

Effects of Financial and Non-Financial Rewards on Employee Motivation: the Case of Information Network Security Agency (INSA)

*A Thesis Submitted to the School of Graduate Studies of Jimma University in
Partial Fulfillment of the Requirements for the Award of the Degree of Master of
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ABSTRACT

Motivating factors have been a long discourse in the theory of motivation and empirical studies since such factors cannot be easily assessed. This study examined the effects of financial and non-financial rewards on employee motivation of Information Network Security Agency in Addis Ababa. To achieve the objective an explanatory research design and quantitative approach was employed. A random sample of 259 respondents were participated in the questionnaire survey from three job families aka strata. Multiple linear regression model using SPSS 25 was employed to get the expected relationship between the outcome variable employee motivation and the explanatory variables: availability of achievement, availability of recognition, availability of responsibility, availability of influence, availability of personal growth, and compensation package. All the six variables held statistically significant and positive linear relationship with employee motivation. Availability of recognition, being a non-financial factor, is the highest motivating factor while the least motivating factor is availability of influence. This shows that Information Network Agency's employee motivation is directly affected by both the financial and non-financial rewards provided by the organization. Thus, Information Network Security Agency's top-level managers should give focus for all the six reward factors and review earlier practices held at the company towards the motivation and start new programs so by designing effective strategies. Particular attention should be given to recognition package for employees who succeeded the organizations' goal.

Keywords: Motivation, financial reward, non-financial rewards, Maslow's Hierarchy of Needs Theory, Herzberg Dual Factor Theory

DECLARATION

I declare that the research Report entitled “**Effects of Financial and Non-Financial Rewards on Employee Motivation: A Case Study of Information Network Security Agency (INSA)**” **submitted** to Research and Postgraduate Studies’ Office of Business and Economics College is original and it has not been submitted previously in part or full to any university.

Daniel Guta

Date: _____

CERTIFICATE

We certify that the Research Report entitled “Effects of Financial and Non-Financial Rewards on Employee Motivation: A Case Study of Information Network Security Agency (INSA)” was done by Mr. Daniel Guta for the partial fulfilment of Master’s Degree under our Supervision.

(Main Advisor)

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LIST OF ACRONYMS

ANOVA----Analysis of Variance

ICF-----INSA Competency Framework

INSA----- Information Network Security Agency

SPSS-----Statistical Package for Social Science

VIF-----Variance Inflation Factor

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Motivation is the act of giving somebody a reason or incentive to do something (Rahimullah, 2016). It also means giving somebody hope or support to perform particular tasks. Motivation factor plays a vital role in business Management. The process of employee motivation in the workplace creates zeal and interest and commitment; energetic and unflagging enthusiasm that makes them do something, especially something that involves hard work and efforts (Madhuri Kshirsagar, and V. Y. Waghale, 2014). It thus must be borne in mind that a highly motivated employees use their potentials to the optimum level and makes goal-directed efforts while raising the best level of efficiency towards the accomplishment of organizational goals, because the one who's not motivated does not do so (Madhuri, 2014).

In this era of globalization, every organization in the world improving its business processes by adopting advance technologies and innovations (Everlyne, 2016). To keep the pace of achieving goals organizations tries their best to hire competent human resource. Employing competent human resource, organizations have to offer better working environment, market based salaries, job security, empowerment etc. Out of all these perks and benefits the financial variables are much important especially pay. Every employee has to run his livelihood. He needs financial rewards / perks to support him and family (Asghar & Muhammad, 2012).

Many organizations are implementing reward schemes to motivate their employees. According to Sandra & Anne (2009) and Donnely (2008) managers have had to use a variety of strategies that include financial incentives, non-financial incentives and support tactics to motivate and reward employees. Motivation defined as the process through which people are driven to behave or act in certain ways (Sandra & Anne, 2009). In addition, motivation enhances the employees to promote or act in ways that enhance the performance of the company.

Hertzberg (1974) argues that the desire of completing a task as well as personal growth is intrinsic factors that truly improve satisfaction and performance amongst employees. Pink (2011) also supports that the emphasis should be switched from extrinsic rewards to a greater

concentration on intrinsic rewards, which according to Pink would lead to greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. People who expect to receive an extrinsic reward for completing a task simply do not perform as well as those that did not receive a reward (Harunavamwe, M., & Kanengoni, H., 2013) . If managers to a greater extent learnt about those high intrinsic drivers of motivation and performance, it could actually benefit business to perform better (Pink, 2011). Although the correlation between work performance and motivation has been studied in depth, many organizations and reward systems still seem not well designed to increase motivation and performance. Motivation is crucial to obtain high performing employees.

Creating a fun, challenging, and empowered work environment in which individuals are able to use their abilities to do meaningful jobs for which they are shown appreciation is likely to be a more certain way to enhance motivation and performance—even though creating such an environment may be more difficult and take more time than simply turning the reward lever (Armstrong & Helen Murlis (as cited from Pfeffer, 1998)). Therefore, organizations should take actions so as to obtain employee motivation and commitment through total reward management. Information Network Security Agency (INSA) which has engaged in building National Cyber Institution capable of protecting the national interest, provide technical intelligence pertaining to national interest so as to support decisions and actions of the government and building data and computing capacity so as to ensure the transformation of the national high-tech and security industry. The organization has more than 504 staffs engaged in research, development and engineering solution activities. In order to develop and implement appropriate reward strategy, the two motivation factors financial and non-financial factors effect has to be studied.

1.2 Statement of the Problem

A reward can be defined as anything tangible or intangible that an organization provides to its employees either intentionally or unintentionally in exchange for the employee's potential or actual work contribution and to which employees as individuals attach a positive value as a satisfier of certain self-defined needs (Shields, 2012).

All employees have personal objectives, which they strive to obtain. There is a risk that the employees' individual aspirations and objectives are not in line with the objectives of the business management. Since unmotivated employees value their own objectives more than those of the company and exert little effort, this discrepancy may lead to a conflict of aims. As discussed in the background, the management should design reward systems that strengthen the connection between employees' goals and motivation factors with the objectives of the organization. Several studies regarding the impact of intrinsic and extrinsic rewards in a reward system have been conducted, but with a wide range of different conclusions. Designing an optimal reward scheme is very difficult due to the fact that all individuals have different personal drivers, and hence behave differently. Consequently, managers should carefully consider which factors and elements that should be included in the reward system to enhance desirable employee motivation (Armstrong & Murlis, 2004).

According to study conducted in Sri Lanka, Employee rewards are about how people are rewarded in accordance with their value to an organization. It can be categorized mainly into two parts. That is financial rewards and non-financial rewards. Financial reward processes consist of base pay/ fixed pay, variable pay and employee benefits, which together comprise total remuneration. The system also incorporates non-financial rewards such as; recognition, praise, achievement, responsibility and personnel growth. Furthermore, the study recommended that industry specific research can be conducted where differences in the industry can also be taken into account (Perera, 2017).

The real success of companies originate from employees' willingness to use their creativity, abilities and know-how in favor of the company and it is organization's task to encourage and nourish these positive employee inputs by putting effective reward practices in place (Markova & Ford, 2011). It has been identified that close attention should be given to how individuals can best be motivated through such means as incentives, rewards, leadership and, importantly, the work they do and the organizational context within which they carry out that work (Armstrong, 2009).

Identifying and emphasizing on financial or non-financial rewards that affect motivation is a very important matter for an organization. This is important because motivating factor for all

employees is not similar. Some employees might be motivated by financial reward and the same reward may not motivate other employees with in the same organization. It is also crucial for a firm to design best combination of financial and non-financial reward for its employees. In some cases, financial reward become the source of demotivation if it is not carefully planned and applied. Therefore, the researcher is highly interested to study and fill the gap on which reward type is more significant for the case organization (INSA) to motivate, retain and attract competent employees.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective is to investigate the effects of financial and non-financial rewards on motivation of Information Network Security Agency employees.

1.3.2 Specific Objectives

1. To investigate the effect of financial rewards on employee motivation in INSA.
2. To examine the effect of non-financial rewards on employee motivation in INSA.

1.4 Study Hypothesis

To find the effects of financial and non-financial rewards on motivation for the employees of INSA the following hypothesis was made based on the Maslow's hierarchy of needs theory and Herzberg's dual factor motivation theories:

H1: Availability of Achievement has positive significant effect on Employee Motivation of INSA

H2: Availability of Recognition has positive significant effect on Employee Motivation of INSA

H3: Availability of Responsibility has positive significant effect on Employee Motivation of INSA

H4: Availability of Influence has positive significant effect on Employee Motivation of INSA

H5: Availability of Personal Growth has positive significant effect on Employee Motivation of INSA

H6: Compensation Package has positive significant effect on Employee Motivation of INSA

1.5 Significance of the Study

The findings of this study are useful in understanding different financial and non-financial rewards that can be used to motivate employees. Since different employees are motivated by different rewards, this information is important and significant for the management, so that they can develop a better rewards scheme to motivate employees.

Furthermore, the findings of this study would also serve as a spill over for further research in the area to strength INSA and also enable the researcher undertaking this study to get in-depth understanding in related issue through the reference of massive amount of literature in this field of study. Finally it helps policy makers to keep an eye of non-financial rewards than financial rewards since a long way financial rewards has been neglected in several organizations.

1.6 Scope of the Study

The scope of this study is limited to the areas that are essential to the problem and objectives of the research. Particularly, the study focuses on financial and non-financial reward on employee's motivation of the offices of INSA which are based in Addis Ababa. Four elements of financial rewards: salary, medical cost coverage, transportation service and promotion under the variable compensation Package, and five variables of non-financial rewards: achievement, recognition, responsibility, influence and personal growth are considered in the research. This study is limited to Maslow's hierarchical needs theory and Herzberg's dual factor motivation theory.

1.7 Definition of Terms

The main theme of this research paper is to investigate financial and non-financial rewards effect on employee motivation. Conceptually and operationally, the relevant terms of this study has been defined as follows:

- i. Motivation:** Internal and external factors that stimulate desire and energy in people to be committed to a job or make an effort in attaining a goal (Craig, 1998).

- ii. **Reward:** is something given or received for a deed or service rendered it is the combination of financial and non-financial or extrinsic and intrinsic rewards available to employees (Armstrong, 2004).
- iii. **Financial reward:** rewards that enhance employee's financial well-being (Armstrong, 2004).
- iv. **Non-financial reward:** are internal feelings not involving money such as from praise and job autonomy (Armstrong, 2004).

1.8 Organization of the Paper

The first chapter deals with background information, problem statement, objectives, hypothesis of the study, significance, and scope of the study. The second chapter includes the literature review both theoretical and empirical literatures as well as research gaps and conceptual framework. Then the third chapter is comprised of the methodology part that includes the research design and approach, target population, method of sampling and sample size determination, data source and type, method of data collection, data collection procedure, ethical considerations, and finally the methods of data analysis and Presentation. Chapter four consists of results and discussion part whereas chapter five has summary, conclusion, recommendation, and limitation and future research as well.

CHAPTER TWO: REVIEW OF LITERATURES

2.1 Introduction

This chapter gives an overview of the concepts related to motivation and reward, and different theories associated with motivation and empirical findings presented by different researchers on reward and incentive are treated in the empirical literature segment. The conceptual framework also discussed showing the independent variables and dependent variable relationship with model.

2.2 Theoretical Literatures

2.2.1 The Concept of Motivation

Employee motivation is something important for any organization which will enable a company to enhance the performance and retain in the competitive markets. It is a very sophisticated subject where employee motivation is subjective and may differ from one person to another based on their economic levels, family sizes, social interaction, attitudes, values, etc. Therefore companies should carefully identify the need for rewards based on the category of employees it possess. At the same time, top level managers need to review previous practices held at the company towards the motivation and initiate new programs accordingly (Kim, 2006).

It is fundamental that rewards schemes need to be matched and enhance the level of motivation of its employees. Employee motivation is significant, which will influence their behavior to ultimately decide whether the organization is a success or a failure. It is evident that organizational success and its future highly depending on the concept of employee motivation and managers should understand the way they can contribute for the organizational success. Daft & Marcic (2004) stated motivation as “the forces either within or external to a person that arouse enthusiasm and persistence to pursue a certain course of action”. Also at the same time motivation refers to psychological processes which energize and direct the behavior of employees to achieve organizational goals. For that organization needs to make a climate which will support the employee motivation where they need to enhance their potential of working with

high level of job satisfaction, elimination of frustration, enthusiastic working conditions and etc. (Islam & Ismail, 2008).

Getting the things done from the people at their best levels need motivation where studies have explored four main specific areas where the motivation is to be measured at the work place as engagement, satisfaction, commitment, and intention of working. Those will naturally motivate the people and also act as the indicators of employee retention (fewer turnovers). Emotional aspects of employees play a vital role in motivation (particularly self- motivation) moreover organizational contribution is required through reward system, internal organizational culture, job design, performance management and resource allocation. In reward systems, it is the easiest way to satisfy the employees where it discriminates the poor performers and the best while giving the opportunities for employees in advancement. This system needs to be designed in a way that motivates the employees to done their work at maximum level. All the financial indicators are included here. Secondly culture refers to the bond between the company as well as individuals it will promote teamwork, collaboration, openness, and friendship, etc. thirdly job design should be done at meaningful, interesting as well as challenging manner. Finally, a fair, transparent, trustworthy performance management and resource allocation system will meet the employee enthusiasm as well as job satisfaction with motivation (Nohria et.al, 2008).

It is evident that employees are at different stages of their lives and needs are becoming complicated with the maturity. Therefore, different management approaches are essential time to time with continuous updating. In this span of time different motivational drives are needed as financial and non-financial. Therefore, it is managers' responsibility to understand the requirements and approach them with a combination of incentives. The concept of human resource management is all about managing people effectively towards goals and objective where motivation is intrinsic where managers need to provide guidance and support to enhance the motivation of the individuals. One can argue that managers don't have sufficient time to spend on motivating their subordinates and employees themselves should motivate and be committed on the organizational performance. But it is rare that intrinsic values come into the play. Theories of motivation in everywhere will prove that there is a need for motivation in the workplaces in terms of financial and non-financial means (Burton, 2012).

2.2.2 Aspects of Motivation

Organizations shall obtain the right capabilities and competencies, which are the skills, knowledge and behavioral characteristics it owns its work force for the execution of organizational strategies (Meyer, 2002). In consideration of the above, Lawler (2003) says that, it would thus make good commercial sense for the organization to attain sufficient understanding regarding what motivates employees to satisfy their full potential. Also, according to Lawler (2003) the way which the individuals are managed determines progressively whether an organization will succeed or continue to survive. The arguments and thinking of Lawler and Meyer believe that employees within organizations should be treated more importance than the organizational financial capital. Hence for the effectiveness of an organization, their people should be focused as major foundations of an organization. Motivation refers to the process that account for an individual's willingness to exert high levels of effort to reach organizational goals, conditioned by the effort's ability to satisfy some individual need. According to the definition, it can be seen three key elements, such as efforts, organizational goals and needs (Olusegun, 2012).

The effort element is a measure of intensity or drive. A motivated person tries hard. But high levels of effort are unlikely to lead to favorable job performance unless the effort is channeled in a direction that benefits the organization. Therefore, we must consider the quality of the effort as well as its intensity. Effort that is directed toward, and consistent with, organizational goals is the kind of effort that we should be seeking (Bonsu & Kusi, 2014). Ball (2012) stresses that needs provide the basis for the motivation model, whereas needs are deficiencies that a person experiences at a particular time. Needs can be physiological or psychological. A need is an internal state that makes certain outcomes appears attractive (Ball, 2012).

2.2.3 Definitions of Motivation

Just like any other word, there are variations of definitions to describe a concept. Motivation too has many different definitions, but it is important to focus on those that are related to the workplace. Understanding exactly what motivation is will help managers decide what actions to take to encourage their employees (Burton, 2012). The definition of motivation starts with the

root word, motive. Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as; the act of providing motive that causes someone to act (Shanks, 2012). In other words, according to Nancy Shanks, motivation causes someone to act and someone else cannot make someone motivated. It is the discretion of the person to decide if they are going to be motivated or not. Motivated and unmotivated are not opposites, but instead, there are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job. Motivation is the process that account for an individual's intensity, direction and persistence of effort toward attaining a goal (Robbins, 2005). Motivation is the result of the interaction of a person's internalized needs and external-influences that determine behavior (Plunkett & Attner, 1997).

Motivation is a process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or incentive (Fred, 2005).

With relation to the workplace, Ray Williams (President of Ray William associates), who writes for "Psychology Today" (2012), defines motivation as, "predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals". A person becomes motivated in order to achieve their own personal goals as well as the organizational goals. The more motivated an employee is, the more likely they are to have organizational commitment and identify themselves with the organization.

This will meet some of the unmet needs, and connect them with the organization. If willing, the manager is able to give the employee incentives to meet their own goals and the goals set by the organization. Ryan & Edward (2000) from the University of Rochester, agree that motivated means that the person is moved to do a particular act. The authors describe motivation as, the "Orientation of motivation concerns the underlying attitudes and goals that give rise to action" (Ryan & Edward, 2000, p. 54-67).

Although the words of the definitions might be different, they all are describing the same concepts. Motivation is the act of getting someone to act on a situation. This definition will be important throughout the rest of the paper due to the constant use of the word. Now that there is

an understanding of what the word means, it is important to understand the studies that have been conducted and the findings that have come about because of the studies (Burton, 2012).

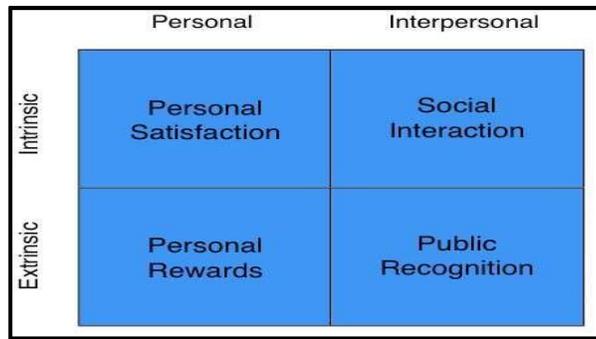
Motivation is a key strategy in human resource management which has direct results in operating capability and utilizing organization's manpower to their full capacity by concentrating on motivation to attract quality and good applicants to join the organization and to retain existing personnel (Snell & Bohlander, 2013). The majority of organizations, use monetary and non-monetary reward system to motivate their people (Harunavamwe & Kanengoni, 2013).

Each person is motivated by different things and it is important to know how they are motivated in order to direct motivation towards the realization of organizational goals (Rabideau, 2005).

Reviewing the theories of motivation helps us to understand what drives people to initiate action and to engage in certain practices in the workplace. After elaborating on each of these processes, it would be possible to comment on the effectiveness of financial and non-financial rewards as a motivational tool. There are several theories of motivation which focus on different variables in an attempt to explain motivation in the organizational setting (Sani, 2013). Each of these theories offers perspectives that are not necessarily contradictory but complementary.

2.2.4 Types of Motivation

There are two main types of motivational classification is available as intrinsic and extrinsic: Intrinsic refers to inner drive to motivation that comes from inside a person rather than from any other rewards, such as money or grades (K. E. Perera, 2017). If a person intrinsically motivated then he/she will be able to work find a solution to the prevailing problems and take that opportunity as a challenge with pleasure mentality. Since a person is intrinsically motivated then it's easy for organizations to drive him/her towards achieving goals and objectives. Meanwhile extrinsic motivation refers the vice versa of the previous concept where the motivation coming from outside of a person (Schneider, 2012).



Source: Adopted from Schneider (2012)

Figure 2.1: Combination of Intrinsic and Extrinsic Motivation with Personal and Interpersonal Attractions

This figure illustrates the combination of intrinsic and extrinsic motivation with personal and interpersonal attraction (Schneider, 2012). In the intrinsic cage, personal satisfaction is vital with social interaction where according to the Herzberg Dual Factor theory this is more tending to motivational factors in which contributes to positive mental and health conditions such as achievement, recognition of achievement, work itself, responsibility, advancement, etc. with higher job satisfaction of the need for psychological growth. In extrinsic part of the above figure examines personal rewards, public recognition as the main aspects where it is more related to hygiene factors provided due to job dissatisfaction (Schneider, 2012).

Company policies and administration, interpersonal relations, supervision, working conditions, salaries, status, security, etc. will provide personal rewards as well as public recognition (Nelson & Quick, 2013). Lin (2007) identified that motivation is a drive for knowledge sharing where intrinsic and extrinsic components are there for knowledge sharing as well. Employees extrinsic knowledge sharing is highly depending on their perception and the value association with it. Where people assess the value based on cost benefit analysis in which rewards are seen as benefits and effort of exchanging knowledge is seen as a cost. But when it comes to intrinsic component of it is the satisfaction, acquiring of new knowledge, exchange of ideas with people, etc. which are work as triggers for motivation. Now it is better to aware on different motivation theories which inclusive of both types of motivations.

2.2.5 Incentives/Rewards

“Incentive” may be defined as a stimulus or encouragement for greater action. When used in terms of wage policies, it usually refers to additional remuneration paid to an employee, if the work units produced by him exceed an established standard. Incentives are offered to employees to encourage them to greater effort in production than would normally be expected. Varma & Agarwal (1994) defined; rewards are the payments made to the employees as compensation for the services rendered by them to the organization. Compensation or remuneration is what employees receive in exchange for their work in the enterprise, and Criffeth & Hom (2001) defined that compensation is the benefits made to employees by employer for attracting and retaining personnel in the organization. Thus the concept of incentives / rewards implies increased willingness or motivation to work. Reward strategy is the deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub units and individuals are directed towards the achievement of an organization strategic objective, subject to internal or external constraints.

Contemporary compensation administration frequently embraces a strategic approach where the mix and level of direct pay and benefits are chosen to reinforce the organization’s overall strategic objectives (Gomez-mejia & Balkin, 1992). Integration among four basis policy decisions is required in the design of a consistent compensation system (Milkovich & Newman, 1993).

These decisions involve; the comparison of jobs within an organization (Internal equity/internal consistency), setting pay levels relative to competitors (External equity/External competitiveness), adjusting pay for individual employees (pay for performance, rewards systems, skill based pay design), and the administration of the compensation function (benefits administration, and benefits communication).

The concepts of rewards and incentives are interchangeably used by researchers. Ezigbo & Court (2011) argued that the concepts are quite interrelated, overlapping and complementary in the context of employee motivation. Reward is the compensation for doing work well given to an employee in the form of both financial and non-financial incentives (Ezigbo & Court, 2011).

This definition is in consonance with the position of Kreitner (2004) that reward is the material and psychological payoffs given to an employee as recognition for good contribution and for performing tasks well in the workplace. In the views of Molhotra et al. (2007) organizational reward means all the benefits which include financial and non-financial, that an employee receives through the employment relationship with an organization.

Armstrong (2012) posited that an effective reward strategy should follow the sequence as depicted in figure 2.2 below.



Source: Armstrong (2012, p 683)

Figure 2.2: Reward Strategy Development Framework

2.2.6 Types of Rewards

It is generally recognized that people may receive two major categories of rewards from work (Thirunavukkarasu, 2014).

One is intrinsic rewards, which are rewards that are internal to workers and which they give themselves. Intrinsic rewards include self-esteem, a sense of accomplishment, and a feeling of growth or development of special skills and talents (Madhuri and V. Y. Waghale, 2014).

Many of these rewards are desired from the work itself. Intrinsic rewards are related to the worker’s perception of the job and, hence, are affected by job design; intrinsic rewards may be called as “non-financial/non-monetary rewards (Thirunavukkarasu, 2014).

A second category is extrinsic rewards, which are external to workers and are given by the organization or someone else. Extrinsic rewards include direct and indirect compensation. Direct incentives are those rewards which are directly involved with the money as wages and salaries, bonus, commission, individual and group incentives, profit sharing and stock options (Thirunavukkarasu, 2014).

Indirect incentives are those rewards which are related to employees' benefits or perquisites. It consists of protection programs, paid time off, health insurance plans, child care benefits and employee discounts (Henderson, 1994). Extrinsic rewards may be called as monetary or financial rewards. Being an extrinsic reward, compensation is more easily controlled by managers than are intrinsic rewards. Intrinsic rewards satisfy hierarchical needs of higher level such as social, esteem and self-actualization needs, and are real motivators or satisfiers whereas extrinsic rewards satisfy lower level needs (Maslow 1951).

2.2.6.1 Extrinsic (Financial) Rewards

Extrinsic rewards are the non-job related rewards such as pay, salary and work conditions. Gupta & Shaw (1998) concluded in their research that financial incentives are indeed effective. They took the point of view that not all the jobs are interesting and challenging in nature, if we would live in an ideal world everyone would be intrinsically motivated and rewarded, but in many work places this is not the reality. They concluded that money matters to most of us and it motivates us because of the symbolic and instrumental value it bears. Symbolic value of money recaps what we ourselves and what others think about it, instrumental value of money means the ends we can get for exchanging it.

When money is used to recognize the employees for the good work done according to Nelson this sends wrong signals to the employees; the emphasis put on monetary rewards drives employees to reach for individual gains and reduces team work (Nelson, 2004). Gupta & Shaw (1998) also acknowledged the signals monetary rewards send to the employees but they appealed humans to be 'cognitive processors' who understand the signals management is sending by rewards; rewarding shows employees what kind of behavior is valued. Armstrong et al. (2010) said that the short-term solutions provided to solve the reward management programs might

result in long-term problems referring to the use of extrinsic rewards when trying to motivate employees.

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

2.2.6.2 Intrinsic (Non-Financial) Rewards

Intrinsic rewards are the job inherent, intangible, non-financial rewards included in the job itself such as job tasks, challenging and interesting job and training possibilities offered to the employees. Nelson (2004, 14) noted that praise and recognition are the most efficient intrinsic rewards an employee wants to hear as employees want to feel that they are making a contribution at their workplaces. He quoted Elisabeth Kanter on his article who said that "Compensation is a right; recognition is a gift." Nelson also said that recognition, especially if showed in public in front of the other employees sends favorable signals to the other employees of which kind of behavior is favored and desirable by the management.

According to Jensen et al. (2007) it is the intangible rewards which determine why an employee would choose one company over another when tangible rewards are given the same. This is a way how companies can really stand out of the crowd by the use of the attractive rewards.

The main stream among the researchers believe that intrinsic rewards are more efficient while not neglecting the extrinsic rewards which are usually always present in organizational context. For example, Mottaz (1988, 478) emphasized the importance of intrinsic rewards but captured the significance of extrinsic rewards as follows: "- - few, if any, workers would continue to work on a job for very long if extrinsic rewards were completely inadequate." Also Buckman (1991)

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

Pink (2011) argues that the emphasis should be switched from extrinsic rewards to a greater concentration on intrinsic rewards, which according to Pink would lead to greater performance and yield a higher degree of motivation and satisfaction among the employees in the firm. People who expect to receive an extrinsic reward for completing a task simply do not perform as well as those that did not receive a reward. If managers to a greater extent learnt about those high intrinsic drivers of motivation and performance, it could actually benefit business to perform better (Pink, 2011). Although the correlation between work performance and motivation has been studied in depth, many organizations and reward systems still seem not well designed to increase motivation and performance. Motivation is crucial to obtain high performing employees.

2.2.6.3 Motivation Achieved by Achievement

The motivation achieved by achievement is very important factor to the success of the human and achieve all their goals. The way of achievement is a change from one goal to another. Thus, motivation is a constant process in the organization (Singh, 2011). Motivation deals with the planning, organizational, decision-making, and learning. Atkinson (as cited in Singh, 2011) stated achievement of motivation as comparing the performance of others and standard method of the particular activities or process. Furthermore, the author explained that motivation achieved by achievement is a combination of two different personality namely tendency to approach success and tendency to avoid failure. Helmreich & Spence (as cited in Singh, 2011) stated that achievement motivation consists of four elements name mastery of needs, work orientation, competition and personal matters. Their study found that those factors highly effects on personal achievement. In the achievement motivation, the organization set the targets, which are not achieved difficultly or cannot achieve easily.

2.2.6.4 Motivation Achieved by Recognition

Recognition belongs to the non-financial rewarding category which may can motivate the employee than financial rewarding methods. Recognition only works when it is meaningful and

focuses on right way. Rewarding system is the method that can take the management to declare and appreciate the good work of the employees. By recognition, organization pass the message which they looking for other employees as well. The meaningful rewarding system always needs to highlight the specific person or group of persons. The effective methods to practice recognition are to appreciate the employee by using verbal communication. In recognition organization can focuses on the activity or activities that taken by employee to enhance the profit of the organization (Burton, 2012). The rewarding can be done private or publically. The compliment brings the message of management and organizational expectation from their employees. Currently, most of the organization use emails to reward the good work of their employees. The non-financial methods like recognition can enhance the job satisfaction of their employees.

2.2.6.5 Motivation Achieved by Responsibility

Previous literature reveals that by giving more responsibilities to the employee can motivate and direct them to achieve organizational goals and objectives. Drake et al. (2007) stated giving more responsibilities to the employees is a way to increase the employee motivation. Kaplan & Norton (as cited in Drake et al., 2007) stated that in balanced score card stress the importance of giving responsibilities to the employees to increase the individuals' motivation, learning and growth. The people who feels that they have more authority have higher motivation level and this affects to enhance the organizational effectiveness and performance of the organization. According to the previous literature, the responsibilities motivate the employee and they try to enhance their skills according to that. More organization offer the responsibility to the employee, they try to work hard and this leads to increase the profit of the organization.

Most of the time most of the organization offer the best job role to their employees but without the authority. When employees going to work and try to get the decision they have to request the permission to continue with the activity (Nelson, D.L., & Quick, J.C., 2013). This type of process de-motivate the employees. Thus, the organization needs to offer the employees with a right level of power to make a decision and continue their work without the influence of other. In motivation achieved by responsibility, organizations motivate and encourage their employees to take the individual responsibility for their duties in the organization (Lin, H.F., 2007).

2.2.6.6 Motivation Achieved by Influence

In employee participation for decision making, the management encouraging their subordinates' and co-workers to assist in improving current business processes and activities. This also uses as employee involvement, employee participation (K. E. Perera, 2017).

Active participation of employees in organizational decision making process leads to increase the motivation of the employees. According to the past literature, when management consider employees' ideas and their suggestion before make any decision they feel belonging to the organization. They feel they are part of the organization and they engage more in their works (K. E. Perera, 2017). Also, when management give a chance to explain their views they try to work hard and learn about new things of the current process. This increases the job satisfaction of the employees and ultimately it impacts on growth of the organization.

The problems can be solved more quickly and fast when organization offers their employees with decision-making power to skilled employees. The end result is more productivity and efficient due to the employees know the whole process with their experience.

2.2.6.7 Motivation Achieved by Personal Growth

The studies revealed that the employees can motivate by providing and facilitating them with the skill development and the career development opportunity. In order to business plans for the growth of their organization, it is essential to plan for the growth of their employees. This may help to improve the quality of service and provides efficient service to their customers. In order to organization plan for their business and growth of it, it is essential to plan for the growth of the employees who serve their skills to develop the business. Training and development help to develop the current employees with new skills, latest trends in the industry and modern technology. This helps to deliver high-quality efficient service to their customers. Training and development programs employee gain the knowledge and skills to perform their duties and responsibilities more effectively (Nohria, N., Groysberg, B., & Lee, L., 2008).

2.2.6.8 Motivation Achieved by Financial Rewards

Motivation by financial rewards mean satisfaction with the rewards and satisfaction with the compensation package (Rabideau, S., 2005). The employer has to spend money on financial rewarding system to reward the employees' achievements and good work. There are many financial rewards methods name Time-rate pay, Piece-rate pay, Commission, and Bonus. The financial rewarding is most complex scenario (Schneider, J., 2012). Therefore, the organization can use system like job performance evaluation, and pay according to the market rate and industry norms and values. Most of the research revealed that, if employee gets a job offer with same job title but with higher financial rewarding system they motivate with that and join with that company. Most of the previous literature reveal that most of the management and companies use financial rewarding system to motivate their employees as well punish to their employees. The motivation done through financial rewarding is, employee become high productivity when they lost something, or they get some extra benefits on their activities (Shanks, 2012).

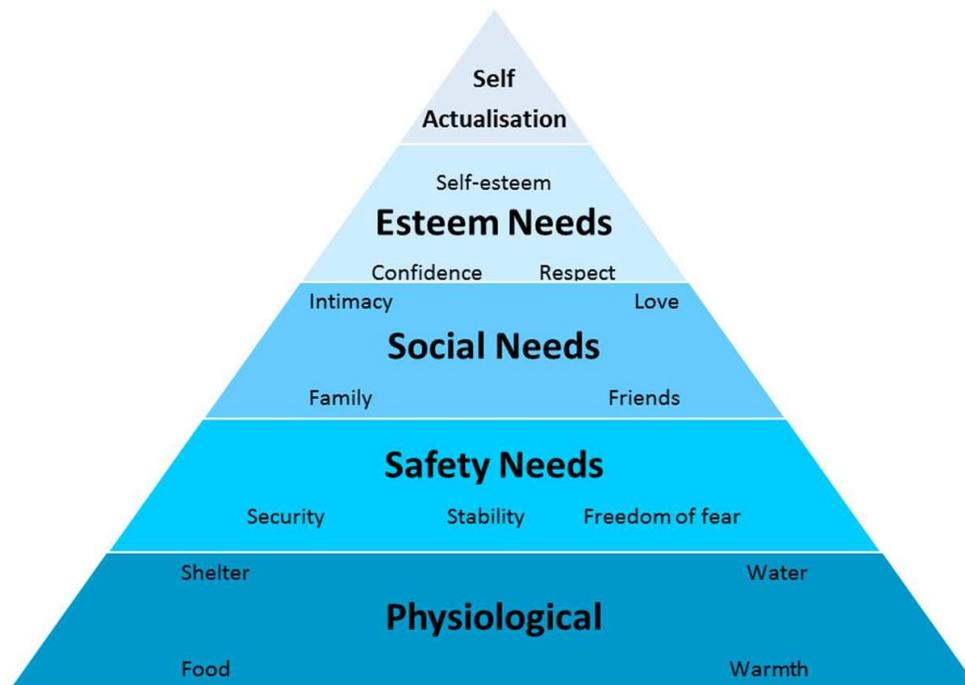
2.2.7 Motivation Theories

Burton (2012) states that there are many different theories that tries and helps explain motivation. Scientists have been studying the topic of motivation for over a century and have made tremendous progress for explaining motivation which can be interpreted into the workplace. The following are some theories that have been proven and accepted by society. These include Maslow's hierarchy of needs, Herzberg's two-factor theory, and different types of motivation, such as intrinsic and extrinsic.

According to Robbins et al., (2009) in the 1950's there were a fruitful period in the development of motivation concepts. Three specific theories were formulated during this period, which although heavily attacked and now questionable in terms of validity, are probably still they best-known explanations for employee motivation. These are the hierarchy of needs theory, theories X and Y, and the two-factor theory. These early theories were known for at least two reasons: One is they represent a foundation from which contemporary theories have grown, and the other is practicing managers still regularly use these theories and their terminology in explaining employee motivation.

2.2.7.1 Maslow's Hierarchy of Needs Theory

Here the main purpose is to identify multiple aspects where a person will be motivated. Those are considered as needs and it is established in a hierarchical manner to show how those needs come out as motivators throughout a person's life. This is known as a content theory where people motivated by five types of needs such as psychological, safety, belongingness, esteem as well as self-actualization in a particular order (Draft & Samson, 2014).



Source: Adopted from Draft and Samson (2014)

Figure 2.3: Five Category of Needs

The above figure illustrates the five categories of needs which will motivate people to achieve objectives in their lives. Psychological needs are considered as basic needs which requires for the survival and existence of a person, food, water, clothing, shelter, etc. is essential for a person to live in the society. When it comes to security, the surrounding of a person should be out of threats and protective for living, meaning the predictability and the stability in the surrounding, and this inclusive of financial security as well as non-financial security. Both can be achieved through creating retirement packages, job security, insurance, etc. where if there is financial security then

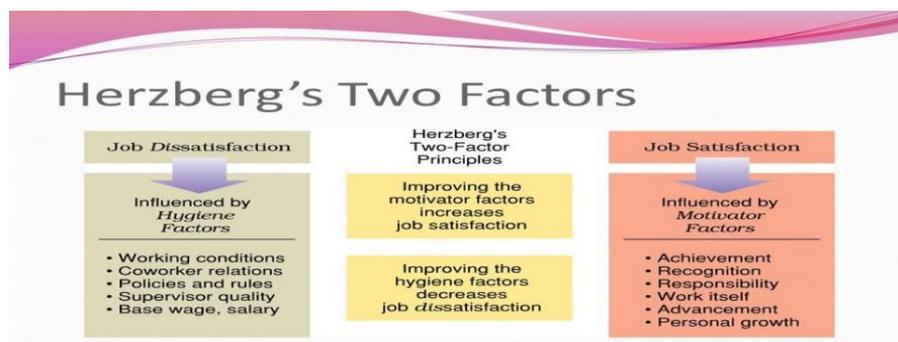
non-financial security is able to achieve (Draft & Samson, 2014). Next level is affiliation meaning, belongingness or love which is something extended from basic needs and those are non-monetary requirements to live in the society. Even in the work place also these requirements are needed where engaging with group related activities may give the opportunity for the people to be affiliate with the others. Where people are urged to accepted and recognized by the others. The forth layer of the hierarchy indicates self-esteem which inclusive of other's view towards yourself. To have a better idea in this particular level a person must have a high image on him and encompass self-respect. Here two components are available as feeling of self -value as well as needful in respect from the others. Final layer indicates self-actualization needs where it is seen as someone being all they can be and they have met each of the previous stages. As per the stage, all the talents of a person is being completely identified and utilized. This hierarchy of needs theory believes that no one is ever completely self-actualized. Each and every person always try to be better and enhance the current level to a higher level particularly be recognized and respected from the others in the society. Here the concept is vital for the motivation though a person needs be motivated to fulfil their needs and try to go for the next level until they reach self-actualization. These needs motivate humans to care for themselves and live a rich life (Burton, 2012).

2.2.7.2 Herzberg's Dual Factor Theory

This is another important theory of motivation developed according to the dual nature of the job satisfaction and finally job motivation. Here job satisfaction is considered as outgrowth of achievements, recognition, challenging, responsibility, promotion, etc. Also it is a result of different factors as company policies, administrative practices, supervision, interpersonal relationships, physical working conditions, job security, benefits as well as salaries. Those are considered as hygiene factors and positive hygiene factors lead to greater performance but it up to one particular point. After that intrinsic features are getting to play the vital role in the motivation (Miner, 2007).

At the time job needs to be restructured to increase the workers ability to perform well while achieving goals (both individual and organizational). If workers are more towards hygiene factors then they are considered as a low risk for the company where easily a company can be

provided those incentives. But it exists for a shorter time period and after if the company increases hygiene factors performance will not be increased at a rate it expects. Therefore, motivational factors need to be provided in line with hygiene to get massive performance into a long time future. Here the qualitative aspects are considered to be motivated the employees towards achieving organizational success (Miner, 2007).



Source: Author

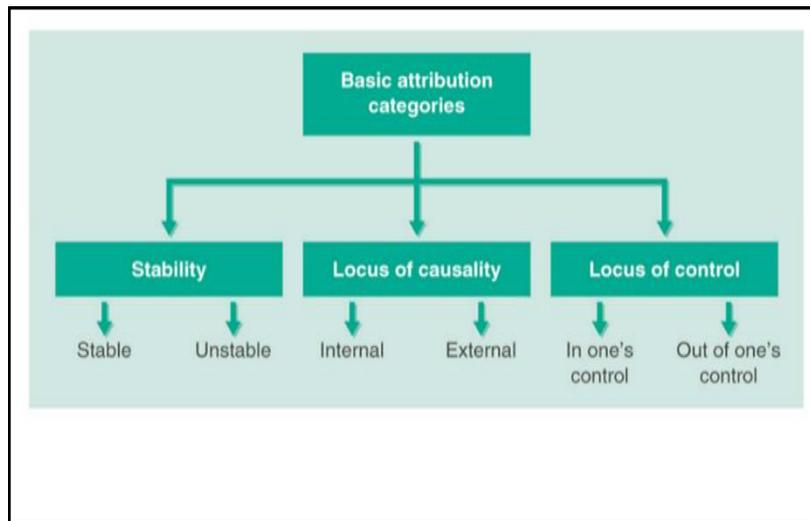
Figure 2.4: Herzberg's Hygiene Factors

On the other hand employees are truly motivated and satisfied when they feel that they have many responsibilities towards organizational performances. Where the achievement, recognition, stimulation, responsibility, advancements make people happy and encouraged. This can be typically done through job enlargement and enrichment based on the individuals performance through removing unnecessary controls, increase the accountability in working, give job freedom and additional authority, introduce difficult and challenging tasks to perform, etc. This will enable to create motivated individuals to establish a better future for the companies. If hygiene factors are not well provided by the organizations then employees will automatically get demotivated but with motivational factors, it becomes reciprocal even though hygiene factors are not sufficiently provided (Burton, 2012).

2.2.7.3 Three-Dimensional Theory of Attribution

This is another theory related to motivation where it covers motivation, social psychology as well as educational psychology aspects. Main three dimensions identified in the theory is Locus,

Stability and Control (Figure 2.5 illustrate the dimensions) (Schunk & Zimmerman, 2012).



Source: Adopted from Schunk and Zimmerman (2012)

Figure 2. 5: Three-Dimensional Attribution

Locus refers to identification of personal outcomes on internal or external circumstances (Schunk & Zimmerman, 2012). For an example, an employee's poor performance may be due to the difficulties in the task to be performed (external cause) or else, lack of capability to do it accurately (internal cause). Meanwhile stability refers to the probability that a cause of outcome change (K. E. Perera, 2017). Meaning poor results can be converted in to better results through modified approach of enhancement. Thirdly, control indicates, probability that the cause is under personal control. Where the approach is personalized in a way that employees able to understand the faults or poor performing areas and develop customized strategies to recover from the situation. Here the employees are motivated to done their job with high level of enthusiasm and empowerment. Also the theory will enable a company to do a capability audit in its employees to find the areas to be improved when performing. But it is usual that companies are not being able to control the internal forces in a person rather they can provide external sources which may ultimately impact the internal causes. With that understanding different motivators can be developed intrinsically and extrinsically while looking at the individual as well as team performance (Schunk & Zimmerman, 2012).

2.3 Empirical Literatures

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 study outcome of Ajimal et al. (2015) that intrinsic and extrinsic rewards show significant influence on the employee's satisfaction and motivation level. Intrinsic and extrinsic rewards are essential for employee motivation and satisfaction, if employees are rewarded appropriately with salaries, bonuses and increment for their hard work then they will be motivated greatly towards achievement of their representative objectives and in the same way if employees are acknowledged properly against their efforts then they will be more satisfied and happier towards their official objectives.

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.

In a similar way, Erbas & Arat (2012) conducted a study on how financial and non-financial rewards impacted on food sectors in Turkey's Anatolian region and discovered that non-financial rewards were more crucial in regard to elevation performance as opposed to financial rewards. However, financial gifts have been taken as more crucial in the motivation of employees and leads to increased performance in their roles as opposed to non-financial rewards.

A study conducted in Ethiopia by Selamawit (2015) to examine the effect of financial and non-financial rewards on employee motivation in Dashen Bank. The study result showed that financial rewards are important for employee motivation. It is also found out that salary is most motivating factor and retirement benefit is the least one from financial reward. Job security and career advancement are also found to be highly motivating non-financial factors. This research can be helpful for the banking sector specifically to Dashen Bank.

Another research conducted by Berhan (2007) examines the impact of intrinsic, extrinsic, and equity factors of work on employee's organizational commitment a case study in two selected private colleges in Addis Ababa. Questionnaire was used to collect primary data and different records of the institution reviewed for collection of secondary data. Random sampling method used to select respondent. The collected data analyzed by using SPSS. The finding shows that instructors in private colleges were satisfied with intrinsic factors of work such as opportunity for achievement, challenging work, responsibility. On the other hand, instructors is generally dissatisfied with extrinsic content of work such as salary, fringe benefits, incentives, job security, and post-employment security. Moreover, there is also structural inequity. Consequently, employees were not committed to their organization which implies the availability of high turnover and lower performance.

Liben (2007) conducted a study on the impact of reward management system on employee performance in the case of Ethiopian electric utility (EEU). To achieve the objective the researcher employed a descriptive research design. Primary and secondary data sources are cultivated in the study. By using stratified random sampling 133 respondents were participated in

the questionnaire. The result indicate that there is a statistical significant relationship between Reward Management and Employee Performance. Majority of respondents indicated that the current reward system of EEU do not stimulate or encourage employees to work hard. The study recommended EEU to improve its reward system to initiate employees to work hard by offering more incentives or paid more to increase competitiveness within and outside the organization.

According to study made to examine factors affecting employees motivation in Ethio Telecom, it was found that job security, financial factors and work condition are the most influencing factors. The study recommended the company should focus on employee motivational factors of job security, financial factors and work condition (Meseret, 2015).

A study carried out by Yewubdar (2017) examined the effect of reward on employee motivation: the case of united bank. To achieve the overall objective an explanatory research design was applied and a quantitative research approach was employed. 62 respondents were participated in the study using stratified random sampling technique. The study analyzed the data using descriptive and inferential statistics of multiple linear regression. The study result revealed that all extrinsic reward and intrinsic reward dimensions mean value is above average besides there is strong and significant relationship between all reward dimensions and employee motivation except empowerment. The finding of the regression analysis also revealed that payments, benefit, promotion, supervision, working condition challenging job, recognition have significant positive effect on employee motivation. The result of the regression analysis shows that extrinsic and intrinsic rewards have significant and positive effect on employee motivation in the United Bank. It recommended United Bank management to give emphasis and due attention for all total rewards to improve the level of employee motivation.

Tersit (2018) conducted a study on the effect of compensation on employees' productivity in Walta Media and Communication Corporate. The study used descriptive research design and qualitative approach. A sample of 105 respondents was participated by random sampling. A structured questionnaire was used to collect data from the respondents. Based on findings the study conclude that many of the respondents believed and agreed that a well-organized and efficient compensation system in the corporate and the existing reward and compensation system is applicable in Walta Media and Communication Corporation. Highest number of employees

agreed by a promotion system in the corporate affects the morale of employees. The corporate does not allow subordinate to participate about compensation decision making. Almost all employees are sure about compensation can increase the productivity of employees. The general feeling of the compensation practices on the employee's level of motivation and performance who had been felt that the motivation levels were medium, and the only opportunities that are given by the corporation were bonus ones a year annually. Based on the finding the study recommended that, to increase the productivity of employees, the compensation and reward system must be applying with a consistent manner in a corporate, and human Resource Management should develop systems that will ensure that there is a proper compensation plan entailing proper job evaluation processes and pay structures in the corporate.

Mesay (2019) made a research on the assessment of reward management practice the case of Nyala Insurance S.C. The research was designed as a descriptive design, and employed a mixed method research approach. Both probability and non-probability sampling was employed to select area insurances and to select sample respondents. Structured questionnaire was distributed to 120 sample respondents working for nine branches of the case company. The study finding revealed that policy for financial rewards have been developed without employees' participation and there is no system to collect feedback. The company has no written policy for its non-financial rewards. There is no clearly defined evaluation criteria for employees' performance management and neither supported by policy. It is also learned that there is high employees' turnover in the lower and middle level positions. The overall result of the study confirmed that employees of the case company have shown equal interest for both financial and non-financial rewards.

2.4 Research Gaps

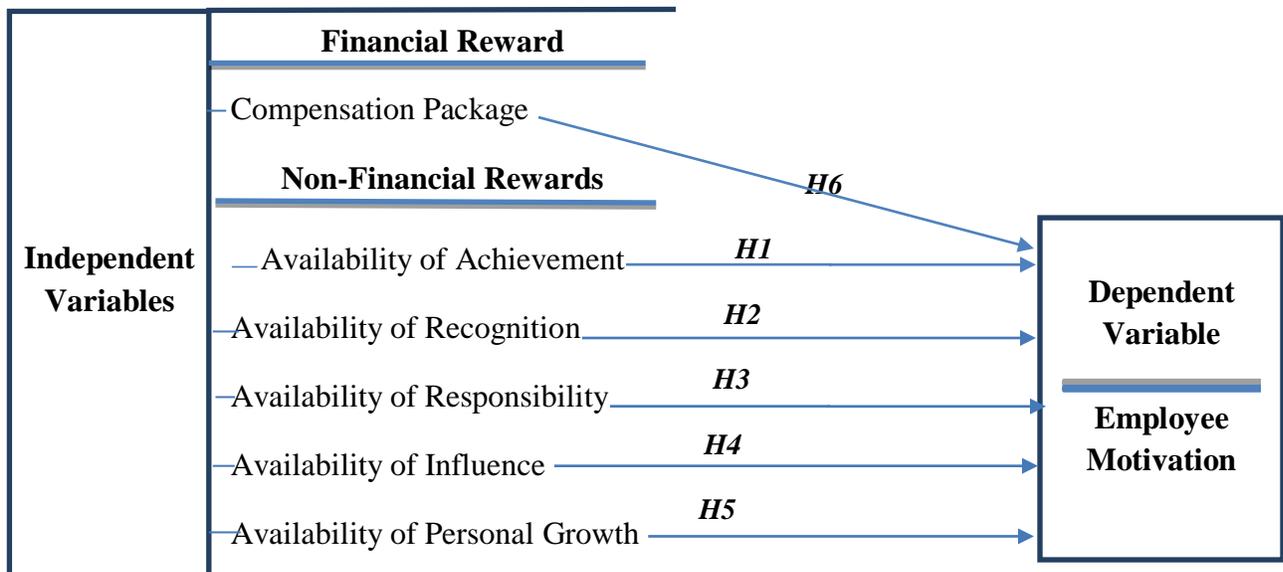
Though a number of research works have been conducted in relation to the effects of financial and non-financial rewards in employee motivation in Asia, Africa and in Ethiopia. To the best of the researcher's knowledge so far, limited studies have been conducted that specifically focuses on the effects of financial and non-financial rewards on employee motivation that integrated elements of Maslow Hierarchy of Needs Motivational Theory and Frederick Herzberg Motivational Theory in Ethiopia.

The researches discussed in the empirical research part were analyzed using a single theory in business organizations, and mainly depend on descriptive statistics. While this paper employ its theory by integrating elements of Maslow Hierarchy of Needs Motivational Theory and Frederick Herzberg Motivational Theory in government organization.

2.5 Conceptual Framework

The conceptual framework is crafted from the theoretical and empirical literatures reviewed in this study. In order to formulate concepts that incorporate main socio-psychological issues that account for employee motivation at work place, particularly from the perspective of what INSA ought to look at or address in order to improve employee satisfaction which then leads to employee motivation. The study integrate elements of Maslow Hierarchy of Needs Motivational Theory and Frederick Herzberg Motivational Theory. The integration of these theoretical concepts is based on the idea that needs as a component of employee satisfaction and motivation can be personal and environmental.

The conceptual framework which guides the study is as presented in Figure 2.6.



Source: Author

Figure 2.6: Conceptual Framework

CHAPTER THREE: RESEARCH DESIGN AND METHOD

3.1 Introduction

This chapter describes the research method and techniques that are employed to conduct the study. The section presets an overview of the research design and approach, target population, method of sampling and sample size determination, data source and type, method of data collection, data collection procedure, ethical considerations, and finally the methods of data analysis.

3.2 Research Design and Approach

Research design deals with making decisions about the techniques which are utilized in gathering data, the type of strategies and instruments for sampling that are used, and the way in which the constraints of time and cost can be dealt with (Kothari, 2004). This study employed explanatory research design as it tried to test the hypotheses in the quest to examine the effect of financial and non-financial rewards on employee motivation of INSA. In order to achieve the objective of this study and answer the research hypothesis, the researcher used quantitative approach. Quantitative research is a means for testing objective theories by examining the relationship among variables. The variables, in this study, measured typically on instruments, so that numbered data can be analyzed using statistical procedures (Creswell, 2009).

3.3 Source of Data

The study had used primary data sources. Primary sources of data was gathered from respondents who are full time employees of INSA. A questionnaire has been prepared to get idea about which factors make employee's more motivated. Since the study is designed as a cross-sectional data design, data was collected from employee of INSA in a particular time and not for different periods of time.

3.4 Data Collection Techniques

Data for this study was collected from staffs of INSA which are working in different job families viz. research, technology development, and system engineering by distributing the questionnaire to each employee. The questionnaire survey was close ended questions and it has 22 questions including the dependent variable. The questionnaire was self-administered and the respondents were responsible in filling and sending back to the researcher.

The respondents were given a chance to put their responses towards the constructs. This instrument of data collection has two sections: As shown in Appendix 1, the first section addresses the demographic profile of the respondents, the second section has questions about the opinion of respondents to the hypothesized independent variables influence (availability of achievement, availability of recognition, availability of responsibility, availability of influence, availability of personal growth, and compensation package) to the dependent variable motivation. Five-point Likert scale was applied to the statements of the questions ranging from “strongly agree” to “strongly disagree”.

3.5 Target Population and Sampling Method

The population is all individuals of interest to the researcher (Geoffrey & David, 2005). The target population for this research paper is full-time employees of INSA which are engaged in the core activities of the agency. The core activities of the agency are performed by employees under research, technology development, and engineering solution departments. The total number of employees under these job families are around 504.

Sampling is defined as the selection of some part of an aggregate or totality on the basis of which a judgment of inference about the aggregate or totality is made. In other words, it is the process of obtaining information about an entire population by examining only a part of it (Kothari, 2004).

The study used stratified random sampling techniques to carry out this research. Since the sample is picked from the different job families, it has given a better representation of the population, so it reduced bias on any one given area as job families with higher population has

more respondents. The total population of the research is divided in to three job families, which are research, technology development, and system engineering. Three strata of the job families was chosen and simple random sampling was performed to get sample from each strata as it gives equal chance of being selected from given strata and is an easy way for the researcher of choosing samples from the population.

3.6 Sample Size Determination

Sample size represents the number of items selected from the population (Kothari, 2004). According to Mason & Marchal (2002) a good sample size depends on three key factors namely; the level of confidence desired, the margin of error and the variability of the population. Three strata of the job families was chosen and simple random sampling was used to get sample from each strata. Out of the total population of 504 employees the research unit accounts for 144 employees, the technology development unit accounts 219 employees, and the engineering solution unit accounts 141 employees. Therefore for this study, the sample size is determined using the formula adopted from (krejcie & Morgan, 1970). Thus, the formula is:-

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

Where, N = the total population

N = the sample size

e = the error term, which is 5 percent (i.e. at 95 percent confidence interval)

Table 1 below shows the sample size distribution of respondents across the job families based on result obtained by the above formula.

Table 3.1: Stratified Random Sampling

No	Type of Strata	Population	Sample size
1	Research	144	105
2	Technology development	219	141
3	Engineering Solution	141	104
4	Total	504	350

Source: Own Computation 2020

3.7 Sample Response Rate and Test for Outliers

The samples taken for the survey were 350 respondents. Out of this, 261 responses were returned. This means that the overall response rate is 75 percent.

Test for outliers are conducted to check whether any outlier exists or not in the data. SPSS defines data points as outliers if they extend more than 1.5 box-lengths from the edge of the box plot (Julie, 2011). Two (2) cases which have more than 1.5 box-lengths from the edge of the box plot in SPSS have found and thus excluded from further analysis (see Appendix 3A). Therefore, 259 cases, which are 74 percent of the sample size, found to be valid for further statistical analysis.

3.8 Validity and Reliability of Instruments

Validity defined as the extent to which data collection method or methods accurately measure what they intended to measure. The convergent validity tests whether the items converges to major constructs. It can be checked by correlation matrix approach in SPSS. If the minimum correlation between the items of the same construct is significant, in that case, convergent validity is achieved (Hair et al., 1998). Thus, in this study, the items that form the constructs were converged and it is seen by the significance level in their correlations (See Appendix 2).

Reliability is the extent to which a measurement gives results that are consistent and fundamentally concerned with issues of consistency of measures (Bryman & Bell, 2007). Reliability test used to test whether or not all items are measuring the same underlying construct (Julie, 2011).

The reliability of the research instrument (questionnaire) was measured by the Cronbache's alpha, the most reliable test of reliability. Hair et al. (1998) recommended minimum acceptance level of reliability "alpha" and composite reliability is 0.60. Thus, the overall reliability of the research data of 0.87 is found above the criteria of 0.60.

The following table presents the composite reliability of each construct and the overall reliability.

Table 3.2: Reliability of Scales

Variables/Scales	Number of Items	Cronbach's Alpha
Availability of Achievement	3	0.89
Availability of Recognition	3	0.70
Availability of Responsibility	3	0.61
Availability of Influence	2	0.60
Availability of Personal Growth	3	0.67
Compensation Package	4	0.75
Motivation	4	0.83
Overall Scale Reliability	22	0.87

Source: Own Survey, 2020

3.9 Method of Data Analysis and Presentation

Generally the researcher had used descriptive and inferential statistics. The demographic variables were analyzed using descriptive statistics while the variables of interest (scale responses) were analyzed using multiple linear regression using statistical package for social science SPSS 25 software to understand and examine the causal relationship of the variables.

3.10 Model Specification

In the conceptual framework, the dependent variable Motivation of Employee has six explanatory variables (availability of achievement, availability of recognition, availability of responsibility, availability of influence, availability of personal growth, and compensation package). Thus, six hypotheses were formulated based on Maslow hierarchy of needs motivational theory and Frederick Herzberg's dual factor motivational theory. The mathematical form of the hypothesis is presented as follows:

H₀: All β_j 's are = 0, that is $\beta_1=\beta_2=\beta_3=\beta_4=\beta_5=\beta_6=0$

H₁: At least one β_j is > 0, where $j = 1, 2, 3... 6$ coefficients of independent variables

To test such a theory a multiple linear regression model is selected. The researcher selected multiple linear regression model to determine the contributions of availability of achievement, availability of recognition, availability of responsibility, availability of influence, availability of personal growth, and compensation package to the prediction of employees' motivation in Information Network Security Agency.

The model for the study is;

$$MtvEm = \beta_0 + \beta_1 AvAch + \beta_2 AvRec + \beta_3 AvRes + \beta_4 AvInf + \beta_5 AvPrGr + \beta_6 CoPac + U_i$$

Where; *MtvEm* = Motivation of Employee

β_0 = the constant, or Y intercept

$\beta_1, \beta_2, \dots, \beta_6$ = the coefficients of the independent variables

AvAch = Availability of Achievement

AvRec = Availability of Recognition

AvRes = Availability of Responsibility

AvInf = Availability of Influence

AvPrGr = Availability of Personal Growth

CoPac = Compensation Package

U_i = Error Term

3.11 Ethical Consideration

Informed consent or willingness of the respondent is obtained from each participant after explaining the purpose of the study including their right to answer the questionnaire. Confidentiality of the information was assured through locking of hard copies and password protection of electronic files and privacy of the respondent was maintained.

CHAPTER FOUR: RESULT AND DISCUSSION

4.1 Introduction

This chapter presents the results of the data analysis. The collected data from the employees of INSA was analyzed to realize the objective of this study. Accordingly, descriptive analysis of respondents' profile, and inferential analysis of data using multiple linear regression is presented, and discussion on research hypotheses, in light of prior studies, were also presented.

4.2 Demographic Information

In the questionnaire, section A was designed to capture some basic demographic details of the respondents in this study. The participants in this study have shown different attributes. This demographic information is presented to understand the composition of respondents. Thus, the demographic information of the respondents are presented here below.

Table 4.1: Demographic Information of the Respondents

Variables	Classification of Variables	Frequency	Percent (%)
Age	20-30years	185	71.4
	31-40years	64	24.7
	41-50years	9	3.5
	>50years	1	.4
	Total	259	100.0
Marital Status	Single	183	70.7
	Married	76	29.3
	Total	259	100.0
Sex	Male	226	87.2
	Female	33	12.8
	Total	259	100.0
Educational Qualification	Diploma	8	3.1
	Bachelor Degree	217	83.8
	Master's Degree	34	13.1
	Total	259	100.0
Work Experience In INSA	Less Than 2 Years	38	14.7
	2-4 Years	126	48.6
	5-7 Years	30	11.6
	8-10 Years	37	14.3
	Over 10 Years	28	10.8
	Total	259	100.0
Job Family	Research	100	38.6
	Technology Development	58	22.4
	Engineering Solution	101	39.0
	Total	259	100.0

Source: Own Survey, 202

As it is seen from table 4.1 above most (71.4 percent) of respondents' age is between 20-30 years, age between 31-40 years makeup 24.7 percent, age between 41-50 years are 3.5 percent, and employees who have age of greater than 50 years are 0.4 percent. This shows the highest number of INSA employees are adults. This forces INSA enter into competition with other employers in the market as they have enough experience (both in INSA and outside). The implication here is that without attractive motivational/retaining strategy, INSA wouldn't retain such group even in the short run. In relation to marital status most of the respondents are single comprising 70.7 percent, whereas 29.3 percent are married. Indicating singles may deserve enough time and motivated for work as they wouldn't take their time for family care. With regard to sex distribution, the highest number of respondents 226 (87.2 percent) are male and the remaining 33(12.8 percent) are female. It clearly indicates that the participation of women in the sample organization is very less when compared to men. It can be inferred that INSA has more work to match the composition of female to their counterparts by offering special motivating opportunities.

Most of the respondents had completed Bachelor Degree getting 83.8 percent and Master's Degree 13.1 percent. These two formed a significant part of the sample. Those who had Diploma are 3.1 percent. This propagates INSA's employees' are moderately educated. Requiring high level trainings as a motivation element. Regarding work experience, 14.7 percent has less than 2 year work experience. (48.6 percent) of the respondents work experience in INSA is 2-4 years. Those who has 5-7 years formed 11.6 percent. 14.3 percent of the respondents fall between 8-10 years, and lastly 10.8 percent of the respondents has over 10 years of work experience. Thus, majority of respondents work experience is below five years. Suggesting that workers are somehow in new work environment and not long enough to put their perception on the organizations' reward practice. In other way since their motivation level is fresh and renewable, they brought opportunity for the organization if handles them in a proper motivational strategy. From the job families on which employees are working, employees who are working in research department are 100 (38.6 percent), from technology development 58 (22.4 percent), and from engineering solution 103 (39 percent). From this it becomes clear that the sample population are consists of lower density of technology development department. This affects the sample's coverage in a significant way.

4.3 Descriptive Analysis of Questionnaire Items/Constructs

The aim of the questions presented in this section is to find out how the employees are motivated with the current financial and non-financial rewards that INSA employed. In the survey questionnaire the respondents were asked to rate their opinion of the current rewards offered by INSA in a scale of 1 to 5 (1 strongly agree, 2 agree, 3 neutral, 4 disagree, and 5 strongly disagree). Table 4.2 below shows the mean distribution of the responses for the items in the questionnaire.

Table 4.2: Respondents Mean Frequency Score for the Questionnaire Items

Independent Variables	Construct Mean scores			
	Availability of Achievement	Achiev1 1.55	Achiev2 2.10	Achiev3 2.08
Availability of Recognition	Recogn1 1.91	Recogn2 2.24	Recogn3 2.01	- -
Availability of Responsibility	Respons1 1.95	Respons2 2.27	Respons3 2.20	- -
Availability Of Influence	Influenc1 2.15	Influenc2 1.99	- -	- -
Availability of Personal Growth	Per.growth1 2.02	Per.growth2 2.27	Per.growth3 2.21	- -
Compensation Package	Comp.packag1 2.18	Comp.packag2 2.10	Comp.packag3 1.92	Comp.packag4 2.16

Source: Own Survey, 2020

Table 4.2 above shows the mean distribution of the responses for the questionnaire items under the study.

In general the mean scores are concentrated around scale “two” which means the respondents are agreed for the questions regarding the effects of financial and non-financial rewards on employee motivation of INSA.

The mean scores of items under Availability of Achievement range from 1.55 to 2.10 which show that motivation of employees is influenced by availability of achievement. This means that employees’ motivation is going side by side to the achievement of the organizational goal. Thus,

in general, respondents have been exhibited higher need regarding the availability of achievement to motivate employees in the organization.

The mean scores of items under Availability of Recognition range from 1.91 to 2.24, indicates that availability of responsibility affects motivation of INSA employees. There is an extensive research and rich literature that has clearly shown that recognition of employees work can motivate them for further work than financial rewards.

The mean scores of items under Availability of Responsibility range from 1.95 to 2.27 which indicate that motivation of INSA employees is influenced by availability of responsibility. When respondents asked to this questions they answer that when the organization gave more authority or responsibility to them they feel their motivation to lever that responsibility would increase.

The mean scores of items under Availability of Influence range from 1.99 to 2.15 which indicate that Availability of Influence affect motivation of employee of INSA. Respondents agreed that the motivation of employees become promising due to the fact that they feel belongingness to the organization and get place to put their influence in the organization. The influence can be achieved when employees get involvement and participated in the decision making process.

The mean scores of items under Availability of Personal Growth range from 2.02 to 2.27 which indicate that availability of personal growth influences motivation of INSA employees. Like above motivating factors, again this is another indicator of the need for non-financial rewards. Respondents agreed that they need skill development and career development opportunities in the organization. Training and development is a key instrument for motivating employees by equipping them with new knowledge and skills, latest trends, and modern technology.

The financial reward package in this study is compensation package. The mean scores under it ranges from 1.92 to 2.18 which indicate financial rewards can motivate employees of INSA. Salary, Transportation service, Medical cost coverage, and promotion are considered under this variable. Financial rewards serve dual purpose for the organization to motivate and demotivate employees as well. Thus giving compensation package to the employees' good work and achievement leads employee motivation for excellent work.

4.4 Multiple Linear Regression Analysis on Effects of Financial and Non-Financial Rewards on INSA Employee Motivation

This study tried to examine the effect of financial and non-financial rewards on employee motivation of INSA. To get such relationship the study applied a multiple linear regression model. Before going to analyze the data, compulsory test was done to demonstrate whether the data fulfills the assumptions of classical linear regression model. These assumptions are checked one by one here below.

4.4.1 Test of Assumptions of Classical Multiple Linear Regression Model

4.4.1.1 Normality

The normality is the assumption that each variable and all linear combinations of the variables are normally distributed. This test of normal distribution could be checked by graphical method of tests (histogram and dot plot). The normality assumption gets critical when there is a small sample size, that is, data less than 100 observation (Gujarati, 2004). Though the normality assumption wouldn't be a threat for this study as the sample size or observations of this study are large enough (more than 100 observation), the researcher tested it using histogram and normal probability plot (NPP).

In the histogram one can decide simply by watching the distribution of the data in the histogram having a normal curve. Regarding the normal probability plot the decision rule is, if the fitted line in the NPP is approximately a straight line, one can conclude that the variables of interest are normally distributed (Gujarati, 2004). Appendix 4A and 4B tells us that the normality assumption is met in this study.

4.4.1.2 Linearity Assumption

The assumption of linearity in multiple regression assumes that there is a *linear relationship* between any predictors and the outcome variable (Field, 2009). The *regression residual* in Appendix 4B and Appendix 7 shows the regression residual plot and the scatter plot of residuals. Thus, providing support for the specified linear relationship.

4.4.1.3 Independence of Errors/Error Autocorrelation

Though this assumption is more demanding with longitudinal data, checking for *error autocorrelation* is appreciated for the best prediction of the model. This assumption refers to that errors in the regression are independent; this assumption is likely to be met if the *Durbin–Watson statistic* is close to 2 and between 0 and 4 (Field, 2009). The *Durbin–Watson statistic test* for this study found to be 1.94 which shows the assumption of independence of errors is met (see Appendix 6).

4.4.1.4 Multicollinearity Test

This assumption refers to that predictors should not be too highly correlated. This assumption can be checked with tolerance and *VIF* statistics (Field, 2009). *Variance Inflation Factors (VIFs)* above 10 or Tolerances below 0.1 are seen as a cause of concern. In this study Variance Inflation Factors (VIFs) are below 10 and Tolerances are greater than 0.1 ((Table 4.3).

Table 4.3: Collinearity Statistics between the Independent Variables

Coefficients^a		<i>Collinearity Statistics</i>	
		<i>Tolerance</i>	<i>VIF</i>
1	<i>Availability_of_Achievement</i>	.71	1.41
	<i>Availability_of_Recognition</i>	.57	1.75
	<i>Availability_of_Responsibility</i>	.55	1.82
	<i>Availability_of_Influence</i>	.64	1.55
	<i>Availability_of_Personal_Growth</i>	.62	1.60
	<i>Compensation_Package</i>	.78	1.28

a. *Dependent Variable: Employee_motivation*

Source: Own Survey, 2020

4.4.1.5 Test for Homoscedasticity

Homoscedasticity assumption assumes the range of variance for the dependent variable is uniform for all values of the independent variables. The assumption is checked by scatter plot diagram stated in Appendix 7. A scatter plot of the standardized residuals are roughly rectangularly distributed, with most of the scores concentrated on the center. There is no sign of clustering of data to suspect curvilinear or higher on one side than the other. So the data is homoscedastic rather than *heteroscedastic*.

4.4.2 Multiple Linear Regression Analysis and Hypothesis Testing

In the conceptual framework, the dependent variable Motivation of Employee has six explanatory variables (Availability of Achievement, Availability of Recognition, Availability of Responsibility, Availability of Influence, Availability of Personal Growth, and Compensation Package). Thus, six hypotheses were formulated based on Maslow hierarchy of needs motivational theory and Frederick Herzberg's dual factor motivational theory.

The model for the study is;

$$MtvEm = \beta_0 + \beta_1AvAch + \beta_2AvRec + \beta_3AvRes + \beta_4AvInf + \beta_5AvPrGr + \beta_6CoPac + U_i$$

Where; *MtvEm* = Motivation of Employee

β_0 = the constant, or Y intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ = the coefficients of the independent variables

AvAch = Availability of Achievement

AvRec = Availability of Recognition

AvRes = Availability of Responsibility

AvInf = Availability of Influence

AvPrGr = Availability of Personal Growth

CoPac = Compensation Package

U_i = Error Term

The regression analysis was performed based on data collected from employees of Information Network Security Agency. It demonstrated the relationship between Financial and Non-Financial Rewards and employees Motivation. Table 4.4 below showed the Analysis of Variance (ANOVA) output of the effect of the explanatory variables in to the outcome variable motivation and its significance level.

Table 4.4: Analysis of Variance

ANOVA^a						
<i>Model</i>		<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>Sig.</i>
1	<i>Regression</i>	41.65	6	6.94	26.80	.000 ^b
	<i>Residual</i>	63.21	244	.26		
	<i>Total</i>	104.87	250			

a. *Dependent Variable: Employee motivation*

b. *Predictors: (Constant), Compensation_Package, Availability_of_Achievement, Availability_of_Personal_Growth, Availability_of_Influence, Availability_of_Recognition, Availability_of_Responsibility*

Source: Own Survey, 2020

The output in the ANOVA table displayed the statistical significance of the overall model by *p-value of F-statistics 0.000* which is below the *critical alpha value* even at *1 percent significance level*, which means, the independent variables jointly have *statistically significant* effect to the dependent variable employee motivation. Therefore, all the explanatory variables jointly able to explain variation in the outcome variable Employee Motivation.

R Square (R²)

The *R²* measures the goodness of the model to fit with the data. It reports the proportion of the total variation/dispersion in the outcome variable that are explained by the variation in the explanatory variable/s in the regression (Gujarati, 2004).

R-square as low as 10 percent is generally accepted in the field of arts, humanities, and social sciences because human behavior cannot be accurately predicted. Thus, low R-square is often not a problem.

The result under the table 4.5 show the *R²* or *coefficient of determination* of the model to be *0.40 or 40 percent*. It means 40 percent of variation in Employee Motivation is explained by the Variation in the model (Availability of Achievement, Availability of Recognition, Availability of Responsibility, Availability of Influence, Availability of Personal Growth, and Compensation Package).

Table 4.5: R Square (R²) Result

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630 ^a	.397	.382	.5089834

a. Predictors: (Constant), Compensation_Package, Availability_of_Achievement, Availability_of_Personal_Growth, Availability_of_Influence, Availability_of_Recognition, Availability_of_Responsibility

b. Dependent Variable: Employee_motivation

Source: Own Survey, 2020

Regression Coefficients Result

The table below shows that, each explanatory variables have statistically significant relationship with the dependent variable employee motivation since their individual *t-statistic p-value* is below the *alpha level* which is 0.05 with 95 percent confidence level. Considering the standardized beta coefficient, the strongest predictor of the dependent variable (Employee Motivation) is non-financial reward that is Availability of Recognition with Beta value of 0.35 and the least predictor is Availability of Influence (also a non-financial reward) with Beta value of 0.13. The following table depicted the analysis's result as follows;

Table 4.6: Regression Coefficients Result

		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)	.653	.168		3.883	.000	.322	.985
	Availability_of_Achievement	.096	.032	.164	3.032	.003	.033	.158
	Availability_of_Recognition	.208	.036	.349	5.701	.000	.136	.280
	Availability_of_Responsibility	.150	.056	.179	2.691	.008	.040	.259
	Availability_of_Influence	.101	.046	.135	2.196	.029	.010	.192
	Availability_of_Personal_Growth	.238	.050	.300	4.794	.000	.140	.335
	Compensation_Package	.165	.045	.209	3.704	.000	.077	.253

a. Dependent Variable: Employee_motivation

Source: Own Survey, 2020

Thus, the regression model that predicted the linear relationships of the variables presented as follows considering the unstandardized Beta coefficients;

$$MtvEm = \beta_0 + \beta_1 AvAch + \beta_2 AvRec + \beta_3 AvRes + \beta_4 AvInf + \beta_5 AvPrGr + \beta_6 CoPac + U_i$$

$$MtvEm = 0.653 + 0.096 AvAch + 0.208 AvRec + 0.150 AvRes + 0.101 AvInf + 0.238 AvPrGr + 0.165 CoPac$$

Generally any increment in one or all the explanatory variable will bring an increment in the motivation of employee and vice versa.

4.4.3 Interpretation of Regression Analysis

For comparison and interpretation we have used the standardized Beta coefficients

Hypothesis One: availability of achievement has positive significant effect on employee motivation of INSA. It is significant at ($\alpha = 0.003$, $p < 0.01$) with β value of 0.164. Thus, hypothesis 1 is supported. This result is in line with the finding of (Ajimal et al., 2015); (Berhan, 2007). As the availability of achievement for employee increased their motivation to work also increases. Thus, these dimension of employee motivation has to be emphasized by the INSA.

Hypothesis Two: availability of recognition has positive significant effect on employee motivation of INSA. It is significant at ($\alpha = 0.000$, $p < 0.01$) with β value of 0.349, thereby supporting hypothesis 2. The availability of recognition affects the motivation of employees of INSA. To put in the other way, as employees work getting recognition by the organization, their motivation to work increased. Since availability of recognition is found to be the highest predictor of motivation among the explanatory variables, INSA as an organization should give attention to facilitate the recognition of its employees for their work and effort to better motivation them. This finding supports the findings of (Ajimal et al., 2015).

Hypothesis Three: availability of responsibility has positive significant effect on employee motivation of INSA. This proposition is significant at ($\alpha = 0.008$, $p < 0.01$) with β value of 0.179. Hence, hypothesis 3 is supported. This is in line with the findings of (Erbasi & Arat, 2012). From the finding it is concluded that when employees take responsibilities to make decision, the motivation for discharging the responsibility would increase.

Hypothesis Four: availability of influence has positive significant effect on employee motivation of INSA. The linear relationship between availability of influence and employee motivation is found to be significant at ($\alpha = 0.029, p < 0.05$) with β value of 0.135, which support hypothesis 4. As INSA create opportunities for employees to put their influence in the decision-making process (in goal setting), their motivation to work in such environment (as their ideas are heard) would also increase. This finding is in line with (Erbasi & Arat, 2012)'s finding.

Hypothesis Five: availability of personal growth has positive significant effect on employee motivation of INSA. The statistical relationship between availability of personal growth and employee motivation is significant at ($\alpha = 0.000, p < 0.01$) with β value of 0.300 by supporting hypothesis 5, which has a positive effect on employee motivation. The notion is that when employees are rounded by personal growth opportunities in the organization, they would not be greedy to give what they have to the organization. INSA should make available personal growth opportunities to its employees to acquire new skills and competencies. It is supported by (Erbasi & Arat, 2012)'s findings.

Hypothesis Six: compensation package has positive significant effect on employee motivation of INSA. The significance level of ($\alpha = 0.000, p < 0.01$) with β value of 0.209 conveys to accept our hypothesis of interest. Compensation package was measured in terms of financial resources that are salary, medical cost coverage, transportation service, and promotion. The finding implies that employees' work motivation directly depend on these constraints.

An increment in one or all element of compensation package can be another means to enhance employee motivation. The implication is when employees get a job offer to same job title but with higher financial rewarding system they can be motivated with that and join that company than staying in the former. This is in agreement with the findings of (Hafiza, et al, 2011); (Gupta & Shaw, 1998); (Selamawit, 2015). But, it is in contradiction with the findings of (Armstrong et al., 2010). Their finding tells that the short-term solutions provided to solve the reward management programs might result in long-term problems referring to the use of extrinsic rewards when trying to motivate employees.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The study aimed to examine the effect of financial and non-financial rewards on employee motivation of INSA. For this purpose, the researcher was able to collect 261 questionnaires from 3 strata and inserted into SPSS 25. To achieve the objectives of the research, multiple linear regression model was applied.

Form the finding it can be summarized that majority of the respondents participated in the survey were adults, single in their marital status, largely composed of male, reasonably educated, and small experience in INSA.

All the classical linear regression model assumptions were met. The regression model was able to explain the variation in employee motivation. All explanatory variables (financial and non-financial rewards) were positively significantly affect the outcome variable employee motivation.

5.2 Conclusions

This paper has attempted to examine the effect of financial and non-financial rewards on employee motivation of INSA. It was the very aim of this paper to go beyond the usual suspects—financial rewards- to understand the effects of non-financial rewards on employee motivation. All the explanatory factors of motivation have shown positive significant effect on employee motivation. It means that INSA's employee motivation is directly affected by both the financial and non-financial rewards provided by INSA. Each of the variables direct effect on motivation is concluded in the following statements.

The first hypothesis of interest was the direct effect of availability of achievement in employee motivation. This direct effect suggests when INSA make available achievements the motivation of its employees will boost. Availability of achievement for employees in INSA help employees to experience the tendency to approach success and the tendency to avoid failure. This

achievement or success story helps not only employees but also the organization would be highly beneficial to meet its goals.

Another hypothesis of interest was availability of responsibility. It has also direct effect in employee motivation. This entails that if employee in INSA feels that they have more responsibility/authority, they could prove higher motivation and this enhances the organizational effectiveness and performance of the organization.

The non-financial reward category, availability of recognition, has highest effect on bringing employee motivation of INSA than other predictor variables did. When employees start feeling recognized for the good work they did in the organization, they will have better motivation level. Appreciating the good work of employees can motivate and finally lead job satisfaction of employees.

Though availability of influence able to predict employee motivation as low as other predictors did, INSA do not go undermine this factor. Its direct effect implies that without employees' involvement in decision-making (setting goals), the possibilities of getting employees motivated could be problematic. Because employee involvement in-goal setting is taken as a means of exercising their influence in the organization.

The other non-financial reward scheme that put its direct effect on employee motivation was availability of personal growth. When employees are rounded by personal growth opportunities in the organization, they would not be greedy to give what they have to the organization. Being a home for professionals, creating opportunity to enhance employees' knowledge, skills, and professional qualification is a way INSA experience to motivate its employees towards their job.

The last but not the least question of interest is compensation package. This is a financial motivator encompassed salary, medical cost coverage, transportation service and promotion. An increment in one or all element of compensation package can be another means to enhance employee motivation. In other way, when employee gets a job offer to same job title but with higher financial rewarding system, they can be motivated with that and join that company than staying in the former. Such variables effect should be recognized and entertained in the best way.

5.3 Recommendations

Based on the findings and conclusions reached, the following recommendations are given;

- Because motivation achieved by achievement has two personality dimension namely the tendency to approach success and the tendency to avoid failure. Thus, it is important to allow employees ensuring that they are achieving all their goals.
- INSA is suggested to give much emphasis to the reward schemes. In particular, much attention should be given for the availability of recognition as it is identified as the most significant factor to motivate INSA employees. So when INSA give recognition make sure that it is meaningful and focuses on right way and not disrupting the existing status-quo of other employees.
- INSA should give more responsibilities to the employees to motivate and direct them to meet organizational goals and objectives. When employee feels that they have more authority they could show higher motivational level and this enhances the organizational effectiveness and performance of the organization.
- Employees should be participated on goal setting. Without their involvement the possibilities of getting employees motivated can be problematic. The organizations should open its room to employees to imprint their influence in the organization.
- Availability of personal growth opportunities in the organizations advances the skill development career development opportunities. As INSA is one of the home of professionals and highly skilled workers it should give personal growth opportunities for those employees to further their knowledge and skill in the competitive environment.
- INSA should increase some or all elements of compensation package like salary, medical cost coverage, transportation service and promotion. Because when employee gets a job offer to same job title but with higher financial rewarding system they can be motivated with that and join that company.

In general INSA's top level managers need to review earlier practices held at the company towards the motivation and start new programs so.

5.4 Limitations of the Study and Future Research

Like other papers, there is also a room for further investigation into the effect of financial and non-financial rewards on employee motivation. Since the study was done using cross-sectional data, it couldn't capture the time effect that would give a robust result if a longitudinal data were used. The research was planned to accommodate the perspective of HR manager and Deputy Director General of the agency, but this couldn't be realized because both left the organization for other government position. The researcher tried his most to get them but due to time constraint both were not available. Therefore, future study should be done with time series data and interview of managers so that more demanding result could be ensured. The analysis of the model showed that, availability of achievement, availability of recognition, availability of responsibility, availability of influence, availability of personal growth, and compensation package together can explain 40 percent of the variance in employee motivation. It suggests that there are other factors that the human resource department and researchers should consider when examining the effects of rewards on motivation in their future research. Future research could also examine the motivating factors by using moderating variables such as sex and age to see the specific relationships and relevance of the variables into demographic variables.

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Appendices

Appendix 1: Questionnaire

Effects of Financial and Non-Financial Rewards on Employees Motivation: A Case Study of Information Network Security Agency

Dear Sir/ Madam,

I am a student of Jimma University/ ABH campus and I conduct this research as partial fulfillment of my Master's Degree in Business Administration (MBA) program. The aim of this research is to see the **Effect of Financial and Non-Financial Rewards on Employee Motivation of INSA**. Your participation for this research is highly appreciated and your privacy will be kept in secret.

Thank you for your time and consideration!

Section A: Personal Profile

1. Your Age
 - a. Below 20 years[]
 - b. 21-30 years []
 - c. 31-40 years []
 - d. 41-50 years []
 - e. Over 50 years[]
2. Marital Status
 - a. Single[]
 - b. Married []
3. Your Gender
 - a. Male[]
 - b. Female[]
4. Educational Qualification
 - a. Diploma[]
 - b. Bachelor Degree[]
 - c. Master's Degree[]
 - d. Ph.D.[]
5. How Long Are You Working For INSA?

- a. Less than 2 years
- b. 2-4 years
- c. 5-7 years
- d. 8-10 years
- e. Over 10 years

6. In Which Job Families Have You Worked In This Agency? (Please mentioned below from oldest to latest)

.....

7. What is Your Current Job family?

Research Technology Development Engineering Solution

8. What is Your Current ICF level/ Position?

.....

Section B: Financial and Non-financial Rewards

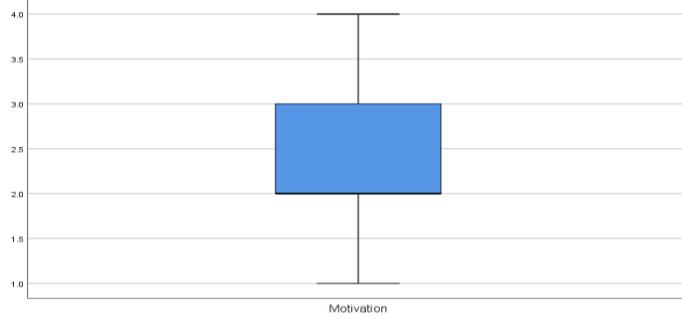
State whether you agree or not on the following statement. Please follow the guidelines given when you are answering the questions.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Availability of Achievement					
9. When I am doing a task, my intension is to attain goal					
10. I can achieve my targets successfully at any organizational conditions					
11. Managers always direct me to achieve my individual targets					
Availability of Recognition					
12. In any situation when I performed well, managers/superiors will appraise me immediately					
13. Management always encourage new ideas and suggestions					
14. My skills and abilities are recognized when making promotion decisions					
Availability of Responsibility					
15. I can participate in “setting goals” which are					

related to my job					
16. There are opportunities to use my all abilities in relation to do different job tasks					
17. I have freedom to take decisions (job task, its timing, and required resources) regarding my job					
Availability of Influence					
18. I feel free to give my ideas on important decisions making					
19. Company maintains a suggestion box to allow us to give our ideas					
Availability of personal Growth					
20. Usually I am able to acquire new skills and competencies by doing this job					
21. There is opportunity to improve my professional qualification from this job					
22. Management is engaging in delivering training programs to employees for induct them for the job					
Compensation Package					
23. My compensation is fair enough for the work I do and responsibilities I held					
24. My pay is competitive with the similar positions other companies pay					
25. Other than the basic salary I'm getting rewards based on my achievements					
26. My compensation package (basic salary, incentives, bonus and other financial benefits) is enough to fulfil my needs and wants					
Level of Motivation Achieved by Achievement					
27. I am satisfied with my ability to identify job related challenges					
28. I usually like to engage in innovative activities					
29. If the situation is rapidly changing I can keep good relationship with my superiors					
30. I always seek growth opportunities through my job					
Level of Motivation Achieved by Recognition					
31. I am satisfied that I can give my ideas for the betterment of the company					
32. I can be satisfied on the "sufficiency of appraisals" Which I received when I performed well					
33. I can be satisfied about the job because managers organize various activities to					

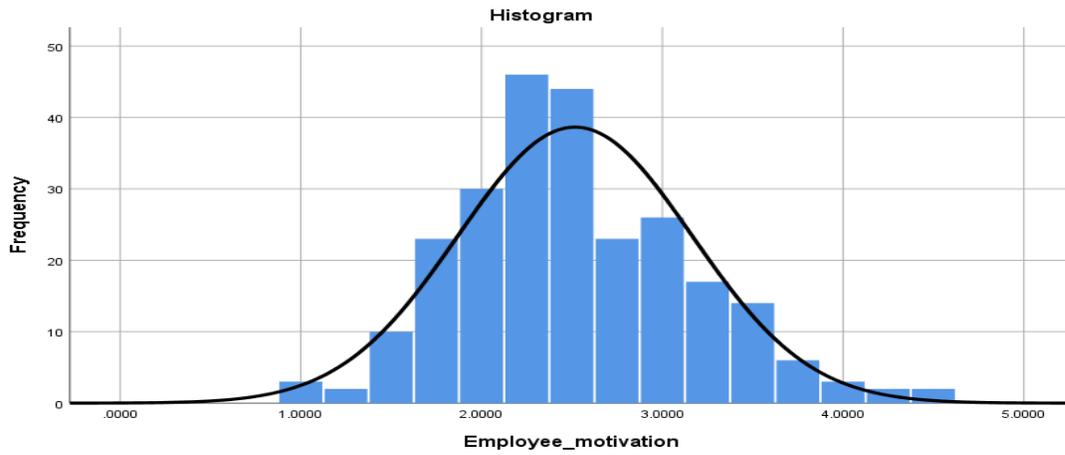
appreciate best performance of group or individuals. (E.g. Award ceremony, get together party)					
34. I can be satisfied with the way promotions are made					
Level of Motivation Achieved by Responsibility					
36. I can always satisfy with the opportunity to participate in setting my own goals					
37. I can satisfy with my job, because I can utilize my all abilities in an effective way.					
Level of Motivation Achieved by Influence					
38. I can satisfy with my positional power (authority)					
39. I can satisfy with my job, because managers/ superiors always accepted my suggestions and ideas					
Level of Motivation Achieved by Personal Growth					
40. I can satisfy with the training period which organization provides					
41. I can always satisfied with the training and development programs which I receive in different time with the aim of giving knowledge on new technological changes					
42. I am satisfied with this job because it has great opportunity to acquire new skills and abilities					
43. I am satisfied with the career advancement and career development opportunities of the company					
Level of Motivation Achieved by Financial Rewards					
44. Usually, I can earn fair rewards according to my real performance					
45. My Medical cost coverage fair and enough					
46. I am getting fair medical services from the hospitals the agency agreed					
47. I am satisfied with the transportation service I am getting form the agency					
48. I can be satisfied with the way promotions are made					

If you have any comment regarding employee motivation, please mention it.



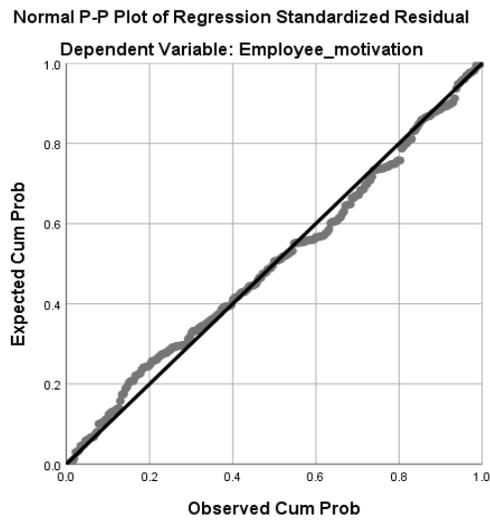
Source: Own Survey, 2020

Appendix 4A: Frequency Distribution



Source: Own Survey, 2020

Appendix 4B: Normal Probability Plot of Regression Residuals



Source: Own Survey, 2020

Appendix 5: Regression Residual

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	41.654	6	6.942	26.798	.000 ^b
	Residual	63.212	244	.259		
	Total	104.866	250			

a. Dependent Variable: Employee_motivation

b. Predictors: (Constant), Compensation_Package, Availability_of_Achievement, Availability_of_Personal_Growth, Availability_of_Influence, Availability_of_Recognition, Availability_of_Responsibility

Source: Own Survey, 2020

Appendix 6: Test of Error Independence/Error Autocorrelation

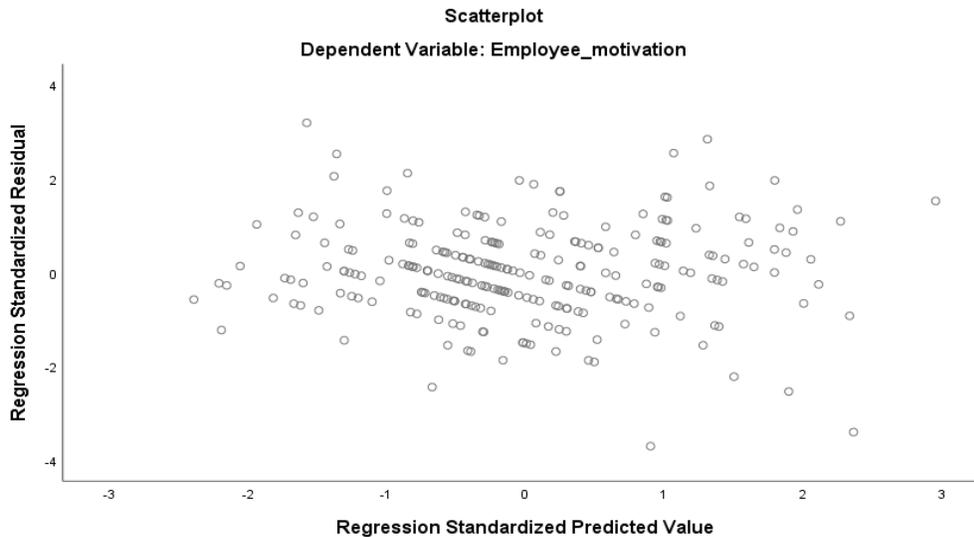
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.630 ^a	.397	.382	.5089834	1.939

a. Predictors: (Constant), Compensation_Package, Availability_of_Achievement, Availability_of_Personal_Growth, Availability_of_Influence, Availability_of_Recognition, Availability_of_Responsibility

b. Dependent Variable: Employee_motivation

Source: Own Survey, 2020

Appendix 7: A Scatter Plot of Residuals



Source: Own Survey, 2020