



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

**EFFECT OF EXTRINSIC REWARD PRACTICE ON
EMPLOYEE MOTIVATION AT SOUTH BRANCH OF
TRAFFIC MANAGEMENT AGENCY**

**By
JALANIE CHALA TEFERA**

**MARCH, 2023
ADDIS ABABA, ETHIOPIA**

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

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Professor Shoa Jemal. All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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March, 2023

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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LIST OF ACRONYMS/ABBREVIATIONS

TMA: TRAFFIC MANAGEMENT AGENCY

SA: SALARY

PR: PROMOTION

BE: BENEFIT

WC: WORKING CONDITION

Js: JOB SECURITY

ANOVA: ANALYSIS OF VARIANCE

HR: HUMAN RESOURCE

SPSS: STATISTICAL PACKAGE FOR SOCIAL SCIENCE

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Abstract

This study examines the effect of extrinsic reward on employee motivation in the south branch of the Traffic Management Agency. The questionnaires were provided based on the dimension of extrinsic rewards. To achieve the overall objective of the study data was collected from employees of the Traffic Management Agency in the south branch. Accordingly, 170 respondents participated in the study using a simple random sampling technique. An explanatory research design was applied. The study developed five hypothesis. The study tried to process and analyse the data using different descriptive and inferential statistics such as Mean & SD, frequency, Pearson correlation, and multiple regressions. The correlation between extrinsic rewards and Employee Motivation is 0.34, which shows the moderate relationship between extrinsic reward and employee motivation. Regression result show that Employee Motivation will increased by 0.439. The results also showed that salary and job security is much important factor for employee motivation as compared to other variable factors like promotion, job security and working condition. TMA must be careful to increase the employee motivation of the Employees by redesigning the reward system regarding the salary and other allowances. Internal work environment of TMA must be pleasant fully.

Keywords: Reward, Employee Motivation, Extrinsic reward

CHAPTER ONE

INTRODUCTION

This study aimed at examining the effect of extrinsic reward practice on employee motivation in the south branch of the traffic management agency. This chapter presented the background of the study, the statement of the problem, the purpose of the study, the objectives, the research question, the scope, and the significance of the study.

1.1 Background of the Study

One of the most crucial factors in the growth and profitability of a business is employee motivation. It is crucial for an employer to comprehend what motivates employees and how to raise their job satisfaction if they want to optimize the company's overall success. Finding out what drives a company's personnel, however, could be difficult given that different factors drive different people ((Management, n.d.)Armstrong, 1999). This is also true for the reward system, which makes a significant contribution to the improvement of companies by inspiring, luring, and keeping qualified workers (Mahender & Shabnam, 2015).

The relationship between rewards and employee work incentive is direct (Kalim, Syed & Muhammad, 2010). For instance, higher levels of motivation and higher levels of employee performance at work will result in better compensation. The medical assistance provided as a benefit is the most significant extrinsic benefit affecting employee motivation, according to Nyandema et al. (2014), but the employee's degree of education qualification, length of employment with the company, and other factors also have a role. The benefits provided to employees depend on the achievement of goals. The most crucial element of career development that affects employee motivation is the chance for advancement and progress inside the company, and career development and coaching help employees explore their needs. This demonstrates that intrinsic and extrinsic rewards both have a significant impact on organizational motivation.

In today's cutthroat economic environment, a company's human resources determine its success or failure, so it is crucial to inspire those employees to work productively and efficiently (Zaman, 2011). The most significant resource for every firm is its human capital. In the era of

increased global competition, finding and retaining the proper staff is perhaps the biggest challenge facing every organization. To make the most of this resource, employees must be motivated. Numerous factors that combined make up motivation affect and direct the conduct of employees (Baron, 1983).

Extrinsic or intrinsic rewards are possible. Extrinsic rewards are material benefits that an employee receives that are unrelated to the work they are doing for the company. Extrinsic rewards include salaries, pay incentives, bonuses, promotions, job security, and other financial benefits. The psychological benefits of intrinsic rewards include being appreciated, taking on a new task, having a supportive boss, and changing jobs once the objective has been achieved (Ali & Akram, 2012). According to Frey (1997), intrinsic factors such as pride in a job well done and the realization that one is contributing to the greater good are more powerful motivators after income rises above a certain threshold. These demonstrate how important incentive and reward systems are for all enterprises.

Organizations must increasingly be able to identify the proper reward systems that will inspire their workers to perform at a higher level for the company (Vance 2012).

When it comes to their basic needs and wants, the majority of individuals are motivated by money (Weick, 1984). Salary increases, performance incentives, and other additional advantages like vacations, automobiles, and other material possessions that are utilized as rewards can all be used to motivate employees (Wilkinson et al., 2010).

Reward, according to (Management, n.d.) (Armstrong & Stephens, 2007), is concerned with the creation and use of strategies and policies that seek to reward individuals consistently, fairly, and equitably in light of their worth to the organization. It has to do with creating, putting into effect, and maintaining reward practices and procedures that are intended to boost team, individual, and organizational performance. Organizations are therefore under a great deal of pressure to create incentive systems that will motivate and retain their workforce.

In light of the realities raised by different authors as mentioned above, the basic aim of this study is to investigate the effect of extrinsic reward practices on employees' motivation, in the case of TMA.

1.2 Statement of the Problem

According to Hume (2000), a poorly designed reward system is likely to manifest itself in the recruitment of poor-quality staff, undesirable levels of employee performance and motivation, and high levels of employee turnover.

Addis Ababa Traffic Management Agency (TMA) is one of the governmental organizations that work in the transport sector in Ethiopia, which was founded on October 1, 2004, EC, with the mission of deciding proper road use rules, creating awareness, implementing and controlling. TMA started its operation in 2009EC. It has a vision of ensuring the prevalence of safe and acceptable traffic movements in the city of Addis Ababa. The agency has five central departments and five branches which are situated in different parts of the city .while the central department mainly focused on the strategic solution to traffic problems, the branches take care daily traffic operations. From the branches the study takes place in south branch is workable to measure the employees' work motivation with regard to reward practices, as it has numerous qualified employees and implementing various reward schemes to its employees. For effective utilization of human assets sound human resource practices need to be adopted by organizations. Among other human resource practices reward systems play a vital role in employees' development and the organization's well-being. Keeping in view the existing competition for talent among the players competing in the market, effective human resource practices can help organizations retain their employees. Ayele (2017).TMA claim that the most valuable assets they have are the human resources, In TMA, various reward packages are used, and these involve monetary (extrinsic) and non-monetary (intrinsic) rewards. While extrinsic reward consists material support, promotion, money compensations for some good performance. The researcher finds out some problems on the organization, there is a difference in salary on same position of work, working condition is not safe, and salary is not satisfactory, there is no clear way of promotion system and most employee leave the organization.

As to the researcher's observation and being an employee of the office TMA, even if practicing the above-mentioned reward mechanism but from the importance that it has toward motivating employees, rewarding employees with extrinsic reward system in the office needs further attention and research. Therefore, the purpose of this study is to assess extrinsic reward systems

practices being implemented in the TMA office and the effect it has on motivating its employees.

1.3 Research Questions

1. What is the relation between extrinsic reward practice and employee motivation in the study agency?
2. What is the practical status of the extrinsic reward system of the study agency?
3. What are the major extrinsic reward variables that have a significant effect on the study agency?
4. What is the attitude towards the extrinsic reward system of the study agency?

1.4 Objective of the Study

The following general and specific aims of this study are related to the above-mentioned research concerns.

1.4.1 General Objective

Examining how extrinsic rewards affect staff motivation at the south branch of the traffic management agency is the primary goal of the study.

1.4.2 Specific Objective

The specific objectives of the study are to

- Examine the traffic management agency extrinsic reward systems.
- Ascertain how the south branch of traffic management agency employees feel about rewards.
- Examine the impact of extrinsic incentives at the south branch of traffic management agency.
- Examine the impact of incentives at the south branch of traffic management agency.
- Identify the main potential and difficulties in establishing a rewards system the south branch of traffic management agency.

1.5 Significance of the Study

Contribution of this study is believed to appear in following ways: Primarily, it would help policy makers of the company to have a practical awareness about employees' attitude, so as to distinguish the most motivating factors; and make the necessary improvements accordingly.

In addition, it might be a valuable reference material for the students and other interested parties who may want to undertake similar study.

1.6 Scope of the study

The study area for this research was in Addis Ababa- sub-city Nefas Silk Lafto wereda 12, the capital of Ethiopia, and the south branch of the traffic management agency the main sources of information for the study.

The study was intended to brief how extrinsic rewards affect staff motivation at the south branch of the traffic management agency was the primary goal of the study. This study includes both male and female workers of Addis Ababa City Traffic Management Agency. The time of research is 2022 and Descriptive and explanatory research will be used. The scope also included the independent variable extrinsic reward. It is also considered the dependent variable of employee motivation.

Though reward systems is a very wide concept, this study tried to address only some factors of extrinsic reward systems affecting employees' motivation in the work place. Thus, among many types of extrinsic rewards, this study focused only on five elements, i.e., Salary, Promotion, benefit, working conditions and job security . These variables were selected with the assumption that they would have greater effect on employees' motivation.

1.7 Definition of Terms and Concepts

Reward Practices: comprise the schemes, structures and techniques used to implement reward strategy and policy. Armstrong (2010)

Motivation: The willingness to act is motivated, and it is dependent on one's capacity to meet personal needs. A physiological or psychological deficit that makes some outcomes seem desirable is known as a need (Robbins, 2003).

Extrinsic Reward: Financial or tangible rewards which include pay, promotion, working condition, security, bonuses and benefits. Waruni, (2014).

1.8 Limitations of the Study

Everything has got its own limitations. In the same manner, this study has also faced some confines. Researcher's lack of prior experience in conducting systematized research.

Despite the useful findings of the study, this study has several limitations that need to be acknowledged. The data for this study was only collected from TMA branch office because of time constraints, so it needs further research in other governmental institution, thus the results may not be generalized.

1.9 Organization of the Study

The arrangement of research paper was organized into five chapters. The first chapter covers the introduction of the study including the background of the study, the background of the organization, statement of the problem, research questions, research objectives, significance of the study, the scope of the study, limitations of the study, the definition of terms, and organization of the study. The second chapter was a review of related literature. In this chapter, both theoretical and empirical evidence related to the topic study is discussed. The third chapter portrays the research methodology which includes the research approach, research design, population and sample, data source and types, data collection procedures, method of data analysis, validity and reliability, and ethical consideration.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature

2.1.1 Reward

All sorts of compensation that employees receive as a result of their employment are considered rewards. It is one of the characteristics that businesses use to draw in and keep the most valued and skilled workers. Rewards can be both monetary and non-monetary in nature. Employees need a variety of non-financial rewards and fringe perks, such as bonuses, retirement benefits, gratuities, educational opportunities, and medical services, in addition to money to meet their basic necessities (Dessler, 2008). The attractiveness of a prize is determined by two things. The first is the size of the reward that is delivered, and the second is the importance that a person accords to a particular reward. (Armstrong & Stephens, 2007).

Extrinsic and intrinsic rewards are included in the reward system. Extrinsic benefits are things that an employee receives as part of their professions, such as money and favourable working conditions. The happiness that results from performing the job, such as personal fulfilment and a sense of contributing to society and the organization is known as an intrinsic reward (Management, n.d.) (Braton, 2013).

For various scholars, rewards serve a variety of purposes. Objectives include promoting behavior that fosters the creation of a performance culture, improving the quality of work, motivating employees, boosting morale, increasing teamwork, minimizing time and cost, attracting and retaining high-quality individuals, to increase job satisfaction. (Wilkinson et al., 2010) (Been, 2004). In order to attain organizational goals like productivity, lower turnover, and effective leadership, (Weick, 1984) Nancy (2005) claims that companies employ particular incentives to inspire individuals, teams, and the entire organization. Employees expect their employers to guarantee them enough pay and salaries (rewards) once they faithfully perform what is required of them, just as employers expect employees to fulfill or execute given jobs to their satisfaction (Ibrahim et al., 2012). The main focus of motivation theories is rewarding. According to these ideas, people have desires and will go to great lengths to satisfy them. Goal-

setting and expectation theories describe the steps people take to behave in a way that results in desired rewards (either intrinsic or extrinsic) (Iru et al., 2018).

2.1.2 Types of Rewards

There are two major types of rewards that employees receive from their work. These are extrinsic and intrinsic rewards (Armstrong & Stephens, 2007) (Armstrong, Michael 2006).

Extrinsic Reward

Extrinsic incentives are things that an employee receives as part of their professions, such as financial compensation and favourable working conditions. (Armstrong & Stephens, 2007) states that extrinsic rewards given by employers in the form of salary will aid in luring and keeping workers, as well as for a brief time may increase effort and reduce unhappiness. Non-monetary intrinsic rewards for responsibility, success and the task itself may have a longer-term and more profound effect on motivation.

The extrinsic reward may include: - Payment, promotion and benefit

Payment:-Payments are sometimes known as salaries or remuneration, and they greatly inspire people. It is defined as what an employee receives in exchange for their labour after performing their duties, encompassing all forms of monetary and non-monetary compensation (Nazir et al., 2013). (Armstrong & Stephens, 2007) states that compensation consists of a variety of elements, including a base salary, bonuses, remuneration for doing extra work, and incentives. Salary is one of the hygiene elements that eliminates job unhappiness, according to (Oosthuizen, 2001) (Teck-Hong & Waheed, 2011) Herzberg's motivation-hygiene theory (2011). Employees' salaries are a role in whether they are dissatisfied or not with their jobs. On the other side, the Expectancy Theory explained that people exert effort because they want certain rewards, therefore managers need to keep an eye on competitors' salaries and keep their employees' pay in line with that of competitors.

Promotion:-(Armstrong, 2008) defines promotion as achieving high status at work through effective work, which generally raises an employee's status, position, and pay within an organization. Steyn (2002) found that the majority of educators listed advancement to a higher position level within their organization as one of their objectives. Every employee has an ambition of achieving social recognition and accomplishment, according to William (2016).

Therefore, promotion satisfies the need for social approval and the need to achieve distinction. Promotion aids in meeting the needs of employees for security, belonging, and personal development and people frequently feel that they have not been treated fairly if they go for an extended period of time without promotion.

Benefit:-Employee benefit, such as pensions and medical plans, are kinds of additional compensation delivered in addition to various forms of cash (Armstrong and Murlis 2004). Benefit and total job satisfaction are positively correlated (Lam et al, 2001). Benefits are parts of the compensation system that, according to (Iru et al., 2018), have long stood for the subject of compensation harmonization. Benefits are the incentives offered to workers in a company as motivators to get them moving and focus them on achieving organizational objectives. Shorter working hours, vacation and holidays, pensions, insurance (life, social, health, etc.), maternity leave, and other benefits were discussed by (Putra et al., 2017).

Working condition:-Working conditions is about providing a healthy, safe, and pleasant working environment for employees (Armstrong 2006). (Oosthuizen, 2001), also stated that it is a physical working condition showing the quantity of work and availability of resources. It is the conditions in which an individual or staff works, and this includes the relationships with colleagues, working hours, workload, and availability of resources.

2.1.3 Total Reward

Organization is composed of both financial and non-financial rewards and intrinsic and extrinsic rewards. Total rewards summarize all the aspects of work that are valued by employees whether it is related to a healthy work environment, better opportunities for learning and development, or the benefits packages linked to the pay(Nazir et al., 2013).

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system, both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include pay, personal bonuses, and other benefits. Intangible rewards have to do with learning, development, and work experience.

2.1.4 Reward System

Is a strategy that aims to provide both tangible and intangible benefits to employees which contain monetary benefits and others such as recognition, advancement, experience, and personal growth?

The Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work and motivate them to perform at high levels. The reward system consists of all organization components – including people processes rules and decision-making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organisation (Stephen P. Robbins et al., 2013).

2.1.5 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 (Armstrong, 2008).

According to (Zeuch, 2016))Reward management is concerned with the formulation and implementation of strategies and policies, the purpose of which is to reward people fairly, equitably, and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. It deals with the design, implementation, and maintenance of reward systems (system, process, practice, and producer) that aim to meet the needs of both organization and its stakeholders.

(Advisor & Walombo, 2017) state that the purpose of managing the system of rewards within the organization is to attract and retain the human resources the organization needs to achieve its objectives. To retain the services of employees and maintain a high level of performance, it is necessary to increase their motivation and commitment. In effect the organization is aiming to bring about an alignment of organizational and individual objectives when the spotlight is on reward management.

2.1.6 Motivation

Motivation is the willingness to do something and it is conditioned by the ability to satisfy some need for the individual. A need is a physiological or psychological deficiency that makes certain outcomes appear attractive (Stephen P. Robbins et al., 2013).

Motivation can also be defined as the psychological forces within a person that determine the direction of that person's behaviour in an organization, effort level, and persistence in the face of obstacles. Awareness of the concept of need is important for understanding the behaviour of people in the working environment and being able to understand this will help managers to motivate their employees. It also tries to explain that a need has also known motives because it can move or motivate people to act (Steyn, 2003).

Banerjee (1995) stated that motivation to be influencing an individual's behaviour towards a specific goal while taking the individual's specific motives, desires, and reality into account. The specific goal being the achievement of the organizational objective and if the individual feels the "influencing" as positive, the process can be considered to be motivating. Of all the functions a manager performs, motivating employees is the most complex. This is due, in part, to the fact that what motivates employees changes constantly (Bowen & Radhakrishna, 1991). For example, research suggests that as employees' income increases, money becomes less of a motivator (Kovach, 1987). Also, as employees get older, interesting work becomes more of a motivator.

According to Smith (2015) motivation is "the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal". Intensity is related to the drive or energy behind individual action and effort. Direction refers to how efforts are correctly channelled into the direction that will benefit the organization and persistence deals with how long an individual can maintain efforts to achieve goals.

2.1.7 Types of Motivation

There are two types of motivation as formerly identified by (Gawel, 1997) intrinsic motivation and extrinsic motivation.

Intrinsic motivation: -Is carrying out an activity that satisfies internal rather than some other exterior goals. (Zeuch, 2016) defines intrinsic motivation as self-generated factors that influence people to behave in a particular way or to move in a particular direction. These factors

include responsibility feelings that the work is important and having control over one's own resources, autonomy (freedom to act), scope to use and develop skills and abilities, interesting and challenging work, and opportunities for advancement. According to (Dubrin, 2007) intrinsically motivated person has energy and passion for the task. The person will be the most creative when she/he is motivated primarily by the satisfaction and challenges of the work itself.

According to (Zeuch, 2016) define intrinsic motivation is concerned with the 'quality of working life' are likely to have a deeper and long-term effect because they are inherent in the individual and not imposed from outside. (Putra et al., 2017) usually, the presence of this type of motivation has a special affirmative effect on one employee, it enhances employees concern about their work, makes them try to do their duties in the best ways, and increases employee's willingness and adherence toward their jobs.

Extrinsic Motivation:-Extrinsic motivation refers to motivation that comes from outside an individual. The motivating factors are external and include rewards such as money or grades. These rewards provide satisfaction and pleasure that the task itself may not provide (Menken, 2009). Extrinsic motivation does not mean, however, that a person will not get any pleasure from working on or completing a task; it just means that the pleasure that the employees anticipate from some external reward will continue to be a motivator even when the task to be done holds little or no interest (Nancy, 2005) Historically, motivation theorists have generally assumed that intrinsic motivators are independent of extrinsic motivators. That is, the stimulation of one would not affect the other. But cognitive evaluation theory suggests otherwise. It argues that when extrinsic rewards are used by organizations as payoffs for superior performance, the intrinsic rewards, which are derived from individuals doing what they like, are reduced. In other words, when extrinsic rewards are given to someone for performing an interesting task, it causes intrinsic interest in the task itself to decline. (Nancy, 2005).

2.1.8 Motivation Theory

Theories on motivation are divided to explain the behaviours and attitude of employees. These theories are divided into two categories: content theories and process theories (Steyn, 2002). A content theory of motivation explains the reason for motivating behaviours and what causes it. These theories state the correlates of motivated behaviours that it states, such as feelings or an attitude associated with motivated behaviours, and helps to represent physiological or psychological deficiencies that an individual feels some compulsion to eliminate. Content theory lends insight into people's needs, thus helping a manager to understand what it is that energizes and sustains their behaviour, and what they will and will not value as work rewards (Schermehorn et al, 1991). The fact is that without competent employees an organization will accomplish its goal little or none. To achieve successes organizations must be able to attract, retain, and motivate their competent employees.

On the other hand, process theories or contemporary theories focus on describing how behaviours is initiated by personality factors and psychological states to energize, direct and sustain behaviours and how they stop the behaviours (Steyn, 2002). Examples of process theories are Adam's equity theory, Vroom's expectancy theory, Locke's goal-setting theory, and Skinners' reinforcement theory. To get good clarity on points like why people make certain career choices, why they seek a specific kind of reward, or why they are satisfied or unsatisfied with their work in order to be able to do this it is important to get into the literature of psychology on motivation and performance, hence it is important to understand traditional and contemporary motivation theories that play a role in reward and recognition (Lawler, 2003). Given the focus of the study to explore the factors that lead to motivation, particular attention is given to content theories as well as some process theories such as Maslow's Hierarchy of Need theory, Herzberg's Two Factor Theory, Douglas Hall's age theory, Alderfer's ERG Theory, Maclander's Three Need theory, Skinners Reinforcement theory, Adam's Equity theory, and Vroom's expectancy theory.

2.1.8.1 Maslow's hierarchy of Need Theory

Abraham Maslow was a psychologist who proposed that within every person is a hierarchy of five needs. According to him, people constantly desire better circumstances therefore they always want what they do not yet have. (Schultz, 1982). Maslow argued that each level in the

needs hierarchy must be satisfied before the next need becomes dominant. In addition, Maslow separated the five needs into higher (growth) and lower (deficiency needs) levels.

Maslow's theory of motivation believes that humans are always in need. Whenever one attains some goals, he/she is motivated to go to the next step or hierarchy. Maslow's theory of motivation states that when a lower need is satisfied, the next higher becomes dominant and the individual's attention is turned to satisfying this higher need (Zeuch, 2016).

Maslow's Hierarchy of Need Theory

1. **Physiological Needs:**-According to Maslow (1971), physiological needs are the driving force of any human being, they satisfy the basic needs that one needs to survive or sustain life. These basic needs include air, water, food, sleep, etc. Without physiological needs, life is not worth living. If anyone is denied this need, then one has no choice but to survive.

2. **Safety Needs:**-He notes that safety need is the need that liberates one from harm, fear or any form of physical threat Maslow (1954). These comprise needs relating to job security, medical insurance, a healthy working environment, etc.

3. **Social Needs:**-Maslow (1954) identifies social needs as needs of getting associated with social activities such as friendship, societies, groups or any form of socialized group.

4. **Esteem Needs:**-According to Maslow (1954), it gets to a point in everyone's life where one needs belongingness. Employees need to feel that they are part of the organization or that 'their voices can be heard'. This kind of need may come in two forms: satisfying internally and externally. These include internal motivations such as self-esteem, accomplishment, and self-respect, as well as external motivations such as recognition, reputation, and social status.

5. **Self-Actualization:**-According to Maslow (1954), self-actualization is the highest need that could fully satisfy an employee. He however notes that because of the open nature of this need, it can never be fully satisfied. Maslow (1954) further argues that, just a meagre percentage of the employee population actually get to this level of self-actualization. This kind of motivation offers employees, the opportunity to get involved in activities innovations, creativity, etc. Such need includes truth, justice, wisdom, and meaning.

2.1.8.2 Douglas Hall's age theory

Hall's theory on motivation relates more to an individual's chronological age and that needs are largely dependent on the age, which relates to what stage the individual is in their career.

According to Hall's theory, employees in their early careers seek advancement, friendships, money, and opportunities to develop skills (Danziger, 2012).

Employees under the age of thirty tend to rank "good salary" as first in an order of what is important on a job, while employees over fifty are more concerned with "interesting work". Recognition for employees between forty and fifty-five would be to be left alone to do their jobs in the best possible way and to be self-directed.

Quality rewards and recognition should therefore be geared toward the needs of differently-aged employees. It is thus evident that a "one size fits all" approach to reward and recognition would not work (Farage et al., 2012).

2.1.8.3 Alderfer's ERG (existence, related, and growth) theory

Developed by Alderfer, the ERG theory is closely related to Maslow's hierarchy of needs. Instead of five categories of needs, (Fred, n.d.) (1972) hypothesis's that individual motivation in organizations can be understood in terms of existence (E), relatedness (R), and growth (G) needs. Alderfer's Hierarchy of Motivational needs.

Existence needs are roughly comparable to the physiological and safety needs of Maslow's theory. It is concerned with the requirement that people have for material and energy exchange and the need to reach and maintain a homeostatic equilibrium with regard to certain material substances (Wilkinson et al., 2010). Organizations can satisfy these needs through salary, fringe benefits, a safe working environment, and some measure of job security. It relates to tangible goals such as being able to buy food and pay for shelter (Schultz, 1982).

Relatedness needs to acknowledge that people are not self-contained units but must engage in transactions with their human environment (Cable & Edwards, 2004). It is concerned with the interactions and social contacts with other people, which satisfy the need for belonging and acknowledgment. Acceptance, confirmation, understanding, and influence are elements of the relatedness process (Wilkinson et al., 2010). Employers can meet this need in the workplace through support, respect, and recognition (Tayyar, 2014).

Growth needs to focus on the self and include the need for personal growth and development. It is the counterpart to the esteem and self-actualization needs of Maslow. This need can only be satisfied if people are given opportunities to use their capabilities to the full. In terms of this motivation theory, a job can provide satisfaction if it involves a challenge, autonomy, and creativity (Schultz, 1982).

2.1.8.4 Herzberg's Two-Factor Theory

In terms of Herzberg's two-factor theory of motivation, employee needs can be divided into two groups; satisfiers or motivators, because they are seen to be effective in motivating the individual to superior performance and effort. The other consists of dissatisfies, which mainly describe the environment and serve primarily to prevent job dissatisfaction, while having little effect on positive job attitudes. These are called hygiene factors, implying that they are preventative and environmental (Wilkinson et al., 2010).

During his experiments, Herzberg found that certain characteristics tend to be consistently related to job satisfaction. Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement, and growth seem to be related to job satisfaction. When respondents questioned felt good about their work, they tended to attribute those factors to themselves. On the other hand, when they were dissatisfied, they tended to cite extrinsic factors such as company policy, administration, and supervision. Herzberg deduced from these experiments that the opposite of satisfaction is not dissatisfaction, as was believed. He found that removing dissatisfying characteristics from a job does not necessarily make the job satisfying. He thus proposed a dual continuum, where the opposite of satisfaction would be no satisfaction and the opposite of dissatisfaction would be no dissatisfaction (Stephen P. Robbins et al., 2013).

According to Herzberg's two-factor theory of motivation, organizations cannot begin to motivate employees until that which dissatisfies them has been removed. Hygiene factors such as salary, working conditions, and supervision are not motivators even when they are being met. Other types of hygiene factors include company policy, poor interpersonal relations, and job security. The meeting of lower-level needs of employees is not motivating but can have a demotivating impact if not met. True motivation only kicks in when an employee's higher-level needs are met (ROBERTS, 2005).

2.1.8.5 Goal-Setting Theory

(Locke & Latham, 2002) argues that setting goals are a fundamental aspect of achieving motivational effectiveness. In addition, the authors emphasize that those goals, which are unrealistic and arbitrary, could become a demotivating aspect for the organization's employees. According to their analysis, goals that are designed to a slightly difficult approach are the ones that are motivating the employees to greater productivity. On the other hand, goals that are too hard to achieve or too easy to reach are resulting in a less productive action by the employees.

According to (Locke & Latham, 2002) goals are mainly serving four different mechanisms. Firstly, the goals serve as a distinct directive function, which allows the employee to, at a greater extent, focus on goal-oriented activities, instead of focusing on activities that is beyond the goals. This mechanism provides the fact that the firm can align the employee with the organization's overall targets, when well-designed goals are used. The second aspect that Locke and Latham point out is that goals allow employees to take on the greater effort and is functioned as a stimulating function. If the organization had tougher goals, the employees would put more effort in comparison with low-setting goals, which provide less effort by the employees. Thirdly, goals are providing persistence affection to the employees, which imply that employees that control their own time to reach the goal increase their effort in the task. Finally, the authors describe that goals are encouraging employees to use their overall knowledge and expertise to solve the task.

2.2 Empirical Review

The relationship between rewards and employee motivation has been the subject of numerous studies, and there are numerous studies in the literature that describe how rewards affect employee motivation. We can specifically mention Puwanenthiren's (Pratheepkanth, 2011) study, "Reward System and its Impact on Employee Motivation at Commercial Bank of Sri Lanka Plc, In Jaffna District," as one of those studies. According to the study's conclusions, a positive relationship exists between a total rewards system and employees' motivation. This relationship also has an impact on employees' consistency in achieving higher performance, increased staff cooperation, employees' willingness to accept a challenging job, and increased responsibility.

Frustration and poor working conditions are the primary reasons given by people considering leaving their jobs, according to a federal Aland Mark Work-Life Conflict Study involving 315 employed Canadians (Informal Recognition) Working circumstances are a common reason why 60% of people quit their jobs. 40% requested more time to spend with their loved ones and engage in personal interests, while 55% cited a lack of respect and acknowledgment.

On the other hand, though, lack of the proper incentives causes decreased workplace productivity. According to a (Kassahun, 2019) study, there is a strong and favorable correlation between financial incentives and employee motivation. However, they noticed that businesses were underpaying their staff. Success is therefore impossible without reward systems that are ideally matched to the architecture and objectives of the firm.

According to a study by Eisenberger, Rhoades, and Cameron from 1999, good performance, a high sense of personal drive, and performance-reward expectations all have a favorable effect on employees' intrinsic motivation. In other words, employees will be more motivated to complete a task properly if they anticipate receiving a reward for doing so.

(Temitime, 2016) conducted a study with a total of 324 respondents to examine the impact of incentive management on employee motivation in Ethio- Telecom. According to the study's descriptive statistics, the mean value of motivation was 3.54, which indicates that employees in the Ethio-telecom sector are moderately motivated. The association between total incentive and employee motivation is reasonably strong and statistically significant, according to findings from Pearson's product-moment correlation coefficient. The model summary of multiple regression analysis also revealed that 60% (from R squared value), which is statistically significant at a 99% confidence level, of the variation in employee motivation can be explained by the linear combination of intrinsic and extrinsic reward. Moreover offering opportunities for job advancement.

A study carried out by Vijahkumar & Subha (2009) examined there is direct and positive relationship between reward and motivation and work satisfaction, hence if rewards offered to employees to be altered, then there would be a corresponding change in work motivation and satisfaction and they conclude on their research if rewards improved could have a positive effect on motivation and satisfaction.

Hafiza, et al. (2011) conclude in their study, there is a significant and positive relationship between extrinsic rewards and employee motivation but organization not offering right amount of financial rewards to their employees and pay is a significant factor which affect employee motivation.

The finding of the Quyyum, & Sukirno (2012) show that employees ranked high salary as the most important motivational factor and the next important factor to employees is seniority – based promotion. Particular characteristic of society are reflected in the fact that people generally obtain specific degree/skill once their life and do not have ambition to learn more to do not have access to require to learn and develop themselves. The third most factor to employees is work and family life, the reason for this desire is also described in their research.

A research conducted by Smith, Joubert & Karodia (2015) with the title “The impact of intrinsic and extrinsic rewards on employee motivation at a medical devices company in south Africa” show that although employees rated annual salary increases (extrinsic rewards), as being the most motivating, the overall results of their study revealed that employees in the organization appear to be more motivated by intrinsic rewards. Autonomy, growth and development, competence, and a sense of significant contribution and accomplishment were perceived as highly motivating.

Nebiat, (2010) conducted a research on ‘relationship between Reward and Nurse’s motivation in Addis Ababa Hospitals’. The objective of this research was to examine the relationship between rewards and nurse work motivation in hospitals administrated by Addis Ababa Health Bureau. Self-administered questionnaire was used to collect data. The collected data analyzed by using descriptive statistics. By 88% respondent rate the result revealed that there is positive and significant relationship between reward and the nurse’s work motivation. Payment is the most significant variable among financial reward and recognition is the least significant from non-financial reward variable

A review of related literature is an in-depth analysis of previously published works that are connected to a thesis's subject. Focus more closely on motivation and rewards as evidenced by the theoretical and empirical review mentioned above. Numerous researchers have looked into the important connections between motivation and reward. It was challenging to acquire sufficient empirical research in the organization for this study, but the researcher was able to

obtain some, and the main empirical study's principal discovery was that there is a strong and statistically significant association between reward and employee motivation.

2.3 Conceptual Framework

A conceptual framework refers to the extent a researcher conceptualizes to be the relationship between contextual variables in the study and shows the relationship graphically or diagrammatically Mugenda & Mugenda, (2003). The relationship describes the association between the independent variables and the dependent variables. Among the dimension of motivation, variables chosen for the study are:

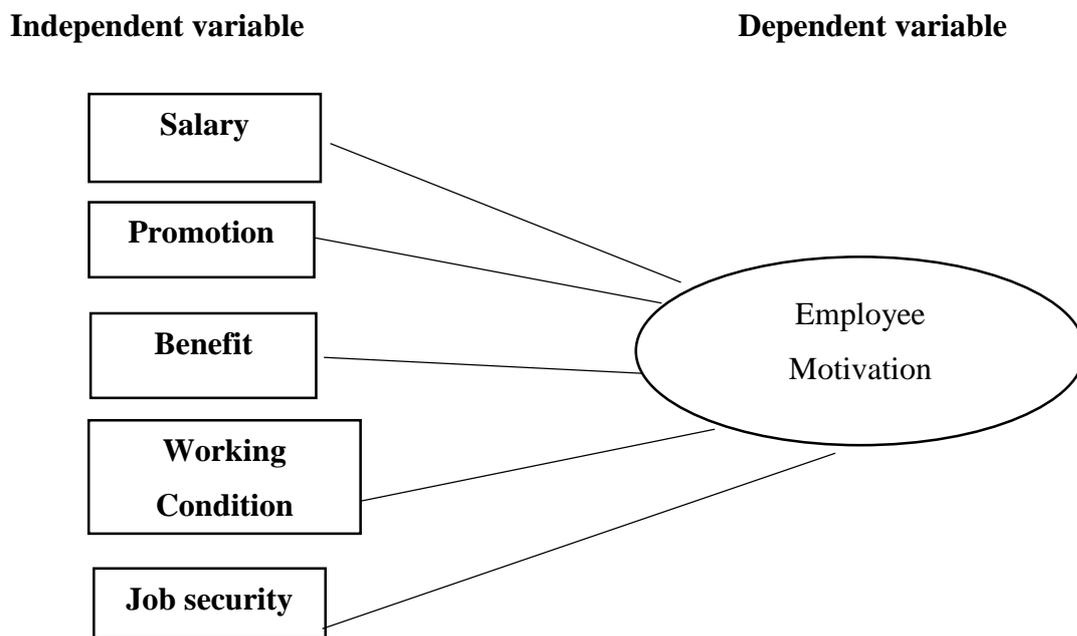


Figure 1. Conceptual Framework of the Study
Source: (Researcher, 2022)

2.4 Research Hypotheses

Based on the causal relationship given in the conceptual model and by reviewing different employee motivation theories and literature on the topic, the following hypotheses are developed for testing.

H1: salary has a positive and significant effect on employee's motivation.

H2: promotion has a positive and significant effect on employee's motivation.

H3: Benefit has a positive and significant effect on employee's motivation.

H4: Working condition has a positive and significant effect on employee's motivation.

H5: Job security has a positive and significant effect on employee's motivation.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the Study Area

Addis Ababa Traffic Management Agency (TMA) is one of the governmental organizations that work in the transport sector in Ethiopia, which was founded on October 1, 2004, EC, with the mission of deciding proper road use rules, creating awareness, implementing and controlling. TMA started its operation in 2009EC. It has a vision of ensuring the prevalence of safe and acceptable traffic movements in the city of Addis Ababa. The agency has five central departments and five branches which are situated in different parts of the city .while the central department mainly focused on the strategic solution to traffic problems, the branches take care daily traffic operations. From the branches the study takes place in south branch is workable to measure the employees' work motivation with regard to reward practices, as it has numerous qualified employees and implementing various reward schemes to its employees.

3.2 Research Design and Approaches

Explanatory and descriptive survey research design is employed for this study. In this case, the extrinsic reward practices of TMA are the independent or cause variables and the employees' motivation is the effect factor or dependent variable.

Since the study aimed to examine the relationship between the independent variables (salary, promotion, benefit, working condition and job security) and dependent variable (Employees' Motivation). It emphasizes on studying a situation or a problem in order to explain the relationship between variables (Saunders & Thornhill, 2007), the researcher used correlation analysis in order to determine the possible relationship among them. Further, as it also aimed to evaluate the extent of the effect of rewards on employees' motivation; regression analysis was used on top.

This study followed a quantitative research approach. The intention of using the quantitative method was to analyse the collected data through questionnaires and come up with results. The quantitative data were collected from the target population on an effort of examining

employee's attitude the extrinsic reward practices of TMA and its effect on employees' motivation.

3.3 population, Sample Size and Sampling Techniques

3.3.1. Research Population

After identifying the unit of analysis, then the researcher identified the target population; the group of people that the researcher drew a conclusion about once the research study was finished. All the items under consideration in any field of inquiry constitute a population Sekaran (2000) Reported that population refers to the entire group of people, events or things of interest that the researcher wishes to investigate. However, due to the large sizes of populations, researchers often cannot test every individual in the population. This is the reason why researchers rely on sampling techniques. In this study targeted population limited only to the one branch of the organization that is south branch, this sector has 350 employees, where it is difficult to consider all branch and center of organization due dispersed of the employees. Population is a set of all elements that belong to a certain defined group to whom the researcher intend to generalize the results of the study. The target population of the study consisted of permanent employees of south branch traffic management agency (TMA) located in Addis Ababa. Traffic management agency has 5 branches in Addis Ababa, which embraces 1700 employees.

3.3.2. Sample Size

Sampling means selecting a number of elements in a population in order to give conclusions that can be made concerning the complete population (Cooper, 2007) In this study, Simple random sampling techniques, lottery method used to select the study sample. South branch of traffic management agency are used as the basis of the research. They comprised of permanent employees of south branch traffic management agency (TMA). In selecting the sample size of employees of TMA for the study the (Slovin, 1973) sampling method adopted.

The formula is presented as; $n = N / [1 + N (e)^2]$

Where n = sample size

N = sample frame; and

$e = \text{margin of error/confidence level}$

As literatures suggest if the target population is less than one thousand (1000) we can use a margin of error up to 10%. Hence the researcher used 5% margin of error because the population is 350 which is much less than 1000. Now, using a margin of error of 5%, and applying the Slovin's formula to compute for the sample size of south branch of traffic management agency employees resulted in the following:

$$n = N / [1 + N (e)^2] = 350 / (1 + 350(0.05)^2) = 186.7 = 187$$

Therefore the sample size selected for the study is 187 people.

3.4 Source of Data

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

3.5 Data Gathering Instruments

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

In this study structured questionnaires used in which there are definite, concrete and pre-determined questions. These questions presented exactly the same wording and the same order to all respondents, which are simple to administer and analyse the data (Cameron, 2008) and (Lancaster G., 2005). The forms of the question are closed ended types. To gather primary data Likert scale used. The respondents asked to rate the extent to which they feel motivated by rating 1 to 5 (grading scale 1 is strongly disagree, 2 disagree, 3 Neutral, 4 agree, 5 strongly agree). The Likert scale is employed to examine the relationship between variables.

3.6 Procedure of Data collection

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

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

3.6. Data Analysis and Presentation

The data collected was analysed through quantitative type of explanatory analysis method. Both descriptive and inferential statistics were applied in the study. Descriptive statistics helped the researcher to summarize and present the data in statistical arrangement. In view of that, statistical techniques such as mean, frequency and standard deviation were used to analyse and describe the data, and also to interpret the results accordingly. In addition, inferential statistics has been also used in order to allow the researcher to facilitate the identification of important patterns, to identify the possible associations among variables, to evaluate the extent of the effect of rewards on employees' motivation and also to make the data analysis more meaningful.

3.6.1 Model Specification

The following model was used to predict the possible variation of dependent variable (employees' motivation) due to the change on independent variables of the study.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

Y = the predicted value of the dependent variable (employees' motivation) α = smoothing constant

β = coefficient of independent variables X1-X5= independent variables

ε = standard error

3.7. Validity and Reliability

3.7.1. Validity

Validity is the extent, to which data accurately reflects what they are meant to reflect, i.e., the instrument measures what is supposed to measure. In other words, the right questions being

asked should help to obtain meaningful and usable responses on concepts under the study. Thus, the purpose of checking validity in the study has been to seek relevant evidence that confirms the answers found with the measurement device which is the nature of the problem. Accordingly, the questionnaire has been developed on the basis of previous studies and review of related literatures and standard questions in order to increase its validity. Besides, the researcher discussed with the advisor about the questionnaires before it was distributed in order to assure the validity of the study. And also, as recommended by the advisor, pilot test was conducted before all the questionnaires were distributed, in order to check whether the respondents understand the questions and respond applicably.

3.7.2. Reliability

According to Khotari (2004), reliability refers to consistency, where internal consistency involves correlating the responses to each question in the questionnaire with those other questions in the questionnaire. One of the most commonly used indicators of internal consistency is Cronbach's alpha coefficient. According to Pallant (2005), the Cronbach's alpha coefficient of scales should be at least 0.70 (70%) and the higher the better. Therefore, as shown on table 3.1 below, the results for reliability test of Cronbach's Alpha Coefficients are above 0.7 (70%). Therefore, it can be concluded that each variable represents a reliable and valid construct.

Table 1 Cronbach's Alpha Reliability Analysis

variables	No of item	Cronbach's Alpha	Cronbach's Alpha based on standardized item
salary	5	0.839	0.838
promotion	5	0.896	0.896
benefit	5	0.829	0.835
Working condition	5	0.868	0.869
Job security	5	0.725	0.729
motivation	5	0.716	0.755

Source: Own Survey 2020 (SPSS)

3.8. Ethical Consideration

As stated above, permission to conduct the study was asked from Human Resource Directorate of the Company. Then after getting their consent, the researcher tried to get the relevant information from the target population, and the participation was voluntary. The objective of the study has been explained to participants in detail on the questionnaire and at their place of work where the data collection had taken place. On top, all information will be used only for academic purpose, and thus, confidentiality and anonymity were assured.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETITION

As discussed at the beginning of this paper, the ultimate objective of the study was to examine the effect of reward practices on employees' motivation, in the case of South branch of traffic management. In view of that, the data obtained through survey are analysed, presented, interpreted and discussed under this section. The chapter begins by providing the response rate of the questionnaire followed by demographic and personal information of the respondents. The descriptive and inferential statistics are presented thereafter. Statistical Package for Social Science (SPSS) version 20.0 was used to analyse the data.

4.1 Response Rate

As it was stated on the Methodology section, the sample size was determined to be 187. Thus, the researcher distributed 190 questionnaires in order to increase the margin of return. However, out of 190 questionnaires distributed, only 170 usable questionnaires were collected and used for further analysis, as some employees were reluctant to take and fill the questionnaires. Therefore, the response rate is 89%.

4.2 Demographic Characteristics of Respondents

In this section, the respondents' profile is presented. It includes gender, age group, and education background and length of service in the agency of employee.

Table 2 Respondents' Profile (*Source: Own Survey, 2022*)

no	variables	Type	frequency	percentage
1	Gender	Male	94	55,3%
		Female	76	44.7%
2	Age group	21-30	135	79.4%
		31-40	32	18.8%
		41-50	3	1.8%
3	education background	Degree	153	90%
		Masters	17	10%
4	Length of service in TMA	<3 years	150	88.2%
		7 -10 years	20	11.8%

Referring the above table (Table 3), out of 170 respondents, 55.3% were male while 44.7 % were female; this indicates that the number of female and male employees in TMA is proportional. Regarding With respect to employees' age, more than half of the respondents (79.4%) are under the age category of 21-30 and 18.8% of them are under the age category of 31-40. The remaining respondents (1.8%) included under the age category of 41-50. From this data, it is noted that about 79.4% of respondents are below 31; which indicates that most of the staffs are under the age category which commonly identified as young. And, hence, having a group of professionals that belong to the most active and energetic age group might help the Company to be more productive. As displayed above on Table 4.2, the majority of the participants (90%) have first Degree (BA/BSc), and the remaining 10% of them have second degree (MA/MSc). This implies that TMA has qualified employees as most of them are educated and professional. Thus, it is assumed that they filled the questionnaire with full understanding which might increase the validity of the data and its respective output. With respect to length of service, 88.2% of the respondents had served in TMA less than 3 years 11.8% of them had stayed for 7-10 years. This implies that TMA has less experienced employees and, which might be beneficial to the Company with regard to providing better service for its customers.

4.3 Analysis of Collected Data

4.3.1 Descriptive Analysis of Study Variables

As discussed on chapter one, one of the objectives of the study is to evaluate employees' attitude regarding the existing reward practices in the agency and to evaluate practical status of extrinsic reward system in the agency. The independent variables to represent the financial rewards are Salary, Promotion, benefit, working condition and job security. On the other side, the dependent variable is Employees' Motivation. The researcher distributed a Likert Scale questionnaire which has five dimensions for each question; i.e., (1) Strongly Disagree (2) Disagree (3) Neutral (4) Agree and (5) Strongly Agree; so as to evaluate the perception participants towards each variable of the study. Accordingly, the perceptions of participants were analysed by using SPSS Version 20 and summarized as follows based on the questionnaire collected from the target population.

According to Hussain (2012), descriptive statistics aim to provide information about the performance of a process. Statistical information that summarizes as a whole with quantitative data describes and presents the features of a collection of information. This study used descriptive statistics especially means and standard deviation to evaluate the impact of extrinsic rewards system on employee motivation at south branch of TMA.

4.3.2. Participants' Opinion towards salary Practice of TMA

The researcher organized five questions concerning employees' salary. The questions were arranged on an effort of assessing employees' attitude with respect to the fairness of salary system, the presence of internal consistency and external equity on the salary scale and the practicality of timely salary adjustment.

As it is evident from the survey, the numbers of respondents, who agree to their pay matching to the work they do were 21.8%, while 36.5% of them believed that they are not paid as per their contribution, and the remaining (12.4%) were neutral about it. With regard to the fairness, who agree to fairness of salary (12.4%), while(31.2%) believed that it is not fair ,and the remaining (16.5%) were neutral about it . regarding earning of employee in a similar job shows that (29.4%) agree on it and (20.6%) disagree on similarity payment on the same job the rest (28.2%) were neutral. As shown below on Table 4, the mean score for overall employees' perception towards the salary practice of TMA is 3.40. According to Akmaliah (2009), if the mean score is between 3.30 and 3.79, it will be considered as moderate. Therefore, salary practice can affect employees' motivation moderately in the case of south branch of TMA.

Table 3 Participants' Opinion towards salary practice of TMA

No	Salary	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	My salary is satisfactory in relation to my work intensity.	13.50%	36.50%	12.40%	21.80%	15.90%	2.9	1.3263
2	Salary increase is decided in a fair manner.	11.20%	31.20%	16.50%	28.80%	12.40%	3	1.2451
3	Salary system is clearly stated and communicated to all employees.	11.80%	16.50%	27.10%	28.80%	15.90%	3.20	1.2350
4	I earn the same as another employee in a similar job.	4.70%	20.60%	28.20%	29.40%	17.15%	3.33	1.12499
5	Performance-related incentives improve my work motivation.	20%	12.40%	21.20%	30%	16.50%	3.10	1.3719

Source: Own Survey Questionnaire, 2022

4.3.3. Opinion of employees towards the Promotion practice of TMA

There were five questions on the topic of promotion. The questions were prepared on an effort to find out employees' opinion regarding the availability of promotion opportunities in TMA, whether the criteria for promotion are acceptable by employees, and whether the promotion process is fair and transparent enough. Accordingly, 38.4% of the total respondents agreed about the fair manner opportunities for promotion. And 36.45 disagree on it 29.4% stayed neutral on it. As shown below on Table 5, the mean score for overall employees' attitude towards the promotion practice of TMA is 3.2. According to Akmaliah (2009), if the mean score is below 3.30, it is considered as low. Therefore, employees' motivation is less affected by promotion, in the case of TMA.

Table 4 Participants' opinion the prevailing promotion practice of TMA

No	Promotion	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	The company promotes workers in a fair manner.	11.70%	25.20%	29.40%	25.20%	8.20%	2.929	1.14
2	I am satisfied with my chance for promotion.	8.20%	33.50%	21.70%	25.20%	11.10%	2.97	1.17
3	The company's promotion policy is clearly communicated to all employees.	5.20%	28.20%	21.17%	33.50%	11.70%	3.18	1.12
4	Those who do well on their job stand a fair chance of being promoted.	2.90%	15.30%	40.00%	27.00%	14.00%	3.35	1.00
5	The company promotes workers to develop new skills.	7%	28.80%	22.30%	31%	11.17%	3.1	1.14

Source: Own Survey Questionnaire, 2022

4.3.4. Opinion of employees towards the benefit practice in TMA

There were five questions on the topic of benefit. The questions were organized on an effort to find out the effect benefit packages in the work place on employees' motivation level. As shown below on Table 6, the mean score for overall employees' attitude towards benefit practices in TMA is 3.22. According to Akmaliah (2009), if the mean score is below 3.40, it is considered as low. Therefore, employees' motivation is less affected by benefit, in the case of TMA.

Table 5 Participants' Opinion to the benefit practice of TMA

No	Benefit	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	I am satisfied with TMA current benefit package.	11.17%	31.76%	15.29%	27.05%	14.70%	3.0	1.27
2	There is equity in benefits we receive internally.	5.30%	18.80%	21.80%	34.70%	19.40%	3.44	1.15
3	The company benefit packages favour all employees.	1.20%	26.50%	31.80%	22.40%	18.20%	3.3	1.0
4	My medical structure is satisfactory.	10.60%	24.10%	18.20%	32.40%	14.70%	3.16	1.24
5	The benefits we receive a better or as good as other governmental organization offers.	10%	23.50%	16.50%	33%	17.10%	3.2	1.26

Source: Own Survey Questionnaire, 2022

4.3.5. Opinion of employees towards the Working condition of TMA

The researcher organized five questions on effort to find out the effect of working condition on employees' motivation level. The questions were targeted to assess employees' attitude towards their working hours, place, the presence of good communication among employees, the flexibility of working hour and place. Accordingly, for the question raised regarding the flexibility of working time and place, 41.2% of the total respondents responded as it is convenient for them. With respect working hours, 54.1% of the total respondents responded as it is convenient for them. For the question raised regarding the working relationship among employees, 58.8% of them replied as they have good communication with their colleagues. With regarding to working atmosphere 44.4% agree on it. As shown below on Table 7, the mean score for overall employees' perception towards the working environment is 3.80.

According to Akmaliah (2009), if the mean score is greater than 3.79, it is considered as high. Therefore, working condition has a high effect on employees' motivation to work at higher level of performance, in the case of TMA.

Table 6 Participants' perception regarding the working condition of TMA

No	Working condition	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	I have flexible working times and place.	3.50%	17.60 %	17.10%	41.20%	20.60%	3.576	1.108
2	My working hours are reasonable.	0.60%	0.60%	24,7%	54,1%	20.00%	3.92	0.721
3	Employees are given a good working environment.	4.70%	20.00 %	20.00%	40.00%	15.30%	3.411	1.112
4	I have good relationships with my superior.	1.20%	5.30%	10.60%	58.80%	14.10%	3.79	0.79000
5	I am satisfied with my work atmosphere.	5%	22.90 %	12.40%	44%	16.50%	3.44	1.15

Source: Own Survey Questionnaire, 2022

4.3.6. Employees' Opinion towards job security

The researcher organized five questions in order to assess employees' attitude towards their work. The questions were targeted to evaluate employees' attitude towards job security, whether they are secured or not neutral.

As shown below on Table 8, the mean score for overall employees' perception towards the job security is 3.54. According to Akmaliah (2009), if the mean score is between 3.40 and 3.79, it will be considered as moderate. Therefore, job security affects employees' motivation moderately in the case of TMA.

Table 7 Participants' attitude towards job security

No	Job security	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	There is a risk that I will lose my job in the near future.	11.20%	11.20%	24.10%	35.90%	17.60%	3.37	1.22
2	I am sure that I will be able to keep my job.	7.60%	7.10%	30.00%	31.80%	23.50%	3.56	1.15
3	The company offers a high job security for those who have a good skill.	5.90%	20.60%	24.10%	29.40%	20.00%	3.37	1.18
4	The company clearly communicates job security policies to employees.	6.50%	14.70%	30.00%	36.50%	11.20%	3.66	3.38
5	The company's job security is offered under terms of employment	1%	14.10%	32.40%	33%	20.00%	3.57	0.98

Source: Own Survey Questionnaire, 2022

4.3.7. Employees' motivation level at TMA

The researcher organized five questions on an effort to evaluate the level of employees' motivation towards their work. As displayed on Table 9, the mean score for overall employees' perception towards the working environment is 3.2. According to Akmaliah (2009), if the mean score is less than 3.3. Therefore, employees' motivation the practical status is low, in the case of TMA.

Table 8 Participants' motivation level

No	Motivation	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	Performance-based payment has a positive input on my motivation to work at a higher level of performance.	17.10%	22.40%	12.40%	25.30%	22.90%	3.14	1.43
2	The working condition motivates me.	10.00%	24.70%	20.60%	27.70%	17.10%	3.17	1.25
3	Job security makes me motivated to work for the organization.	5.90%	17.60%	36.40%	27.60%	11.20%	3.3	1.34
4	The organization's promotion policy makes me motivated and makes me develop my skill.	14.70%	30.50%	18.20%	22.40%	14.10%	2.9	1.29
5	The benefits are so important to me they are one of the reasons I have not moved from TMA	10%	20.00%	25.90%	26%	18.20%	3.22	1.24

Source: Own Survey Questionnaire, 2022

4.3.8 Practical status in the agency towards extrinsic reward system

The researcher organized five questions in order to assess practical reward system status of the agency. The questions were targeted to evaluate the agency police towards rewarding system. As shown below on Table 10, the mean score for overall practical status in the agency shows mean value of 3.3. Table 4.9: shows the practical status of the agency's extrinsic reward practice according to Akmaliah (2009), if the mean score is between 3.30 and 3.79, it will be considered as moderate. Therefore, there is moderate practice in the case of south branch of TMA.

Table 9 Practical status in the agency about rewarding system level

No	practical status	Frequency in percent					Mean	SD
		1(SD)	2(D)	3(N)	4(A)	5(SA)		
1	The company reward policies favour all employees.	7.10%	20.60%	25.90%	29.40%	17.10%	3.28	1.17
2	The Reward policies ensure all employees are well and Effectively rewarded.	2.40%	29.40%	30.60%	25.30%	12.40%	3.15	1.05
3	The organization has well-constructed reward policies.	2.40%	24.70%	25.90%	32.40%	14.70%	3.32	1.07
4	Reward policies are geared towards the improvement of Organizational, team and individual performance.	5.30%	14.10%	22.40%	31.20%	27.10%	3.60	1.1
5	The reward policy at the organization focuses on the real needs Of employees.	7%	34.10%	18.80%	26%	14.70%	3.08	1.20

Source: Own Survey Questionnaire, 2020

4.4 Correlation Analysis

4.4.1 Bivariate Correlation Analysis

The researcher used a simple bivariate correlation, which just means between two variables, in order to examine the relationship between rewards and employees' motivation. As stated by Pallant (2005), there are a number of different statistical techniques within SPSS which can be used to indicate the relationship between variables. Among those techniques, Pearson Product-Moment Correlation is included. As Pallant further explained, Pearson Product-Moment Correlation is appropriate for interval level (continuous variables), and its result ranges from

negative one to positive one (-1 to 1). Accordingly, a correlation coefficient of 0 indicates as there is no relationship at all, a correlation of 1 indicates the presence of a perfect positive correlation and a value of -1 specifies a perfect negative correlation. The strength of the correlation is evaluated according to Cohen (1988) which is presented on Table 11.

.Table 10 Cohen’s Correlation Coefficient Interpretation

Correlation Coefficient(r)	Strength of the correlation
0.50 to 1.0 or -.50 to -.10	Strong relationship
0.30 to .49 or -.30 to -.49	Moderate relationship
0.10 to .29 or -.10 to -.29	Weak relationship

Source: Cohen, 1988.

4.4.2 Correlation Analysis

According to Gujarati (2003), Correlation measures the direction and association between two variables the correlation coefficient range from +1 to -1, a correlation coefficient of +1 describes a perfect positive relationship, a correlation -1 describes a perfect negative relationship, and a correlation of 0 describes no correlation.

Table 11 Cohen’s Correlation Coefficient Interpretation from SPSS data

		Correlations					
		SALAR Y	PROMOTION	BENEFIT	WORKING CONDITION	JOB SECURITY	MOTIVATION
SALARY	Pearson Correlation	1	.716**	.533**	.654**	.513**	.569**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	170	170	170	170	170	170
PROMOTION	Pearson Correlation	.716**	1	.494**	.704**	.391**	.371**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	170	170	170	170	170	170
BENEFIT	Pearson Correlation	.533**	.494**	1	.328**	.749**	.395**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	170	170	170	170	170	170

WORKING CONDITION	Pearson Correlation	.654**	.704**	.328**	1	.302**	.343**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	170	170	170	170	170	170
JOB SECURITY	Pearson Correlation	.513**	.391**	.749**	.302**	1	.532**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	170	170	170	170	170	170
MOTIVATION	Pearson Correlation	.569**	.371**	.395**	.343**	.532**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	170	170	170	170	170	170
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Own Survey Spss output, 2020

According to Cohen (1988), if the result of Pearson Correlation is between 0.05 and 1 at $p < 0.01$, it indicates that there is positive strong relationship between the dependent and independent variables. As it is shown on Table 4.11 above, the Pearson Correlation results for of the independent variables (salary and job security) is between 0.50 and 1, which specifies that both of them have a positive strong relationship with the dependent variable (Employee Motivation). the rest promotion, benefit and working condition have moderate relation according to cohen (1988), if the result of person correlation is between 0.3-0.49 at $p < 0.01$, it indicate that there is moderate relationship between the dependent variable and independent variables.

4.5 Regression Analysis

According to Pallant (2005), multiple regressions is not just one technique but a family of techniques that can be used to explore the relationship between one continuous dependent variable and a number of independent variables or predictors (usually continuous). And so, critical information can be obtained from Multiple Linear Regression; such as the overall significance of the model, the variance in the dependent variable that comes from the set of independent variables in the model, the statistical significance of each individual independent variable (controlling for the others), the direct effect (the direction of the effect) of each

independent variable on the dependent variable and the relevant strength of the independent variable. However, before the actual regression analysis is made, it is necessary to make multi-collinearity diagnosis and to test normal distribution of data.

4.5.1. Multi-Collinearity Diagnosis

Multicollinearity is a problem that occurs with regression analysis when there is a high correlation of at least one independent variable with a combination of other independent variables. Sometimes, it will be difficult to identify the unique contribution of each variable in predicting the dependent variable, when variables are highly correlated. Collinearity diagnostics' is part of the multiple regression procedure that can help the researcher to pick up on problems with multicollinearity that may not be evident in the correlation matrix.

Under collinearity diagnostics, two values are given: Tolerance and VIF. According to Pallant (2005), Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, which suggests the likelihood of multicollinearity. The other value given is the VIF (Variance Inflation Factor), and VIF values above 10 indicate the presence of multicollinearity.

Table 12 below indicates amounts of Tolerance and VIF (Variance Inflation Factor) of the given independent variables, which is obtained from 'collinearity diagnostics' performed by SPSS version 20. As it is shown on the below table, there is no multicollinearity among independent variables. Because, tolerance amount for all variables is less than 10.

Table 12 Collinearity Statistics

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	SALARY	.379	2.636
	PROMOTION	.365	2.736
	BENEFIT	.385	2.596
	WORKING CONDITION	.450	2.220
	JOB SECURITY	.416	2.406

a. Dependent Variable: MOTIVATION

Source: Own Survey Questionnaire, 2022

4.5.2 Normality test

According to George and Mallery (2010) the absolute value skewness and kurtosis should be within 2(+2 to -2)

Table 13 Skewness and Kurtosis

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Salary	170	-.246	.186	-.980	.370
promotion	170	-.185	.186	-.845	.370
Benefit	170	1.251	.186	4.085	.370
Working condition	170	-.679	.186	.120	.370
Job security	170	1.723	.186	7.945	.370
Motivation	170	.187	.186	-.987	.370
Valid N (listwise)	170				

Source: Survey Result, 2022

The researcher has checked the values of skewness and kurtosis, and the result revealed on Table 14 normality assumption found to be acceptable.

There is another useful graph that the researcher can inspect to see if a distribution is normally distributed is called a P-P plot (probability-probability plot) graph plots the cumulative probability of a variable against the cumulative probability of a particular distribution (Field, 2005).

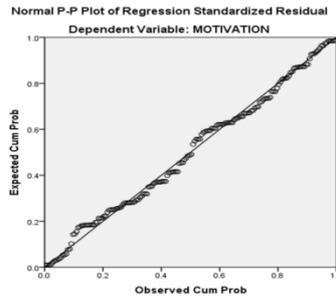


Figure 2 Normality-p-p plot
Source: Own Survey SPSS result, 2022

If the data is not normal the little circle will not follow the normality line, according to the p-p plot result revealed the little circle follow the normality line, which means the predictor variable in the regression have a straight line relationship and the normal distribution appear to be good fit to the data.

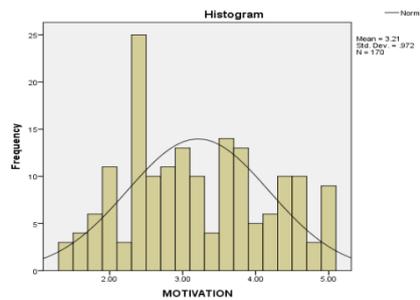


Figure 3 Normality-Histogram Graph
Source: Own Survey SPSS result, 2022

Indicted from the above normality-histogram graph, the histogram is reasonable symmetrically bell-shaped. This implies that there is no serious violation of the normality assumption.

Table 14 Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.662 ^a	.439	.423	.74484	.439	27.355	5	175	.000	1.5
a. Predictors: (Constant), JOB SECURITY, WORKING CONDITION, PROMOTION, BENEFIT, SALARY										
b. Dependent Variable: MOTIVATION										

Source: Survey Result, 2022

R – Indicates the value of the multiple correlation coefficient between the predictors and the outcome, with a range from 0 to 1, a larger value indicating a larger correlation and 1 representing an equation that perfectly predict the observed value (Pedhazur, 1982). From the model summary (R = 0.662) indicates that the linear combination of the five independent variables (salary, benefit, promotion, working condition and job security) strongly predict the dependent variable (employee motivation).

R² is a measure of how much of the variability in the outcome is accounted for by the predictors. As revealed by the model summary, 43.9% of employee motivation is affected by salary, benefit, promotion, working condition and job security, and the rest influenced by other factors that are not accounted for in the model. The adjusted R² gives us some idea of how well the model generalizes and to what extent its value remains to be the same, or very close to, the value of R². In this case the difference for the final model is small as the difference between the values is $.414 - .414 = 1.8$ (about 1.8%). As suggested by Field (2009), this shrinkage means that if the model were derived from the population rather than a sample it would account for The Durbin–Watson statistic expresses that whether the assumption of independent errors is acceptable or not. As the conservative rule suggested that, values less than 1 or greater than 3 should definitely raise alarm bells (Field, 2005). So that the desirable result is when the value is closer to 2, and for this data the value is 1.5, which is so close to 2

that the assumption has almost certainly been met approximately 0.8% less variance in the outcome.

Table 15 ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.037	5	13.207	23.165	.000 ^b
	Residual	93.504	164	.570		
	Total	159.541	169			
a. Dependent Variable: MOTIVATION						
b. Predictors: (Constant), JOB SECURITY, WORKING CONDITION, PROMOTION, BENEFIT, SALARY						

Source: Survey Result, 2022

The table above presents the F test result aimed to certify whether the independent variables involved in the model have significance correlation to the dependent variable and also reflects the statistical significance of the whole model (Bryman, 2005). Table 4.18 above demonstrates the Analysis of Variance (ANOVA), which is used in order to assess the statistical significance of the result. The highest F value and the less significance value ($p < 0.001$) indicate that the model reaches statistical significance and this tests the null hypothesis that multiple R in the population is equal to zero. $F = 23.165$, $p < .05$ (i.e., the regression model is a good fit of the data). Therefore, the five reward components (independent variables) together, will significantly explain the variance in employee Motivation (dependent variable). Doing multiple regressions helped the researcher to further understand the relationship among variables. Regression analysis was used to measure the relative strength of each independent variable on dependent variables.

Table 16 Coefficients

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.843	.312		2.699	.008	.226	1.459
	SALARY	.474	.096	.477	4.918	.000	.283	.664
	PROMOTION	-.063	.100	-.062	-.628	.531	-.260	.135
	BENEFIT	-.106	.073	-.139	-1.439	.152	-.251	.039
	WORKING CONDITION	-.007	.111	-.006	-.062	.951	-.226	.212
	JOB SECURITY	.379	.084	.417	4.498	.000	.213	.545

a. Dependent Variable: MOTIVATION

Source: Survey Result, 2022

In the multiple regression, this standardized regression coefficient Bate (β) is useful, because it allows you to compare the relative strength of each independent variable's relationship with the dependent variable (Pedhazur, 1982). Based on these results, the regression equation that predicts employee motivation based on the linear combination of salary, benefit, working condition, promotion, and job security is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon \dots \dots \dots (1)$$

$$CPI = 0.843 + 0.474SA - 0.063PR - 0.106BE - 0.007WC + 0.379JC + \epsilon \dots \dots \dots (2)$$

Where: Y= Employee motivation

α =is a constant (the intercept of the model)

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = the regression unstandardized coefficient of each brand image variables.

SA=Salary, PR=Promotion, BE=Benefit, WC=Working condition, JC= Job security and ϵ =is the error term

The significance level of each variable (P-value) is: .000, .531, .152, 0.951, 0.000 and their standardized coefficients are 0.477, 0.062, .139, .006 & 0.417 respectively. The p-value of the independent variable promotion, benefit and working condition is above 0.05 which implies that there is no significant relationship with the dependent variable (employee motivation) because the significant value cannot be met the requirement which is the value of significant should be less than 0.05. (pallant, 2010). Therefore, according to the result revealed on table 15, Hypothesis H2, H3 and H4 is rejected. But according to the study result salary has the highest degree of influence on employee motivation followed by working condition.

4.6 Testing Hypothesis

Hypothesis 1 (H1+): salary has a positive and significant effect on employees' motivation.

As it is shown on Table 4.19 above, the β coefficient value was computed as 0.477, which indicates that keeping other factors constant, a unit of change in base pay causes of only 47.7% improvement on employees' motivation. Besides, as it is shown on same table above, the statistic t value for salary was 4.918 at p value 0.00. As discussed above, if the t value is greater than 2, and $p < 0.05$, it will be considered as the independent variable significance to the dependent variable.

Therefore, from the findings, one can conclude that the effect of salary on employees' motivation is statistically significant, in case of TMA, which leads to accepting of H1.

Hypothesis 2 (H2+): promotion has a positive and significant effect on employees' motivation.

As it is shown on Table 4.19 above, the β coefficient value was computed as 0.062, which indicates that keeping other factors constant, a unit of change in promotion causes of only 6.2% improvement on employees' motivation. Besides, as it is shown on same table above, the statistic t value for promotion was 0.628 at p value 0.531. As discussed above, if the t value is less than 2, and $p > 0.05$, it will be considered as the independent variable has low significance to the dependent variable. Therefore, from the findings, one can conclude that the effect of promotion on employees' motivation is statistically insignificant, in case of TMA, which leads to rejection of H2. However, this finding is not in conformity with the previous study conducted by Lisa Coffey (2013), who study 'the relationship between Reward Management and

Recognition in the work place. The study reveals that promotion has significant relevance when it comes to motivation that is presented in the workplace.

Hypothesis 3 (H3+): Benefit has a positive and significant effect on employees' motivation.

As it is shown on Table 4.19 above, the β coefficient value was computed as 0.139, which indicates that keeping other factors constant, a unit of change in promotion causes of only 13.9% improvement on employees' motivation. Besides, as it is shown on same table above, the statistic t value for promotion was 1.439 at p value 0.152. As discussed above, if the t value is less than 2, and $p > 0.05$, it will be considered as the independent variable has low significance to the dependent variable.

Therefore, from the findings, one can conclude that the effect of benefit on employees' motivation is statistically insignificant, in case of TMA, which leads to rejection of H3.

Hypothesis 4 (H4+): Working condition has a positive and significant effect on employees' motivation.

As it is shown on Table 4.19 above, the β coefficient value was computed as 0.006, which indicates that keeping other factors constant, a unit of change in promotion causes of only 0.6% improvement on employees' motivation. Besides, as it is shown on same table above, the statistic t value for promotion was 0.062 at p value 0.951. As discussed above, if the t value is less than 2, and $p > 0.05$, it will be considered as the independent variable has low significance to the dependent variable. Therefore, from the findings, one can conclude that the effect of benefit on employees' motivation is statistically insignificant, in case of TMA, which leads to rejection of H4.

Hypothesis 5 (H5+): Job security has a positive and significant effect on employees' motivation.

As displayed on Table 4.19, the β coefficient value of recognition was computed as 0.417 which indicates that keeping other factors constant, a unit of change in merit payment causes of 41.7% improvement on employees' motivation. Besides, the t-statistic value was found to be 4.498 at P-value of 0.000, which indicates that it has positive and statistically significant effect on the prediction of employees' motivation. Therefore, the findings are in accordance with Hypothesis 5, which leads to accept H5.

4.7 Summary of Hypothesis

Table 17 Summary of Hypothesis (H1-H5) result

No	Hypothesis	Results	Reason
H ₁	Salary has a positive and significant effect on employees' motivation.	Accepted	Correlation results, r=0.569** at P<0.01 Alpha=0.05 Regression Result $\beta=0.477$ sig=0.000
H ₂	Promotion has a positive and significant effect on employees' motivation.	Rejected	Correlation results, r=0.371** at P<0.01 Alpha=0.05 Regression Result $\beta=0.062$ sig=0.531
H ₃	Benefit has a positive and significant effect on employees' motivation.	Rejected	Correlation results, r=0.395** at P<0.01 Alpha=0.05 Regression Result $\beta=0.139$ sig=0.152
H ₄	Working condition has a positive and significant effect on employees' motivation.	Rejected	Correlation results, r=0.343** at P<0.01 Regression Result $\beta=0.006$ sig=0.951
H ₅	Job security has a positive and significant effect on employees' motivation.	Accepted	Correlation results, r=0.532** at P<0.01 Alpha=0.05 Regression Result $\beta=0.417$, sig=0.000

From the above discussion and summary of hypothesis, all independent variables are positively correlated with employees' motivation. However, the regression analysis result shows that the most influential factors are salary, and job security. Conversely, promotion, benefit and working condition were found statistically insignificant to the dependent variable (employees' motivation).

CHAPTER FIVE

FINDINGS, CONCLUSION & RECOMMENDATIONS

The purpose of this research was to examine the effect of extrinsic reward system on employees' motivation on south branch of traffic management agency, and to recommend how these practices can further be developed. This chapter draws on, the major findings, which were based on the study's research questions and objective, the conclusions made from the findings and the recommendations suggested to further improve the reward practices of TMA.

5.1. Summary of findings

This study conducted to examine the effect of reward practices on employees' motivation in south branch of traffic management agency. Through questionnaire data collected from 170 employees. Accordingly, the summaries of findings have been presented as follows:

- As evidenced from the result of correlation analysis, there is a strong positive relationship between reward components and employees' motivation level. This result is also consistent with the proposed hypothesis.
- The model summary of regression results indicates that the adjusted R square was moderate, i.e., it causes 44% of the variance in employees' motivation level, in case of TMA.
- The ANOVA result confirmed that the model summary result found to be significant to employees' motivation.
- The result of regression coefficients had revealed that the reward components, which were examined in the study, were found to bring variation in employees' motivation at TMA with different level.
- As it is evidenced from regression coefficients table, salary was found to cause the greatest variation in bringing employees' motivation, followed by job security. Conversely, promotion, benefit and working condition had insignificant contribution to employees' motivation, as compared to other variables of the study.

5.2. Conclusions

The study attempted to examine the effect of rewards (salary, promotion, benefit, working condition, and job security) on employees' motivation. Accordingly;

- The descriptive statistical analysis shows that the level of agreement or attitude of respondents towards salary and job was moderate, whereas for promotion and was low. On the other hand working condition was higher.
- Both salary and job security have a strong positive association with employees' motivation. This finding also in line with the proposed hypothesis. Therefore, this result indicates that if proper attention is provided to improve salary and job security rewards, employees' motivation will be enhanced accordingly. salary is arguably one of the key drivers of motivation and one of the most studied areas, doubts have been cast by Herzberg et al. (1957) and Armstrong (2008) on the effectiveness of rewards. They argued that, while lack of it causes dissatisfaction, its provision does not result in lasting motivation. Productivity at work decreases because of the absence of the suitable incentives (Palmer, 2012). Nadia et al (2011), revealed on their study that there is a significant and positive relationship between financial rewards and employee motivation. Therefore, it can be concluded that success is not possible without reward systems which are best aligned with the structure and goals of the organization.
- Salary has the greatest effect on enhancing employees' motivation level, followed by job security. However, the contribution of promotion, benefit and working condition practice was found to be insignificant despite many literatures are supported it. Therefore, it requires revising and re-designing of promotion, benefit and working condition policies and procedures in order to improve employees' motivation.

5.3. Recommendations

Based on the major findings that have been discussed so far, the following opinions are recommended for practical application to enhance employees' motivation level.

- salary is arguably one of the key drivers of motivation and one of the most studied areas, doubts have been cast by Herzberg et al. (1957) and Armstrong (2008) on the effectiveness of rewards. They argued that, while lack of it causes dissatisfaction, its provision does not result in lasting motivation. Productivity at work decreases because of the absence of the suitable incentives (Palmer, 2012). Nadia et al (2011), revealed on their study that there is a significant and positive relationship between financial rewards and employee motivation. Therefore, it can be concluded that success is not possible without reward systems which are best aligned with the structure and goals of the organization.
- The management of TMA has to design different types of extrinsic reward packages so as to enhance employees' motivation to contribute their best to the success of TMA.
- Studies show that employees' motivation is depending on the perceived feeling of being fairly rewarded for one's skills, knowledge and contribution. Any reward practice that is not valued by employees and fails to provide a motivating effect to a greater performance might be considered as an ineffective reward system (Relliy, 2009). Thus, the management of TMA need to carefully survey employees' needs, before designing any reward policy, in order to address the most valued employees' needs and implement accordingly.
- The findings of this study indicated that salary and job security have greater importance on improving employees' motivation. Therefore, implementing more individual rewards which are linked to employees' performance might help the Company to encourage employees to perform better in specific tasks.
- The management of TMA need to confirm that the payment system is free from bias. Particularly, in order to link the payment system with employees' performance, the management needs to have specific, unbiased and measurable targets that can be expressed in quantifiable terms, so as to evaluate the employees' performance in a

tangible way and reward them accordingly. Besides, employees also need to know clearly, what is expected of them in order to do their best to get their reward.

- The influence and significant level of working condition were relatively low as compared to other variables of the study, this indicates employees are not satisfied enough with the existing working condition. Therefore, the management of TMA should provide more attention to make the working condition more conducive.

5.4. Suggestion for future research

Though the reward system is a very wide concept, this study tried to address only some factors of extrinsic rewards affecting employees' motivation in the work place. Therefore, further studies can be made on the effect of reward components which are not covered by this study. For instance, further studies on benefits are recommended to find out how current benefits can be improved, so as to motivate employees more.

The target populations of this study were only professional employees of the Company; therefore other researchers can conduct similar research by including non-professionals staffs in order to replicate and confirm this study.

Furthermore, in light of the great number of youthful population in the Company, the researcher would also recommend that it will be beneficial if further studies can be made with respect to assessment on what motivates the youth to give their best and expected duration of stay in the Company.

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APPENDICES I: QUESTIONNAIRE

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES DEPARTMENT OF BUSINESS
ADMINISTRATION

Questionnaire to be filled by Employees of Traffic Management Agency

Dear Respondent,

The purpose of this questionnaire is to collect the necessary data to conduct a research entitled "The Effects of REWARD ON EMPLOYEE MOTIVATION: The SOUTH BRANCH OF TRAFFIC MANAGEMENT AGENCY" in partial fulfilment of Requirements for award of Master of Art Degree in Business Administration. The information gathered will be used only for academic purpose and it remains confidential. The success of this study depends on your frank response to the questions given below. No need to write your name in any place on this questionnaire.

Yours Faithfully,

JALANIE CHALA

PART I: Demographic Background of the Respondents

Please put a tick (√) mark corresponding to your response

1. Gender? 1) Male 2) Female
2. Age? 1) 21-30 years 2) 31-40 years 3) 41-50 years 4) >50 years
3. Educational Background
 1) Diploma 2) Degree 3) Master's 4) PhD
4. How long have you served in TRAFFIC MANAGEMENT AGENCY?
 1) Less than 3 years 2) 7 to 10years 3) 10 years and above
5. Your current Department -----.

Part II Opinion Survey on the Agency Extrinsic Reward System

Rating scale 1=strongly disagree (SD) 2= Disagree (D) 3=Neutral (N) 4=Agree (A) and 5= strongly agree (SA)

A. Salary

No	Statement					
		1(SD)	2(D)	3(N)	4(A)	5(SA)
1	My salary is satisfactory in relation to my work intensity.					
2	Salary increase is decided in a fair manner.					
3	Salary system is clearly stated and communicated to all employees.					
4	I earn the same as another employee in a similar job.					
5	Performance-related incentives improve my work motivation.					
	B. Promotion					
1	The company promotes workers in a fair manner.					
2	I am satisfied with my chance for promotion.					
3	The company's promotion policy is clearly communicated to all employees.					
4	Those who do well on their job stand a fair chance of being promoted.					
5	The company promotes workers to develop a new skill.					
	C. Benefit					

1	I am satisfied with TMA current benefit package.					
2	There is equity in benefits we receive internally.					
3	The company benefit packages favour all employees.					
4	My medical structure is satisfactory.					
5	The benefits we receive are better or as good as other governmental organization offers.					
	D. Working Condition					
1	I have flexible working times and place.					
2	My working hours are reasonable.					
3	Employees are given a good working environment.					
4	I have good relationships with my superior.					
5	I am satisfied with my work atmosphere.					
	E. Job Security					
1	There is a risk that I will lose my job in the near future.					
2	I am sure that I will be able to keep my job.					
3	The company offers a high job security for those who have a good skill.					
4	The company clearly communicates job security policies to employees.					
5	The company's job security is offered under terms of employment.					

	F. Motivation					
1	Performance-based payment has a positive input on my motivation to work at a higher level of performance.					
2	The working condition motivates me.					
3	Job security makes me motivated to work for the organization.					
4	The organization's promotion policy makes me motivated and makes me develop my skill.					
5	The benefits are so important to me they are one of the reasons I have not moved from TMA					
	G. Practical status in the agency					
1	The company reward policies favour all employees.					
2	The Reward policies ensure all employees are well and Effectively rewarded.					
3	The organization has well-constructed reward policies.					
4	Reward policies are geared towards the improvement of Organizational, team and individual performance.					
5	The reward policy at the organization focuses on the real needs Of employees.					

Thank you