promotion and transfer policies to be just, fair, unambiguous, and in line with their expectations. The respondents were also asked to express their degree of consent on they gets enough attention from their company. Accordingly, 35.3 percent of them agreed and 45.8 percent of them strongly agreed on the positive statement presented. This shows Habesha Brewery creates best reward practices in a process culture that will be more flexible than in the functional culture. It can be said that growing attention is being focused on the whole area of recognition, along with growing understanding of the importance of the psychological contract. To achieve lasting motivation, attention has also to be paid to the non-financial motivators (Njanja, et al., 2013).

Also, 48.4 % of them strongly agreed and 30 % of them agreed that they have chances of getting ahead on their job as and when due. As a final point, 58.4 % of them strongly agreed and 28.4 % of them agreed that recognition/praise makes them feel valued by their organization. It shows that employees' pleasure is increased when the immediate supervisor understands and friendly, listens to employees' opinions and shows personal interest in them, and offers praise and recognition for good performance. However, the organization doesn't recognized the employee

for what they perform and the firm was rated as weak on fairly promoting employees that makes them feel recognized by their company. The response of the majority of the interviews state that employee rewards have been used in most of the brewery companies in Ethiopia particularly in Habesah brewery to recognize, and appreciate employees as a way of enhancing their performance. In previous studies of employee rewards, motivation and performance, Danish & Usman (2010) concluded that employees who worked in farms received higher rewards when the harvest was bountiful as a way of showing appreciation and recognition.

4.4.2 Pay and Bonus

Respondents were asked to indicate whether they receive salary payments for the work they do at Habesha brewery.

Table 6 Pay and Bonus

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	%	Count	%	Count	%	Count	%	Count	%		
Enjoy the allowances	0	0.0%	9	4.7%	0	0.0%	111	58.4%	70	36.8%	4.27	.697
Current salary reflects the market trend	0	0.0%	31	16.3%	2	1.1%	71	37.4%	86	45.3%	4.12	1.053
Pay worth basic salary to employees	0	0.0%	14	7.4%	11	5.8%	89	46.8%	76	40.0%	4.19	.848
Salary increments are made by performance.	0	0.0%	7	3.7%	3	1.6%	112	58.9%	68	35.8%	4.27	.672
Give salary advance to staff in need of it.	8	4.2%	18	9.5%	17	8.9%	82	43.2%	65	34.2%	3.94	1.092
Salary increment made for high performer	8	4.3%	17	9.1%	13	7.0%	77	41.4%	71	38.2%	4.00	1.100
Take home pay is reasonable	3	2.4%	10	7.9%	4	3.1%	57	44.9%	53	41.7%	4.16	.979
Grand											4.14	.0920

The data in Table 6 indicate that, the grand mean (4.14) was rated as good and also 36.8% of the total respondents strongly agreed and 58.4% agreed that they enjoy the allowances given by the company. The majority of the total respondents agreed that salary payments influenced employee performance with mean value of 4.14. It shows employees enjoy the allowances, current salary reflects the market trend and salary increments are made by performance. Habesha Brewery also creates access to additional allowances that is provided on an unbiased basis and is open to all relevant jobs and at equivalent levels. More than 70 % of the interviewee responses this brewery has given pay attention to regional allowances and market premiums for certain jobs as well as such allowances as overtime or shift work. As per Armstrong (2008), when calculating standard values or times, allowances can be made to cover a reasonable amount of relaxation, personal needs, fatigue, and contingencies associated with the work, such as machine adjustments and maintenance.

In addition, 45.3% of the respondents strongly agreed and 37.4% respondents agreed that the current salary reflects the market trend. 40% of respondents strongly agreed and 46.8% of respondent agreed that the company pay worth basic salary to employees. The above analysis show that there is suitable competitive pay levels and good salary structures in Habesha Brewery that create motivational environment in the company. However according to open ended question the competitive pay levels and salary structures are not well developed and maintained by local unrelated factories market like banks and non-governmental organizations. This indicates that there is lack of systematically monitored by a process of external benchmarking. This can be done using a range of sources from salary and benefits information to job ads, companies' yearly reports information, confidential contacts and other forms of market intelligence.

Table 6 also show 58.9 % of respondents strongly agreed and 35.8% of them are agreed that variable salary increments are made based on employee performance. Moreover, more than 80% of the respondents believed that the company normally gives salary advance to staff in need of it, salary increment made for high performer would encourage others to perform better and take home pay from their company is reasonable. It shows that the majority of the employees strongly agreed that they enjoy the allowances; current salary, basic salary to employees and their salary increments are made based on employee performance. Farooqui & Nagendra (2014) argued that salaries and wages have the capability to place an organization at a competitive level if the level

of salaries and wages offered by the organization are competitive enough to dislodge other players in the industry. Consequently, to attract and retain employees, and enhance performance in the process, it is important that organizations pay competitive salaries and wages to their employees. The majority of the interviewees stated that also brewery firms, just like other sector firms, have used salaries and wages for years to reward not only employee performance, but skills, knowledge, and ability.

4.4.3 Training and Development

Employees need to be provided with a continuous learning atmosphere to keep themselves on track with the organizational mission and vision. It is performance that is the crucial goal of any business's efforts that leads towards the achievement of market leadership and capturing of unbeatable talent (Truitt, 2012).

Table 7 Training and Development

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %		
Interesting and meaningful job	7	3.7%	10	5.3%	10	5.3%	78	41.1%	85	44.7%	4.18	1.008
Trained to increase knowledge	10	5.3%	12	6.3%	13	6.8%	70	36.8%	85	44.7%	4.09	1.113
often tell others that this brewing	3	1.6%	5	2.6%	19	10.0%	72	37.9%	91	47.9%	4.28	.867
Linked readiness staff.	5	2.6%	9	4.7%	15	7.9%	67	35.3%	94	49.5%	4.24	.973
An environment that stimulates learning.	7	3.7%	3	1.6%	16	8.4%	56	29.5%	108	56.8%	4.34	.967
Training has improved skills	7	3.7%	6	3.2%	9	4.7%	52	27.4%	116	61.1%	4.39	.984
The skills gained through Training	10	5.3%	42	22.1%	7	3.7%	43	22.6%	88	46.3%	3.83	1.356
Increased as a result of training	11	5.8%	28	14.7%	1	.5%	44	23.2%	106	55.8%	4.08	1.294

Grand	4.18	1.070
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Survey result, 2021

Results indicated that the grand mean was 4.18 and it was above 3 and the lowest mean was recorded as 3.83 and it shows that this firm may be weak on creation of skills and knowledge through training to deliver quality services to the customers. In addition, the above table displays 44.7 per cent of employee strongly agrees that they find their job quite interesting and meaningful now and they are trained in order to increase my knowledge about their jobs. In addition, 46.3 % of the employees strongly agree that the skills and knowledge gained through training enable me to deliver quality services to the customers. The surveyed company provides proper training to employee and 47.9 percent powerfully agree they often tell others that this brewing company is a great place to work in whereas almost half of them or 49.5 per cent strongly agree that Training is linked with the preparedness of staff. This result show that this organization has proper training programs to its employee as result this cause satisfaction to many employees. This indicates that 56.8 % of them strongly agree that there is an environment that stimulates learning in their organization. 61.1 per cent of employee strongly agrees training has improved my skills to work with others at work and 55.8 % of them strongly agree that their speed of achieving targets has increased as a result of training and development program in their company.

Truitt (2012) found that the workers' goals always are to have success in their careers, so that they can perform their job better and in an efficient and effective manner. In a related development, giving employees opportunity for training in an organization does not only motivate them but also help them to further learn their required and expected task which increases their work performance and exposes them to believe that they are part and parcel of the organization. The majority of the interviewees (80 %) indicated that Habesha Brewery conducted various trainings from leadership to technical skill development such as customer services, leadership skills, organizational change and culture, utility engineering, occupational safety and health, solid waste and by-products and emissions to air, waste management techniques, packaging and materials usage, logistics and supply chain activities and supervision, labelling, beer processing like filtration, following maturation, carbonation and dilution. This company

needs to ensure a safe and hygienic working environment and high social welfare and training for all employees involved in the food and beverage chain. It also offers training opportunities to all technical and managerial staff at middle and senior management levels to attend the company's management development programme and relevant training courses.

4.4.4 Work Environment

Physical working environment can result a person to fit or misfit to the environment of the workplace. A physical work environment can also be known as an ergonomic workplace. Researches on the workplace environment need to be done in order to get an ergonomic workplace for every each of the employees (Girma and Habtamu, 2019).

Table 8 Work Environment

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	%	Count	%	Count	%	Count	%	Count	%		
I appreciate the physical attributes of your work area	4	2.1%	3	1.6%	6	3.2%	95	50.0%	82	43.2%	4.31	.791
I have reasonable work autonomy in my job	9	4.7%	28	14.7%	4	2.1%	66	34.7%	83	43.7%	3.98	1.217
Well-furnished office accommodations	2	1.1%	15	7.9%	18	9.5%	81	42.6%	74	38.9%	4.11	.943
Rules and procedures are conducive for work	7	3.7%	2	1.1%	3	1.6%	92	48.4%	86	45.3%	4.31	.868
Enjoy the environment in which perform duties	14	7.4%	11	5.8%	20	10.5%	74	38.9%	71	37.4%	3.93	1.173
Give free medical care to their staff	11	5.8%	9	4.7%	18	9.5%	60	31.6%	92	48.4%	4.12	1.132
A well-arranged staff canteen in our company	12	6.3%	6	3.2%	15	7.9%	75	39.5%	82	43.2%	4.10	1.096
Grand											4.12	1.031

Survey result, 2021

According to the above table, 4.12 was found as grand mean and rated as good. It shows the responses of employee of the surveyed firm on whether the organization provides working tools to employees or not. The results indicate that 43.2 percent strongly agree and half of them (50 per cent) agree they appreciate the physical attributes of your work area. 43.7 per cent of employee who strongly support that they have reasonable work autonomy in their job whereas only 39.8 percent strongly agree they have spacious and well-furnished office accommodations in their company and 37.4 % of them strongly agree that they enjoy the environment in which you perform your duties. From this result, it shows that many employees in this organization are strongly satisfied with the company rules and procedures are conducive for work (45.3 % of them). In addition, almost half of them (48.4 %) strongly agree that their company give free medical care to their staff while only 43.2 % of them powerfully agree that they have a well arranged staff canteen in their company. The majority of the interviewees indicated that this company arranged well equipped canteen (with latest TV, paid TV channels, food making equipment etc) with full facilities. Employees have been benefited with free lunch service with lowest priced foods. In addition, its office layout was well designed with proper equipment, the machine arranges has been based on the beer processing and materials requirement.

Since brewery processes are relatively intensive users of both electrical and thermal energy. The machineries and equipment are arranged based on their usage; for example, the thermal energy is used to raise steam in boilers, which is used largely for water boiling and water heating in the Brewhouse, and in the bottling hall. Due to some materials,, machine and equipment are arranged based on their physical hazardless include exposure to same-level fall hazards due to slippery conditions, the use of machines and tools, the handling of glass bottles, and collisions with internal transport equipment, such as forklift trucks. Mills, mixers, grinders, augers and conveyors are potential hazards and may catch fingers, hair, and clothing. This study noted that production methods differ by brewery, as well as according to beer types, equipment, and national legislation. It is found that there is no national legislation that shows the production system and the usage of raw materials. Thus, it is difficult to review its working environment against national industrial standard. Haile and Satya (2016) stated that the elements of working environment need to be proper so that the employees would not be stressed while getting their job done. The physical element plays role in developing the network and relationship at workplace.

4.4.5 Employee Performance

Employee performance is a major multidimensional construct aimed to achieve results and has a strong link with planned goals of an organization. Performance is the key multi character factor intended to attain outcomes which has a major connection with planned objectives of the organization (Walters, *et al.*, 2019).

Table 9 Employee Performance

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Mean	Std. Deviation
	Count	%	Count	%	Count	%	Count	%	Count	%		
I work overtime to complete my tasks.	8	4.2%	11	5.8%	15	7.9%	60	31.6%	96	50.5%	4.18	1.080
My performance is measured against the productivity.	8	4.2%	10	5.3%	5	2.6%	72	37.9%	95	50.0%	4.24	1.031
I attend to my work with speed and accuracy.	13	6.8%	5	2.6%	21	11.1%	52	27.4%	99	52.1%	4.15	1.156
My performance has continually improved.	13	6.8%	10	5.3%	36	18.9%	41	21.6%	90	47.4%	3.97	1.223
I usually take time to follow up with clients to ensure that they are satisfied with my services.	13	6.8%	12	6.3%	38	20.0%	48	25.3%	79	41.6%	3.88	1.216
Employees report on duty early and leave very late.	7	3.7%	13	6.8%	43	22.6%	46	24.2%	81	42.6%	3.95	1.124
My job is in line with my interests, skills and attitudes.	9	4.7%	8	4.2%	39	20.5%	58	30.5%	76	40.0%	3.97	1.098
Grand											4.05	1.133

Survey result, 2021

The above table shows that the grand mean was 4.05 and it was rated as good. It shows employees enjoy work overtime to complete their tasks; performance is measured against the productivity and they attended to their work with speed and accuracy. In addition, it showed that half of the respondents strongly agreed that that they work overtime to complete their tasks, their performance is measured against the productivity and they attend to their work with speed and accuracy. In addition, almost half of the respondents' employees strongly agreed that their performance has continually improved and 40% of the respondents strongly agreed that they usually take time to follow up with clients. It creates employees report on duty early and leave very late and their job is in line with their interests, skills and attitudes. Truitt (2012) concluded that employees' goals achievement in this theory is by creating of work environment attractive, comfortable, satisfactory and motivating to employees so as to give them a sense of pride and purpose in what they do. How working environment is designed and occupied affects not only how people feel, but also their work performance, commitment to their employer, and the creation of new knowledge in the organization.

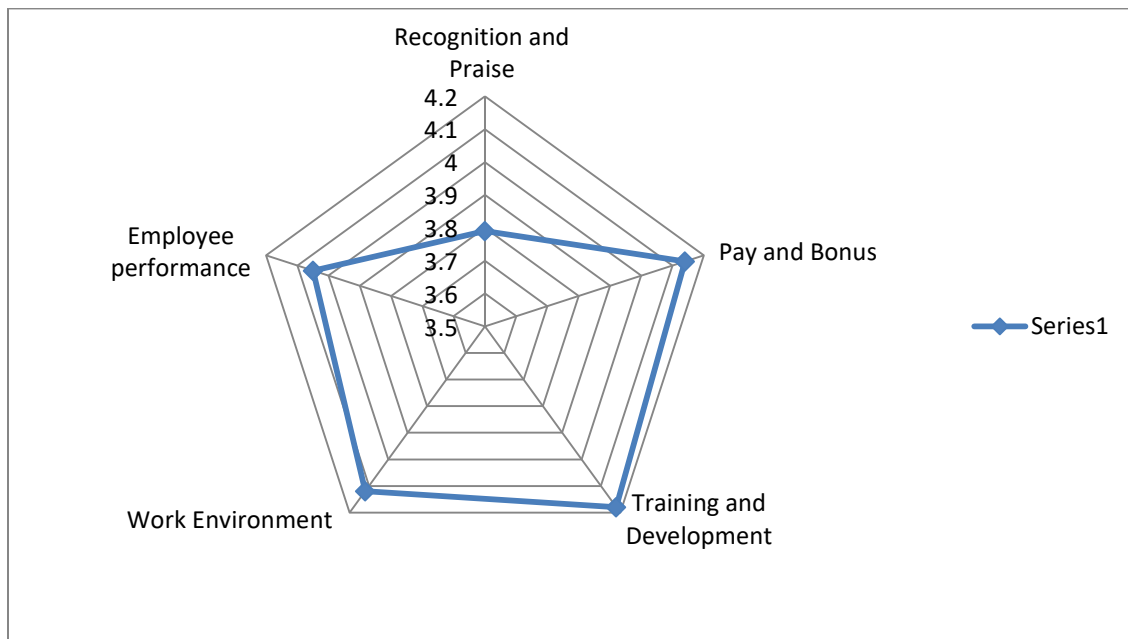


Figure 8 Summary of Mean Value

Survey result, 2021

The above figure shows that the mean value for recognition and praise (3.79), pay and bonus (4.14), training and development (4.18), work environment (4.12) and employee performance (4.05). It indicated that recognition scored lowest mean and the highest mean was training and

development. This shows that the employees are satisfied with the training service provided by the company.

4.5 Results of the Inferential Statistics

4.5.1 Correlation Analysis

To determine if any relationships existed between reward system in terms of recognition and praise, pay and bonus, training and development, work environment and performance a correlation analysis was conducted. Correlation analysis is concerned with measuring the degree of association between two variables, rewarding system and employee performance.

Table 10 Correlations Test result N= 190

		Recogniti on and Praise	Pay and Bonus	Training & Developme nt	Work Environ ment	Employee Performan ce
	Pearson Correlation	1				
Recognition and Praise	Sig. (2-tailed)					
	N	190				
	Pearson Correlation	.335**	1			
Pay and Bonus	Sig. (2-tailed)	.000				
	N	190	190			
	Pearson Correlation	.329**	.456**	1		
Training & Development	Sig. (2-tailed)	.000	.000			
	N	190	190	190		
	Pearson Correlation	.301**	.490**	.437**	1	
Work Environment	Sig. (2-tailed)	.000	.000	.000		
	N	190	190	190	190	
	Pearson Correlation	.456**	.505**	.485**	.458**	1
Employee Performance	Sig. (2-tailed)	.000	.000	.000	.000	
	N	190	190	190	190	190

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

Survey result, 2021

Correlation coefficient is quantifying the degree to which two random continuous variables are linearly associated in a sample. It measures the degree of linear correlation between two variables (rewarding system and employee performance). Sample correlation coefficient (r) measures the strength and direction of linear relationships between pairs of continuous variables. The possible values of r range from -1 to 1: Values near to +1: perfect positive linear relationship; -1: perfect negative linear relationship Values near to 0: no linear relationship although there may be a non-linear relationship and r is a dimensionless quantity; that is, r it has no units of measurement of reward system and employee performance (r is a pure number without any unit); above .7 considered as strong correlation, .3 - .7 as moderate and below .3 no correlation (Ermias, 2007).

The data in Table 11 demonstrates that there exists a moderate positive relationship between recognition and praise and employee performance, r (**0.456**); $P \leq 0.05$; thus, the relationship is significant statistically. Equally, there also exists a moderate positive relationship between pay and bonus and employee performance, r (**0.505**); $P \leq 0.05$; thus, the relationship is significant statistically. Besides, the findings indicate there is a relation between training & development and employee performance, r (**0.485**); $P \leq 0.05$; and finally the findings demonstrates that there exists a positive relationship between work environment and employee performance, r (**0.458**); $P \leq 0.05$; thus, the relationship is significant statistically and the correlation findings are summarized in above table.

4.5.2 Multiple Regression Analysis

In the course of investigating research question i.e. “what is the effect of rewarding system at the surveyed organization employee performance?” According to, Kibe (2018), it relates one dependent variable to a linear combination of one or more independent variable. It tells that how much each independent variable has an impact or relationship with the dependent variable. The following basic and common assumptions are taken in to account.

The multiple linear regression model of the study is based on the theoretical regression model as indicated in chapter three. Therefore, the resulting model is

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

$$Y = -.102 + .236X_1 + .358X_2 + .210 X_3 + .200X_4 + e$$

Where:

Y = Employee Performance

X₁ – Recognition b₁ = the regression coefficient of Recognition

X₂ – Pay and Bonus B₂ = the regression coefficient of pay and Bonus

X₃ – Working environment B₃ = the regression coefficient of Working environment

X₄ – Training and Development B₄ = the regression coefficient of Training and Development

a = the y intercept and e = error term.

4.5.2.1 Multi-Collinearity Test

Multicollinearity refers to a situation in which there is exact (or nearly exact) linear relation among two or more of the input variables. The assumption assumes that independent variables are not highly correlated with each other. The assumption is tested by Variance Inflation Factor (VIF) statics as follows:

Table 11 Variance Inflation Factor (VIF) statics result

Variables	Tolerance	VIF
Recognition and Praise	.837	1.195
Pay and Bonus	.668	1.496
Training & Development	.710	1.408
Work Environment	.693	1.444

Survey result, 2021

The VIF (Variance Inflation Factor) for each term in the model measures the combined effect of dependence among the repressors on the variance of that term. One or more large VIF indicate multicollinearity. Practical experience indicates that if any of the VIF results exceeds 5 or 10, it is an indication that the associated regression coefficients are poorly estimated because of multicollinearity. Collinearity Statistics shows that the VIF value of recognition and praise

(1.195), pay and bonus (1.496), training & development (1.408) and work environment (1.444) which is less than 5 and no collinearity is observed on this data. The table also presents the result of regression analysis; the result regression analysis is based on organizational performance. The independent variables that contribute to variance of the dependent variable are explained by standardized Beta coefficient.

4.5.2.2 Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to change in the independent variables. To determine whether the relationship between dependent variable (organizational performance) and the independent variables (recruitment, compensation, training and development and performance appraisal) is linear, plots of regression residuals through SPSS had been used.

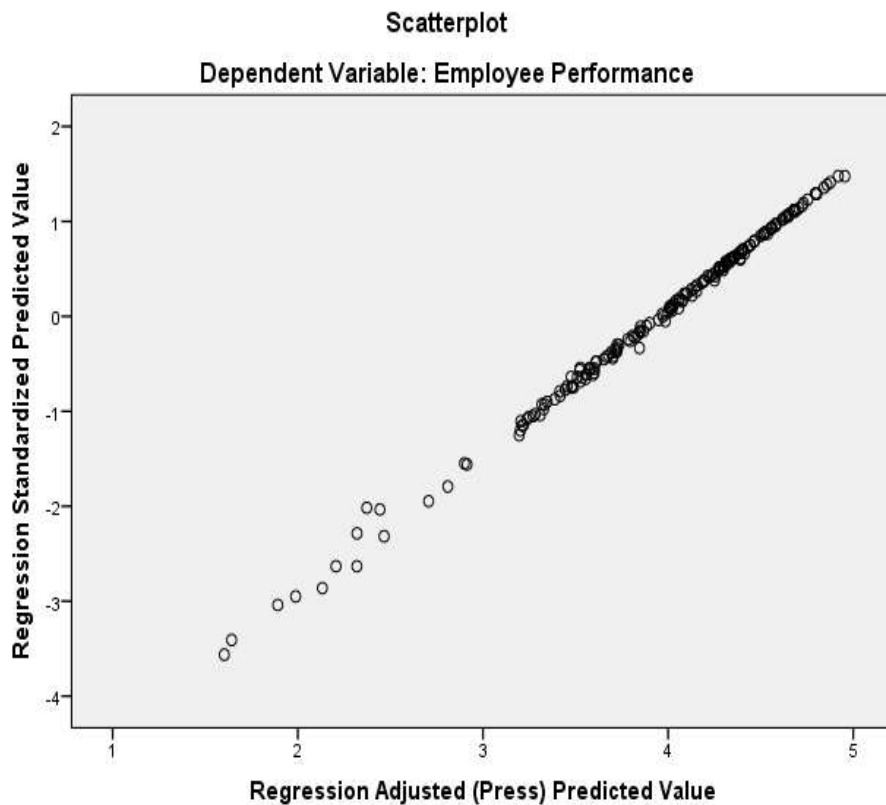


Figure 9 Test for Employee Performance

The scatterplot of residuals displays no big differences in the spread of the residual as we look from the left to the right in the above figure. This result suggests that the relationship that is being predicted is linear; therefore, the assumption is satisfied.

4.5.2.3 Normality Test

The subsequent figure displays the frequency distribution of the standardized residual compared to normal distribution. As can be assumed from the figure, the data points are close to the diagonal line confirming that there is normality.

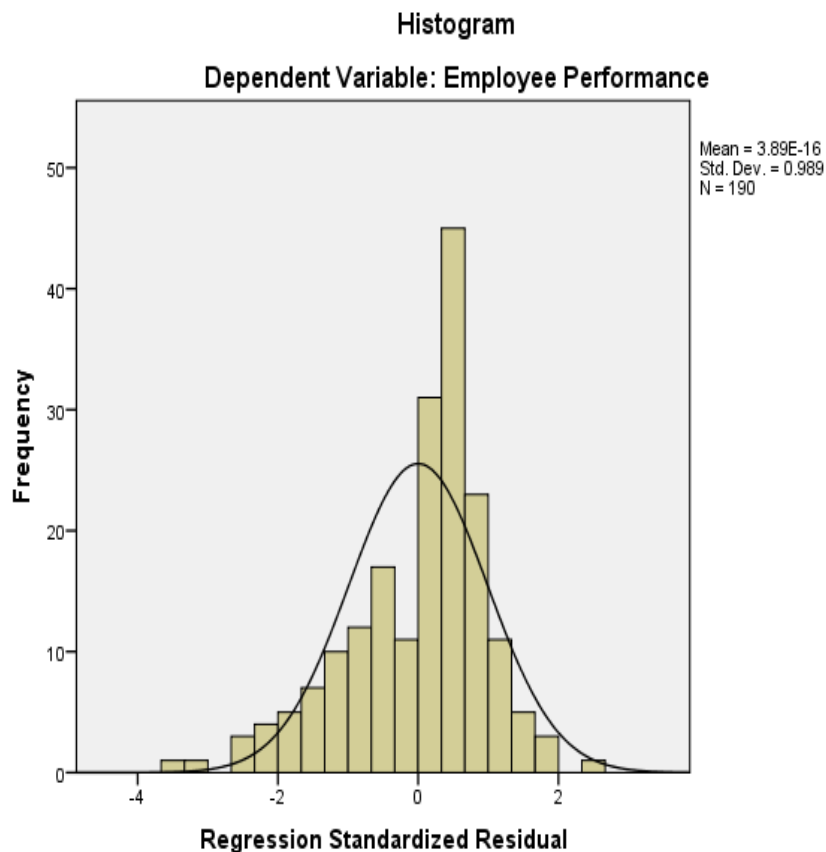


Figure 10 Histogram for testing normality

The graph displays the histogram that is a plot of how often possible values occurred. It's one

way to see if there is anything really strange in your data - any extreme values, or all the scores piled up on one side. The normality through histogram showed that the study data produced a bell-shaped curve that shows the normal distribution of the series. In this study, the figure above shows a bell-shaped distribution of the residuals and it demonstrated X-axis shows the residuals, whereas Y-axis represents the density of the data set. As a consequence, this histogram plot confirms the normality test results from the two tests in this study.

4.5.2.4 Heteroscedasticity through scatter plot

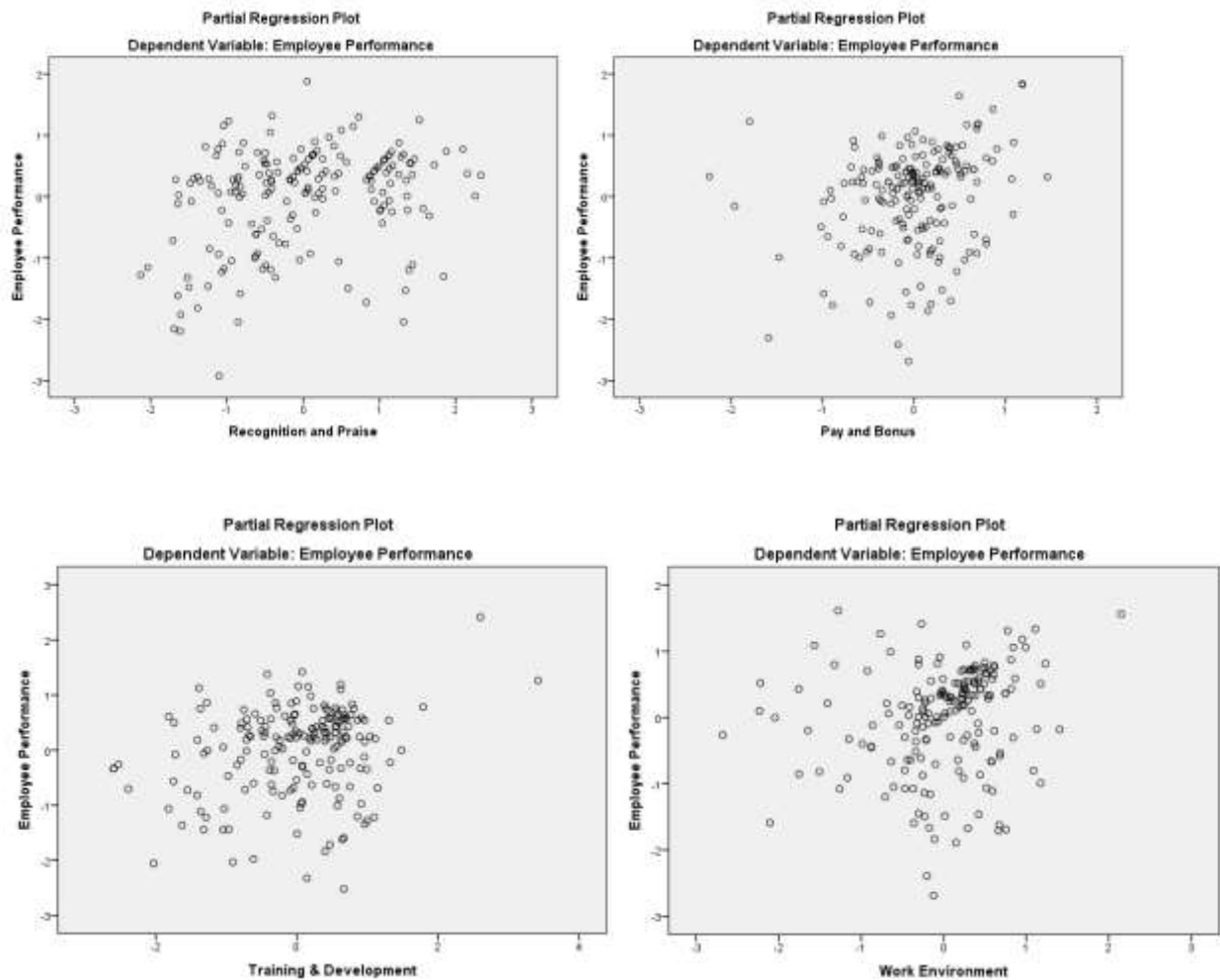


Figure 12 Scatter plot

Survey result, 2021

A scatter plot is a graphical technique used to illustrate the association of two numerical variables. Data are characterized visually by making a graph with two axes: horizontal (x axis) and vertical (y axis). Each point in the plot represents one observation. When all observations are

plotted, the diagram conveys information about the direction and magnitude of the association of the two variables (x and y). Since the dots are dispersed, it shows the data meet the assumptions of the errors being normally distributed and the variances of the residuals being constant. By using the least squares method (a procedure that minimizes the vertical deviations of plotted points surrounding a straight line), it is able to construct a best fitting straight line to the scatter diagram points as indicated above.

4.5.2.5 Regression Test Results

Table 12 Regression Test Results, N=190

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.647 ^a	.419	.406	.780	1.134

a. Predictors: (Constant), Work Environment , Recognition and Praise , Training & Development, Pay and Bonus

b. Dependent Variable: Employee Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.255	4	20.314	33.348	.000 ^b
	Residual	112.693	185	.609		
	Total	193.949	189			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Work Environment , Recognition and Praise , Training & Development, Pay and Bonus

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.102	.391		-.260	.795
	Recognition and Praise	.236	.057	.253	4.134	.000
	Pay and Bonus	.358	.103	.237	3.465	.001
	Training & Development	.210	.064	.219	3.296	.001
	Work Environment	.200	.080	.169	2.509	.013

Survey result, 2021

The value of R^2 explains the magnitude of the effect of the independent variable on the dependent variable. The data in Table 13 portrayed and explained that the linear regression of four independent variables and dependent variable. The data in the same table revealed that the overall bundle of determinant factors of the four independent variables were 41.9% ($R^2 = .419$) explained the dependent variable (employee performance). This suggests that 42% of employee performance in the surveyed organization clearly depends on the independent variables while the remaining 58 % is determined by other unaccounted factors in this study.

The adjusted r^2 value of, $r = 0.406$, also indicates that the multiple linear regression model could explain for approximately 59% of the variations in employee performance in the firm. The adjusted R^2 is 0.406, which indicates that, together, the dimensions explain almost 40.6 percent of the variation in satisfaction. The result $F = 33.34$, it can be established that the combination of determinant factor have positive effect on organizational performance which is statistically significant. As a consequence, this study rejects the null hypothesis.

The overall model goodness or wellbeing of the multiple linear regression model result indicated by a combination of both ANOVA or F statistics result and R- square. As shown on table 13 above indicates that ANOVA or F statistics with (4, 185) result with a value of 33.348 statistically significant at 1% level of the significance level which indicates that the well-being of the model is good or well fit in representing the actual empirical data. Moreover, the coefficient of determination or R-square explained 41.9 percent of the variation in the level of perceived employee performance is explained by the selected explanatory variables and the remaining 58.1 percent are not explained in the model. For that reason, this study determined that based on a combination of both ANOVA and F statistics result and R- square results in the overall model. Similarly, Kibe (2018) found out that the results of the R value obtained, in which $r = 0.777$ represented the correlation coefficient of the model whose order value > 0 . This illustrates that the incorporation of many variables improved the model when analyzing the impacts of rewards strategies on employee performance. The adjusted r^2 value of, $r = 0.599$, also indicates that the multiple linear regression model could explain for approximately 60% of the variations in employee performance in the firm.

4.6 Discussion

Based on table 13 model result, the recognition and praise have a positive and significant effect on perceived employee performance at a 1% statistical significance level ($\beta = 0.236$, $.0001$; $p < 0.05$). The positive coefficient of recognition and praise reward system shows that as recognition and praise rewards increases by one unit keeping other variables constant, the level of employee performance increases by 0.236 units. The result implies that more rewards such as recognition and praise and reassure employees' higher goals are attainable. The result of this study is consistent with Danish & Usman (2010), finding on their respective similar studies conducted at various institutions.

Pay and Bonus have a positive and significant effect on perceived employee performance at a 5% statistical significance level ($\beta = 0.358$, $.001$; $p < 0.05$). The positive coefficient of pay and bonus shows that as a pay and bonus increases by one unit keeping other variables constant, the level of employee performance increases by 0.358 units. The result implies that pay and bonus which includes attributes of employee's performance which includes employee has the required skill, trustworthy, safe service delivery and confidence creation on more closely aligned to support the long-term strategic objectives of the organization. The result of this study is consistent with Sev, Jet al., (2016) finding on their similar studies on motivational factors as determinants of employee commitment and performance enhancement in profit oriented firms: a survey of selected brewery manufacturing companies in Nigeria.

Training & Development have a positive and significant effect on perceived employees' performance at a 1% statistical significance level ($\beta = 0.210$, $.001$; $p < 0.05$). The positive coefficient of Training & Development shows that as Training & Development increases by one unit keeping other variables constant, the level of employees' performance increases by 0.210 units. The result implies that Training & Development modify attitude, knowledge or skill behavior through learning experiences to achieve effective performance in an activity or range of activities. Industries are providing a variety of training programs to meet their organizational needs. These include content on IT and systems, industry-specific trainings, processes, procedures and business practices, managerial training, interpersonal skills, compliance, basic skills, new employee orientation, customer service and quality. The result of this study is

consistent with the similar studies by Truitt (2012) on the effects of Training and Development on employee performance as it relates to training and work proficiency.

According to table 12 model result, the work environment have a positive and significant effect on perceived employee performance at a 1% statistical significance level ($\beta = 0.200, .0013; p < 0.05$). The positive coefficient of work environment shows that as work environment rewards increases by one unit keeping other variables constant, the level of employee performance increases by 0.200 units. The result implies that a work environment in which knowledge workers can achieve the task assigned to them. This also displays that Habesha Brewery has developed a good work environment that ensures that knowledge workers have the resources they need, the scope to use and develop their knowledge and skills and the recognition they deserve. The result of this study is consistent Sev, Jet al., (2016) finding on their similar studies in Nigeria. Overall, Kibe (2018) identified the independent variables that were mostly responsible for effective devolution in the area, the beta value was used. In addition, this study found that that the most effective rewards strategies affecting employee performance in Farm Concern International was non-monetary rewards ($\beta = 0.507, p < 0.05$). This was followed by promotion schemes, recognition and monetary rewards in that order. The beta values for these variables; 0.433, $p < 0.05$; 0.268, $p < 0.05$ and 0.174, $p < 0.05$ respectively illustrate a corresponding change of the dependent variables equal to the number of standard deviations when the respective standard deviation of the independent variable changes by one.

Kibe (2018), however, examined the effect of rewards strategies on employee performance in Kenya and found mixed results. The correlation was done to establish the extent by which monetary rewards affected on employee performance; the relationship between the two variables was significant ($r = 0.226, p < 0.05$). On the other hand, the coefficient of correlation from Pearson's product moment indicated that the relationship between the variables was weak but positive. This suggested that the firm had not put much emphasis on competitive remuneration and as a result, this was having a weak contribution on employee performance. This study also found that the significance of the relationship between recognition and employee performance was determined through a correlation analysis. The results obtained from the correlation analysis indicating the relationship was indeed significant ($p < 0.05, r = 0.353$). The results illustrate that a moderate and positive relationship exists between the two variables. Hence, it can be implied

that that the firm’s management only moderately applied the recognition strategy to encourage employee performance. This finding reflects that employee recognition significantly affected their level of job satisfaction and eventually translated to higher performance rates.

4.7 Relationship Between Socio- Demographic Factors and Variables

Descriptive statistics were also employed to describe the socio-economic characteristics of the respondents.

4.7.1 Independent T Test Result

Table 12 Independent T Test Results

From the socio-demographic profile of the respondents, independent t test is undertaken to find out whether there is a significant difference on the perception of male and female respondents towards employee performance.

Variables	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Employee Performance vs gender	3.718	.055	-2.282	188	.024	-.335	.147	-.625	-.045
			-2.311	179.797	.022	-.335	.145	-.622	-.049
Employee Performance vs education	4.881	.028	2.976	188	.003	.512	.172	.173	.852
			3.183	76.227	.002	.512	.161	.192	.832
Employee Performance vs work experience	3.182	.076	2.836	188	.005	.411	.145	.125	.696
			2.866	187.663	.005	.411	.143	.128	.693

Survey result, 2021

The table below states the mean score of the employee performance for female and male respondents and from the score it can be observed that the perception of female and male

respondents on employee performance is somewhat difference is. On the independent t test, t value and p value of employee performance is -2.282 and 0.24 respectively at 95% confidence interval which confirms that the perception of the male and female respondents is different on employee performance the mean score stated on thus table also confirms same. The same results were observed on education (2.976 and .003) and work experience (2.836 and .002). This shows that there is a performance gap among employee educational level, gender and their age. This showed that the increase is formed in the employee productivity when they are well educated. The education level, staff category and the work experiences of the employees are the factors determining the growth of employees' performance in the organization based on education and work experience.

Hypotheses Testing

4.7.2 Recognition and Praise Rewards on Employees' Performance

H₀. There is a positive significant effect of employee recognition/praise on employees' performance.

The correlation analysis is used to see if recognition and praise have relationship with employee performance; and it that if recognition and praise has a significant relationship show with employee performance ($r=0.456$; sig, 0.0000); and to make sure that it actually influence the employee performance (Sig, 0.0001), multiple regression analysis has been conducted. In addition to the result of the regression analysis shows that recognition and praise have positive and significant impact on employee performance; therefore, the stated alternative hypothesis is accepted. The finding agrees with results of previous researches conducted in the same area. Similarly, Kibe (2018) examined the effect of rewards strategies on employee performance in Kenya and found mixed results. This study also found that the significance of the relationship between recognition and employee performance was determined through a correlation analysis. The results obtained from the correlation analysis indicating the relationship was indeed significant). The results exemplify that a moderate and positive relationship exists between the two variables. Hence, it can be implied that that the firm's. In addition, Farooqui & Nagendra (2014) found the role of praise and recognition to enhance employee performance, especially in companies where pay reward seldom comes. It is intrinsic reward as a tool that motivates

employees to perform far more than expectations in the organization.). Thus, this study concluded that there is a positive significant effect between employee recognition/praise and employees' performance.

4.7.3 Pay and Bonus Rewards on Employees' Performance

H₀ There is a positive significant effect of employee pay on bonus and employees' performance.

The correlation analysis is used to see if pay and bonus have relationship with employee performance; and it that if pay and bonus has a significant relationship show with employee performance ($r=0.505$; sig, 0.0000); and to make sure that it actually influence the employee performance (Sig, 0.0001), multiple regression analysis has been conducted. As well as, the result of the regression analysis shows that pay and bonus have positive and significant impact on employee performance; therefore, the stated alternative hypothesis is accepted. The finding agrees with results of previous researches conducted in the same area. Uzoma (2019) found that that 93.9% relationship exists between employee's performance and pay/bonus rewards and indicated that monetary reward improves employee's performance. The correlation coefficient of 0.991 likewise indicates that one percent increase in pay and bonus rewards will lead to improvements in the performance of brewing companies by 88e.2% if other variables are held constant. They believe that financial reward is a strong motivating tool for employee's performance in organizations. Thus, this study concluded that there is a positive significant effect between Employee pay and bonus and employees' performance.

4.7.4 Training and Development on Employees' Performance

H₀ There a positive significant effect of training and development on employees' performance.

The correlation analysis is used to see if training and development have relationship with employee performance; and it that if training and development has a significant relationship show with employee performance ($r=0.485$; sig, 0.0000); and to make sure that it actually influence the employee performance (Sig, 0.001), multiple regression analysis has been conducted. And the result of the regression analysis shows that training and development have

positive and significant impact on employee performance; therefore, the stated alternative hypothesis is accepted. The finding agrees with results of previous researches conducted in the same area. Similarly, Bayon (2013) found that trading and development affects employee performance that highlighted training and development and ethical values in every area with regards to employees, customers and stakeholders, as well as leadership from managers, outperformed companies that did not have these cultural characteristics by a huge margin. In addition, Kim (2010) found that training and development practices affects only employees performance but also other stakeholders performance like are able to retain customers and suppliers. Thus, there is a positive significant effect between training and development and employees' performance.

4.7.5 Conducive Work Environment on Employees' Performance

H₀: There a positive significant effect of work environment on employees' performance.

The correlation analysis is used to see if work environment have relationship with employee performance; and it that whether work environment has a significant relationship show with employee performance ($r=0.458$; sig, 0.0000); and to make sure that it actually influence the employee performance (Sig, 0.0131), multiple regression analysis has been conducted. And the result of the regression analysis shows that recognition and praise have positive and significant impact on employee performance; therefore, the stated alternative hypothesis is accepted. The finding agrees with results of previous researches conducted in the same area. In the same way, Uzoma (2019) found that the regression coefficient showed that 99.4% relationship exists between employee's performance and conducive work environment. This means that one percent increase in conducive work environment will improve employee's performance of brewing companies in the South Eastern Nigeria by 89.1% if other variables are held constant. Consequently, for brewing companies to achieve their stated objectives and wax stronger in a global competitive environment, all sorts of rewards (monetary and non-monetary) must be taken into consideration for motivating employees to perform. Moreover, Vance (2012) suggests work environment affects employee performance in brewery industry that when the environment has excruciating temperatures with poor air circulation, employees' focus and concentration at work

gets affected resulting in a slump in performance. Thus, there is a positive significant effect between work environment and employees' performance.

4.7.6 Motivational Factors and Demographic Variables

Tariku (2016) stated that these factors in two categories. One category relates to the environment and the other to individual factors. Individual factors include psychological factors such as personality, attitude, behavior, and/or demographics factors such as age, gender, educational level among others. Job satisfaction may also be influenced by other employee characteristics or dispositional factors. Job satisfaction is therefore an intricate construct influenced by both intrinsic and extrinsic elements explored the nature of organizational commitment in three industrial units in Jordan by applying employees' job performance and five demographic variables. Their research disclosed that that organizational commitment comprises three-dimensional concept. The findings also uncovered a positive relationship between commitment (all the three components) and job performance (Walters, *et al.*, 2019).

4.7.7 Demographic variable

Ho There is a significant motivational factors difference among the employees in the brewery industry by demographic variable like sex, gender and income.

Using T result and the decision rule, the null hypothesis is rejected and the alternative hypothesis is rejected with 5% significance as Pearson T result. Therefore, the result revealed there are nearly no significant motivational factors differ or converge among the employees in the brewery industry by demographic variable like sex, gender and income. However, there are difference among respondents' gender and work environment (.014), education level and recognition and praise (.012) and monthly income and recognition and praise (.043). On the independent t test, t value and p value of employee performance is -2.282 and 0.24 respectively at 95% confidence interval which confirms that the perception of the male and female respondents is different on employee performance the mean score stated on thus table also confirms same. The same results were observed on education and work experience. This shows that there is a performance gap among employee educational level, gender and their working experience. Similarly, Ermias (2007) found that in relation to demographic factor, there is a significant multi way interaction. For example, the researcher concluded that singles and

females have better performance than their counters.

4.7.8 Summary of Hypotheses

Table 14 Summary of Hypotheses

Hypothesis	Variable	Sig value	Decision
H ₁ There is a positive significant effect of employee recognition/praise on employees' performance.	Recognition and Praise	.000	Support
H ₁ There is a positive significant effect of employee pay and bonus of employees' performance.	Pay and Bonus	.001	Support
H ₁ There is a positive significant effect of training and development on employees' performance.	Training & Development	.001	Support
H ₁ There is a positive significant effect of work environment on employees' performance.	Work Environment	.013	Support
H ₁ There is a significant motivational factors difference among the employees in the brewery industry by demographic variable like sex, gender and income.	All	Only recognition and praise mostly differ by T result Education, work experience, gender via Independent t test	Support

Survey result, 2021

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

This part of the study presents closing chapter of the study which includes summary of findings, conclusion and appropriate recommendations regarding the study findings.

5.1 Summary of Major Findings

This study examined the effect of effective reward management on the performance of employees of Habesha Brewing Company in Ethiopia. Accordingly, this study targeted 237 employees of the surveyed organization in Addis Ababa and Debre Birhan. Only 190 employees properly filled and returned the questionnaire and as result, this study attained 80 % of response rate. This study main applied primary data and applied descriptive and explanatory research design. Accordingly the study found that there are limitations related to properly handling fair promotion and transfer and providing positive recognition for what they perform better; also it unable to deliver skills and knowledge related trainings. However, this company exhibited strong rewarding system particularly in providing the physical attributes of employee work area, attempting to implement brewery based rules and procedures for conducive work environment, and creating brewery environment that stimulates learning. In addition, the study used correlation analysis and found that there exists a moderate positive relationship between recognition and praise (**0.456**), pay and bonus (**0.505**), training & development (**0.485**) and work environment (**0.458**) and employee performance. Further, recognition and praise ($\beta = 0.236, .0001$), pay and bonus ($\beta = 0.358, .001$), training and development ($\beta = 0.210, .001$) and work environment a ($\beta = 0.200, .0013$) affects employee performance in brewery industry using regression analysis. Finally, using chi square, there are nearly no the significant motivational factors differ or converge among the employees in the brewery industry by demographic variable like sex, gender and income. However, there are difference among respondents' gender and work environment (.014), education level and recognition and praise (.012) and monthly income and recognition and praise (.043). Further analysis through independent t test, t value and p value of employee performance is -2.282 and 0.24 respectively at 95% confidence interval which confirms that the perception of the male and female respondents is different on employee performance the mean

score stated on this table also confirms same. The same results were observed on education and work experience. This shows that there is a performance gap among employee educational level, gender and their work experience.

5.2 Conclusions

From the result we can conclude that, recognition/praise rewards, pay/bonus rewards and conducive work environment have a significant positive relationship on employee's performance in Habesha Brewing companies. Reward is indispensable and an unbreakable motivator for employee's performance. Doing more with reward is very significant to elevate self-esteem and to establish kindness between managers and their employees.

Pay/pay-bonus reward can be linked to extrinsic incentive. This incentive is compelled by external factors which is principally financial in nature. These rewards have been an issue of debate, whether they actually motivate the employees or move them to perform. In addition, employee recognition/praise is a form of non-financial reward and it could be in form of social recognition, praise and genuine appreciation for job well-done as financial incentives are certainly a way of motivating the employees for greater performance. Besides, conducive work environment which could be in the form of official staff quarters and staff vehicles, organizationally sponsored retreats outside work station or even outside the country, free medical care for the staff, the four biological children and dependent mother and father, a well arranged staff canteen, salary advance among others, are within the realm of conducive work environment. Further, employees need to be delivered with a continuous learning atmosphere to keep themselves on track with the organizational mission and vision. This study also found that employees ought to gain varied skills and broad knowledge in terms of various personal as well as professional attributes.

In general, the employee's insight into the reward practice clarity depends on complexity and communication. In this case, the employees need to know the relationship between the firm's goals, their supply, and the way they are rewarded; and ambiguity in this regard will decrease the motivation rewarding value. In other words, the requirement for a clear reward system includes having an obvious communication of the offer and concentration on the rewards as well as the concerns about comprehending the methodologies, targets, and measures applied while

introducing rewards. Based on this note, it was concluded that reward management have positive effect on the performance of employees in the brewing companies in Ethiopia.

5.3 Recommendations

Based on the findings and the conclusions of this study, the following recommendations were made:

- Habesha brewery may strongly work on Management succession. Management succession involves hiring new executives, promotions, and transfers. Managers of Habesha brewery can use hiring and promotion to strengthen network alliances and coalitions by putting their own people in prominent positions. Promotions in brewery may be more tactful rather than to those who are hostile, and to those who are creative rather than to those who are merely agile in competitive strife. This is because fairly promotion and transfer makes employee feel recognized by Habesha Brewery Company.
- Reward system for industrial firms should be considered such that employee are entitled to percentages of profit earned by the firm as a means of promoting productivity amongst employees, improving loyalty and ensuring employee devotedness to performing assigned task.
- Employee group performance should be rewarded by percentages of profit earned by the firm as a result of the group's input as a means of ensuring group cohesiveness amongst members of a group.
- Employee in industrial firms should not be paid fix salaries as it could result in a high rate of tardiness and unwillingness of employee within a group to put in anything more than the performance of an average performer in the group. It should be made up of a fix base followed by other rewards that are based on performance. This will enrich creativity and the desire to acquire new knowledge amongst employee.
- Habesha brewery may enhance its manufacturing competency (the ability of the manufacturing company to actually deliver the product). The brewery should develop employees' technical, managerial and technological skills and knowledge to deliver quality services. Give employees of the organization the opportunity to grow and develop new skills through a sense of ownership in their work and their working environment, by creating a work environment that is open, trusting and fun, by encouraging new ideas,

suggestions and initiatives and using celebrating individual suggestions and take time for morale building, team meetings and activities.

- Managers must empower their subordinates to achieve new challenges showing that the employees are trusted and may complete tasks autonomously. Due to such strategy, habesha brewery should educate employees in the internal environment according to the preferable standards and criteria, and at the same time increase the rate of internal hiring and reduce recruitment cost.
- The management of habesha brewing company may create a balance by adopting motivational measures. Managers may employ adopting motivational measurements to get the best results of the employees. Since studies indicate that both financial and non-financial rewards are capable of influencing one aspect of employee behaviour or the other.
- The labour unions should powerfully negotiate employees' needs and requirements for better conditions like the right to organize, and enhance the powers of workers' to keep the labour benefits high. This is because reward system for manufacturing firms should be planned such that employee are entitled to percentages of profit earned by the firm as a means of promoting productivity amongst employees, enhancing loyalty and ensuring employee devotedness to performing assigned task.
- Habesha brewery may enhance the number of rewards, as even such a small thing as verbal appraisals and appreciation make a big change for employees. As it was conducted from the data gathered, some employees lack recognition of their work being done even if they exceed expectations of the management. These activities would make employees feel valued in the company, therefore, increasing the level of commitment and loyalty to the organisation.

5.4 Contribution to Knowledge and other Stakeholders

It was observed that majority of researchers have done series of research work on reward management and employee's performance in various African countries but none have covered the area which this study entirely covered. Majority of published works covered reward management in the government, banking industry and other service organizations. This work was

conducted in selected brewing company in Ethiopia. Based on the foregoing, this study has filled a gap by widening the scope of research in the area of reward and performance management.

Organisations are recognising the significant opportunity to improve the return on their human resources investment by aligning reward plans with business strategy and enhancing the value delivered to employees. This process is essential to business success, and the ability of the organisation to attract and retain top performers and critical-skill employees, in an increasingly competitive environment. The research study has shown that managers can employ different strategies to motivate employees, but that it is imperative that managers keep in mind that different strategies would have a different motivational impact on different people. To get optimum results from a motivational strategy, the manager has to realise and understand trans-cultural issues, which requires recognition of each individual's unique cultural values, beliefs and practices.

5.5 Recommendations for Future Research

This study absolutely focused on the effects of rewards on employee performance. The variables that were considered include recognition, pay and bonus, training and development and conducive work environment. While this study has revealed the existence of significant relationships between the study variables and employee performance, the factors considered are not exhaustive to articulate how rewards influence employee performance. Therefore, future studies should focus on other intrinsic and extrinsic factors not considered in this study. They may add additional variables like employee-manager relations, organizational leadership and supervisor guidance. There is also need to explore studies on other factors not reflected in this study such employee motivation and adoption of technology at the work place.

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ANNEX

Appendix I - Questionnaire in English

ST. Mary's University, school of Graduate Studies Department of Business Administration

(Employee Survey)

Dear Respondent,

I, Rebka Tsegaye, a student of St. Mary's University, school of Graduate studies in Addis pursuing Masters of Business Administration (MBA). As part of my academic curriculum I am conducting a research to examine the effect of rewarding system on employee performance. I hope to get relevant information from you as a stakeholder in matters that are important for this study. The study is solely for academic purposes and the information given will be treated with strict confidentiality. I therefore, humbly request you to spare some time and answer the following questions. Thank you very much for your understanding.

Directions -

- *The questionnaire consists of open ended, closed ended questions and five point Likert scale questions.*
- *You are supposed to answer questions according to its requirements.*
- *Please do not write your name.*
- *All information will be used only for academic purpose and treated confidentially.*
- *Your honest and unbiased response will greatly contribute for the research to achieve its objective.*

If you have any unclear question with regards to the questionnaire you can contact me using the following address

Thank you for your kind cooperation

Best Regards.

Rebka Tsegaye

Telephone No-0921-60-31-29

Email address rebkatsegaye123@gmail.com

PART I. Demographic Information

Direction - Please put (√) mark to select the response

1. Gender

Male Female

2. Age

18 -30 : 31-40

41-50 51 & above

3. Educational Level

Diploma First Degree Masters and above

4. In which categories your salary ranges including?

3,201 - 7,250 7,251 - 12,500 12,501 - 17,800 >17801

5. Marital status

Single Married widowed Divorced

6. Work experience

> 1 year 1-5 years 6-10 years 11-15 years

above 16 years

7. What is your current position?

Technical Non-Managerial Supervision

Other please specify _____

8. Current Working Place

Addis Ababa Dibre Birhan

PART II - Study Related Questions

Direction - Please put (√) mark to select the response and please read each statement and, then circle one of the five numbers against it. The number you choose to circle should be the number that represents the extent to which you agree with what the statement is saying about you and your job, where:

1 = Strongly Disagree (SD); 2 = Disagree (D); 3 = Neutral (N); 4=Agree (A); and
5=Strongly Agree (SA).

Scale	1	2	3	4	5
	Strongly disagreed	Disagreed	Not Sure	Agreed	Strongly Agreed

Code	Scale	1	2	3	4	5
Recognition and Praise						
RS1	I receive positive recognition for what I perform better.					
RS2	Fairly promotion and transfer makes me feel recognized by my company.					
RS3	I feel that my job receives enough attention from my company.					
RS4	I get recognition/praise I deserve when I do a great job.					
RP 5	I have chances of getting ahead on my job as and when due.					
RP 6	Recognition/praise makes me feel valued by my organisation.					
Pay and Bonus						
PB 1	I enjoy the allowances due to me in the company.					
PB 2	My current salary reflects the market trend					
PB 3	My company pay worth basic salary to employees					
PB 4	Salary increments are made based on employee performance.					
PB 5	Our company normally give salary advance to staff in need of it.					
PB 6	Salary increment made for high performer would encourage others to perform better.					
PB 7	Take home pay from my company is reasonable					
Training & Development						

TD1	I find my job quite interesting and meaningful now.					
TD2	I am trained in order to increase my knowledge about my jobs.					
TD3	Now, I often tell others that this brewing company is a great place to work in					
TD4	Training is linked with the preparedness of staff.					
TD5	In my organization, there is an environment that stimulates learning.					
TD6	Training has improved my skills to work with others at work					
TD 7	The skills and knowledge gained through Training enable me to deliver quality services to the customers.					
TD 8	My speed of achieving targets has increased as a result of training and development program in my company					
Work Environment						
WE 1	I appreciate the physical attributes of your work area					
WE 2	I have reasonable work autonomy in my job					
WE 3	We have spacious and well-furnished office accommodations in our company					
WE 4	Company rules and procedures are conducive for work					
WE 5	I enjoy the environment in which you perform your duties					
WE 6	My company give free medical care to their staff					
WE 7	We have a well arranged staff canteen in our company					
Employee Performance						
EP 1	I work overtime to complete my tasks.					
EP 2	My performance is measured against the productivity.					
EP 3	I attend to my work with speed and accuracy.					
EP 4	My performance has continually improved.					
EP 5	I usually take time to follow up with clients to ensure that they are satisfied with my services.					
EP 6	Employees report on duty early and leave very late.					
EP 7	My job is in line with my interests, skills and attitudes.					

1. What type of reward systems exist in your organization?

2. What types of recognition are available in your organization? Does the organization apply the rewarding policy properly?

3. What is the basis for rewards and punishment in your organization?

4. What is your comment on your organizations' reward system?

THANK YOU!

Appendix II- Interview Questions

1. Is there any rewarding policy and employee performance related policy and procedures in your firm? Does the organization apply the rewarding policy?

2. What reward systems (extrinsic and intrinsic) do you use to motivate the employees in your organization?

3. Do you believe your firm creates conducive work environment and training and development to enhance workers performance? What about pay and bonus? Recognition? And what is the impact of rewarding system has on employee performance?

4. Do you consider monetary or non-monetary rewards to be more effective for employees' performance? How do you decide upon a reward for an employee as a manager?

5. What other comments can you make about the use of extrinsic and intrinsic reward for improving organization performances of defense construction enterprise?

Thank you!