

***THE EFFECT OF COMPENSATION ON EMPLOYEE
MOTIVATION OF ADMINISTRATIVE STAFF
IN JIMMA UNIVERSITY***

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

BY ZELALEM TEMESGEN



**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MPM PROGRAM**

**DECEMBER 2020
JIMMA, ETHIOPIA**

THE EFFECT OF COMPENSATION ON EMPLOYEES

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UNDER THE GUIDANCE OF

Mr. TAYE AMOGNE

AND

Mr. FIREW MULATU



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Declaration

I hereby declare that this thesis entitles **The Effect of Compensation on Employee Motivation of Administrative Staff in Jimma University** has been carried out by me under the guidance and supervision of Taye Amogne (PhD Candidate) and Mr. Firew Mulatu

Researcher's Name

Date

Signature

Certificate

This is to certify that the thesis entitles **The Effect of Compensation on Employee Motivation of Administrative staff in Jimma University** submitted to Jimma University for the award of the Degree of Master of public Management (MPM) and is a record of confide research work carried out by Zelalem Temesgen under our guidance and supervision. Therefore, we hereby declare that no part of this thesis has been submitted to any other University or Institutions for the award of any degree or diploma.

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Approval Sheet
JIMMA UNIVERSITY GRADUATE STUDIES
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THE EFFECT OF COMPENSATION ON EMPLOYEE MOTIVATION IN
JIMMA UNIVERSITY

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Abstract

This study is aimed to investigate the effect of compensation on employee motivation of administrative staffs in Jimma University. The study adopted both descriptive and explanatory research design and a quantitative research approach. The Stratified random sampling technique was used. Both primary and secondary data sources were used. The number of total populations of target identified was 4067 and sample size taken was 350 with 85% rate of response. The data was analyzed using SPSS Version 25. Both descriptive and inferential analysis were under taken. The research finds out that financial and non-financial compensation have much importance to motivate employees. There is positive and statistically significant relationship between financial and non-financial compensation and employee motivation. Empowerment has insignificant correlation with employee motivation. Salary, bonus/incentive, infringe benefits, recognition and appreciation and promotion have positive significant effect on employee motivation in administrative staff of Jimma University. While working condition and empowerment have insignificant impact on employee motivation of administrative staff in Jimma University Based on the above findings a researcher concluded that financial and non-financial compensation practiced Jimma University to motivate employees of administrative staff is somewhat satisfactory. From the findings of the study a researcher recommended that as compensation must be valuable to the employees and should be based on realistic and reliable standards, the Jimma University management should consider that both financial and non-financial compensation are important for employee motivation and also give emphasis for both types of compensation to improve employees' motivation to the highest level.

Keywords: *Compensation, Administration, Employee motivation, Organization*

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Table of Contents

Contents	Pages
Declaration.....	I
Certificate.....	II
Approval Sheet.....	III
Abstract.....	IV
Acknowledgements.....	V
Table of Contents	VI
List of Tables	XI
List of Figures.....	XI
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background of the Study	1
1.2. Background of the Organization Under Study.....	3
1.3. Statement of the Problem.....	4
1.4. Objectives of the study.....	5
1.4.1. General Objective	5
1.4.2. Specific Objectives.....	5
1.5. The Research Questions.....	5
1.6. Scope of the Study.....	6
1.7. Significance of the Study	6
1.8. Limitations of the Study.....	6
1.9. Organization of the Study	6

CHAPTER TWO	7
REVIEW OF RELATED LITERATIURE.....	7
2.1. Theoretical Framework	7
2.1.1. The Concepts of Compensation and Compensation Administration.....	7
2.1.2. Types of Compensation.....	9
2.1.2.1. Financial Compensation	9
2.1. 2. 2. Non-Financial Compensation.....	12
2. 1. 3 Methods used To Determine Employee’s Compensation	13
2.2. Concepts of Motivation.....	14
2. 2.1. Theories of Motivation.....	15
2.2.2. Types of Motivation	18
2.3. The Effect of Compensation on Employee Motivation	19
2.4. Empirical Literature Review	21
2.5. Conceptual Framework	22
CHAPTER THREE	23
RESEARCH METHODS AND DESIGN.....	23
3.1. Research Design and Approach	23
3.2. Sampling Design	23
3.2.1. Target Population	23
3.2.2. Sampling Technique and Sample Size	24
3.3 Data Collection Tools and Procedures	25
3.3.1. Data Collection Procedures	25
3.3.2. Data Collection Tools.....	26
3.4. Data Analysis Methods	26
3.5. Variables and Measurements	26

3.6. Reliability and Validity	26
3.7. Ethical Consideration	27
CHAPTER FOUR.....	28
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	28
4.1.1. Demographic Description of the Respondents	28
4. 1. 2. Methods Used to Determine Employee’s Compensation.....	31
4.2. Correlation Analysis.....	34
4.3. Regression Assumptions Tests.....	36
4.3.1. Normality Test.....	36
4.3.2. Linearity Test.....	36
4.3.3. Multico-llinearity Test.....	38
4.4. Multiple Linear Regression Analysis.....	39
CHAPTER FIVE	43
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	43
5.1 Summary of Major Findings	43
4.2. Conclusions	45
5.3. Recommendations	46
5.4. Recommendation for Future Studies.....	46
References.....	47
Appendix.....	48

List of Tables

Table 3.1. Sampling procedure and sample size Calculation.....	25
Table 3.2. Reliability test result.....	27
Table 4.1. Demographic Characteristics of Respondents.....	29
Table 4.2. Descriptive Statistics of Methods Used to Determine Employee’s Compensation....	32
Table 4.3: The Mean and Standard Deviation of Financial Compensation.....	33
Table 4.4: The Mean and Standard Deviation of Non-Financial Compensation.....	33
Table 4 5: The Mean and Standard Deviation of Employee Motivation.....	34
Table 4.6. Pearson Product Moment Correlation.....	35
Table 4.7. Collinearity Statistics.....	39
Table 4.8. Model Summary.....	40
Table4.9. ANOVA.....	40
Table 4.10. Regression Coefficients	41

List of Figures

Figure 2.1. Conceptual Framework	Error! Bookmark not defined.
Figure 4.1. Histogram of Data Normality Test.....	36
Figure 4.2. P-P Plot Linearity Test.....	37
Figure 4.3. Scatterplot of Employee Motivation.....	38

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Currently, technology is growing rapidly in the past decades, it brings huge impact on every sector including human resource, and however the contribution of human resource is very important for an organization. According to Armstrong (2006) People are the organization's key resource and organizational performance largely depends on them. The achievement or failure of an organization is mainly depending on the quality of the people who work there. Without positive and creative contributions from people, organizations cannot progress and grow.

In order to get maximum productivity from the employee the organization must motivate them by providing different types of rewards. Armstrong and Murlis (2003) stated organization must reward employee because in return, they are looking from certain kind of behavior they need competent individuals who agree to contribute high level of performance and loyalty. Motivating employees with reward is one of the essential elements to contribute the best in their organization. Došenović (2016) reward is one of the most important elements of modern organization, since it is the main driving force that compensates, motivates employees for their work.

Compensation processes are based on Compensation Philosophies and strategies and contain arrangement in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain appropriate types and levels of pay, benefits and other forms of compensation (Bob, 2011). This constitutes measuring job values, designing and maintaining pay structures, paying for performance, competence and skill, and providing employee benefits. However, compensation administration is not just about money. It is also concerned with that non- financial compensation which provides intrinsic or extrinsic motivation for employees to improve in their performance (Bob, 2011).

Compensation implies having a compensation structure in which the employees who perform better are rewarded much more than the average performing employees (Pearce, 2010). DeNisi and Griffins (2008) defines compensation as the set of rewards that organizations provide to individuals in return for their willingness to perform various jobs and tasks within the organization.

Compensation Administration is concerned with the formulation and implementation of strategies and Policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization (Armstrong, 2005). The task in compensation administration is to develop policies and procedures that will attain maximum return on Naira spent in the terms of attracting, satisfying, retaining and perhaps motivating employees (Anyebe, 2003).

Over time it has been a case in some organizations that their employees are under-remunerated or that some organizations do not have good compensation administration programs. This could be that employee promotion does not come in time, or that their pay packages are not commensurate to the work they have done for the organization (Fein, 2010). At times, this could be a deliberate act by management in order to frustrate the employees or that the management lacks the required managerial capabilities to effectively administer a compensation administration program (Dyer & Schwab 2004). Gone are those days when such issues can be condoned or accepted by the employees, and therefore there is a need to tackle the problem headlong so that employees can bring out their best in terms of performance in order to boost their productivity.

Compensation is one of the key drivers of motivation because humans are naturally inclined to perform better when they perceive that they will get sufficient payment or returns from their efforts. While people exert effort for different reasons, today's competitive economic environment coupled with the consumer society has made compensation arguably the most important motivation factor. Most people are motivated by money at least for their basic needs and wants. Compensation in any form is the most obvious extrinsic reward; it provides the carrot that most people want (Armstrong, 2008).

1.2. Background of the Organization Under Study

Jimma University is a public research university located in Jimma, Ethiopia. It is recognized as the leading national university, as ranked first by the FMOE for four successive years (2009 - 2012). The establishment of Jimma University dates back to 1952 when Jimma college of Agriculture was founded. The university got its current name in December 1999 following the amalgamation of Jimma College of Agriculture (founded in 1952) and Jimma Institute of Health Sciences (founded in 1983). The university campus is located in the city of Jimma, situated around 352 kilometers southwest of Addis Ababa. Its grounds cover some 167 hectares. JU is Ethiopia's first innovative community-oriented educational institution of higher learning, with teaching centers for health care students in Jimma, Omo Nada, Shebe, Agaro, and Asendabo. JU is a pioneer in Public health training. It has academic and scientific collaboration with numerous national and international partners. JU also publishes the biannual *Ethiopian Journal of Health Sciences*, and launched the *Jimma University Journal of Law* in October 2007.

Jimma University is one of the largest and comprehensive public research universities in Africa. The University has more than 4,000 faculty and staff members. It also has twelve research facilities, a modern hospital, a community school, a community radio station (FM 102.0), an ICT center, libraries and revenue generating enterprises. The university is operating on four campuses and it is on the phase of establishing its fifth campus at Agaro. Currently, the university educates more than 43,000 students in 56 undergraduate and 103 postgraduate programs in regular, summer and distance education with more enrollments in the years to come. The university has many national and international linkages and collaborations in the area of research, education and community service. Its innovative educational philosophy, staff commitment and motivation and availability of better research facility have helped the University. Jimma University is highly committed to pioneering concepts, as reflected in its motto, the university was initially founded based on the concept of Community-Based Education (CBE). Throughout its history, the university has been committed to this scheme, and almost all of the academic curriculum is based on CBE programs. Jimma University is the first university in Africa that has established an exclusive office under the President's office to supervise all innovative programs across the university([https://en.wikipedia.org/wiki/Jimma,University](https://en.wikipedia.org/wiki/Jimma_University))

1.3. Statement of the Problem

As employees are the main resource for any organization and these rewards directly have an impact on them. Motivation is an intangible and subjective term while reward systems are objective and clearly well-defined and attempting to relate one subjective concept to an objective one is a daunting task. While compensation is arguably one of the key drivers of motivation and one of the most studied areas, doubts have been cast by Herzberg et al. (1957) and Armstrong (2008) on the effectiveness of compensation. They argued that, while lack of it causes dissatisfaction, its provision does not result in lasting motivation. Compensation is usually narrowed to cash and as a result, employers only have a tunneled vision when it comes to the issues of compensation for their employees. Other aspects of compensation which makes up the total compensation package for the employee are not given much attention. Employees themselves fail to recognize the fact that their compensation is a package and not only related to cash.

The byproduct of the above understanding of compensation is that it is poorly managed and most of the time performance is affected adversely. Therefore, the problem the researcher intends to investigate into is to understand what contributes to total compensation and how it can be better managed and linked to employee motivation in Jimma University Administrative staff.

The previous studies were conducted in this study area regarding the effect of compensation on academic staff motivation. This study was conducted to fill the gap by investigating the effect of compensation on employee motivation of administrative staff of Jimma University main campus.

The administrative staff of Jimma University is larger than academic staff and majority of them are poorly paid. For instance, this study tried to assess the real level of motivation existing in this organization on the side of administrative staff (Jimma University Budget and Plan Office, 2020).

Additionally, studies were conducted on similar topic on this organization few years ago. A researcher tried to update the previous studies by assessing the current situation in the study area by widening elements of variables in the study. Therefore, this study attempted to fill this gap by bringing to light and giving a clearer understanding of the influence of compensation on motivation of administrative staff in Jimma University.

1.4. Objectives of the study

1.4.1. General Objective

The general objective of this study was to investigate the effect of compensation on employee motivation of administrative staffs in Jimma University.

1.4.2. Specific Objectives

Specifically, this study was conducted;

- To assess the factors that affect employee compensation of administrative staff in Jimma University
- To determine the relationship between financial compensation and employee motivation of administrative staff in Jimma University.
- To examine the non-financial compensation exists and level of employee's motivation of administrative staff in Jimma University.
- To explore how financial and non-financial compensation, increase employee motivation of administrative staff in Jimma University.
- To identify the effect of the financial & non- financial compensation on employee motivation administrative staff in at Jimma University

1.5. The Research Questions

This study was tried to answer the following questions:

1. What are the factors that affect employee compensations of administrative staff in Jimma University?
2. What is the relationship between financial compensation and employee motivation of administrative staff employees in Jimma University?
3. What type of no-n financial compensation exists and level of employee's motivation of administrative staff in Jimma University?
4. How financial and non-financial compensation increase employee motivation of administrative staff in Jimma University?
5. What is the effect of financial & non- financial compensation on employee motivation administrative staff in Jimma University?

1.6. Scope of the Study

This study was delimited to the effect of compensation both financial and non-financial compensation on employee motivation in Jimma University. The study was conducted only on administrative staff motivation limited to administrative staff due to a large number of employees as permanent and contract bases to investigate a situation under consideration deeply. The study was examining the employees of administrative staff of Jimma University main campus who are employed on a permanent basis.

1.7. Significance of the Study

This study is primarily significant to provide insight into the effect of compensation on employees' motivation in Jimma University. The outcome of the study will also serve as a knowledge base for a comprehensive look into the lapses in the management of compensation in Jimma University and by extension other similarly structured institutions. The findings of this study also serve as a reference source for further research into the field of compensation and employee motivation by future researchers.

1.8. Limitations of the Study

This study is limited to investigate the effect of compensation on employee motivation of administrative staff in Jimma University main campus. It also limited to some of financial and non-financial compensation. Similarly, this study was limited in information as required data were not collected due to COVID-19, the global pandemic that caused unavailability of the focal persons.

1.9. Organization of the Study

This Study was organized in to five parts. The first part is introduction. Chapter two deals with a review of related literature. The third discussed a research methods and design. Chapter four is about data presentation analysis and interpretation. In chapter five a summary of major findings, conclusion and recommendation are provided

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter reviewed the critical literature of current knowledge including substantive findings, theoretical and methodological contributions to the area of employee's compensation and its effect on employee's motivation. The review addressed employee's compensation, to establish the extent to which financial payments and non-financial affect employee's motivation and finally to establish the extent to which benefits affect employee's motivation.

2.1. Theoretical Framework

Compensation is important to employees as individuals because the amount of compensation reflects the size of their work among the employees themselves, their families and society. Compensation is often also called an award and can be defined as any form of reward given to employees as a reward for the contribution they give to the organization. Compensation systems play a significant role in promoting organizations' strategic goals (Malkovich,1988).

2.1.1. The Concepts of Compensation and Compensation Administration

The Journal of Global Business and Economics (2010) also defines compensation as "the combination of all cash incentives and the infringe benefits mix that an employee received from a company which constitutes an individual's total compensation". (Chabra,2001) refers to Compensation as a wide range of financial and non-financial rewards given to employees in exchange for their services rendered to the organization. According to him, it is paid in the form of wages, salaries and employee benefits such as paid vacations, insurance, maternity leave, free traveling facility, retirement benefits, etc. He indicated that the term 'wage' is used to denote remuneration to workers doing manual or physical work. Thus, wages are given to compensate the unskilled workers for their services rendered to the organization. Wages may be based on hourly, daily, weekly or even monthly bases.

According to DeNisi and Griffin (2001) compensation is a reward system that a company provide to individuals in return for their willingness to perform various jobs and tasks within organizations. They further stated that relevant and commensurate rewards need to be provided

to the employees so that they feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are met.

Compensation administration as the name suggests, implies having a compensation structure in which the employees who perform better are paid more than the average performing employees (Hewitt, 2009). This encourages top-performers to work harder and helps to build a competitive atmosphere in the organization.

Armstrong and Brown (2005) postulate that compensation administration is an integral part of HRM approach to managing people and as such it supports the achievement of business objectives and it is strategic in the sense that it addresses long term issues relating to how people should be valued for what they want to achieve; It is therefore integrated with other HRM functions, especially those concerned with human resources development. Compensation administration is a segment of administration or human resource administration focusing on planning, organizing, and controlling the direct and indirect payments employees receive for the work they perform (Ezeh,2014). Compensation includes direct forms such as base, merit, and incentive pay and indirect forms such as vacation pay, deferred payment, and health insurance.

Whether an organization uses job-based or skill-based compensation plan, the main aim of the plan is to enable the organization achieve its strategic objectives (Gomez et al, 2012) and attract, motivate and retain competent employees (Decenzo et al, 2007). It is for these reasons that the plan is developed to fit the organizations unique characteristic and environment. According to Gomez et al. (2012), the key factors to be considered when determining compensation plan in any organization are; - Internal versus external equity. This refers to the perception of the plan to be fair within the company and relative to what other employers are paying, flexibility of the pay; whether the pay is fixed or variable, employee performance consideration in the plan; whether the plan pays for performance or for membership, value placed on the job versus individual skill, employee differentiation; whether all employee are treated the same (Egalitarianism) or treated differently (Elitism), motivation method; whether the plan motivates with monetary or non-monetary awards, employee compensation information accessibility to employees and finally the decision making process in the organization whether it is centralized or decentralized.

Compensation costs represent significant expenditures in most organizations. Although actual compensation costs can be easily calculated the value derived by employers and employees prove more difficult to identify. To administer these expenditures wisely, human resource Specialists and other managers must work together. Typically, division of human resource responsibilities compensation can be implemented through human resource unit are develop and administers the compensation system, conduct job evaluation and wage survey, develop swage salary structures and policies. Managers attempt to match performance and rewards recommended pay rates and increase based on guidelines from human resource unit evaluate employee performance for compensation purposes (Mathis and John H. Jackson, 2004)

2.1.2. Types of Compensation

Compensation can be financial or non-financial. Financial compensation is a direct compensation consists of the pay an employee receives in the forms of wages, salaries, bonus or commission. Indirect financial compensation or benefit consisting of all financial rewards those are not included in direct financial compensations. The financial benefits include pay for time not worked for (for example sick leave, vacation, and maternity leave), insurance benefits (for example job –related accidents and illness benefits), retirement benefits (for example pensions, profit sharing plans) and compensation or payment for services rendered (Dessler, 2008).

The non-financial benefits may include employee service benefits (for example counseling, subsidized childcare, transport, meals etc.) and recognition for good performance. Employee compensation (benefits) can be mandatory and non-mandatory Mandatory benefits are those required by law for example pensions and workers' compensation. Non-mandatory benefits include tuition refund, various discounts.

2.1.2.1. Financial Compensation

Salary

There are many factors of pay (Millvier and new man, 2005) research perform that may be form of individually and may be form of multiple performance pay plan different qualities can consider the efficient of degree to perform merit pay to performance, bonus long incentives first of all merit pay is form of reward and individual function of their individual's performance and

rating. The pay plan is most common by employee performance appraisal and a number of recent surveys 80 to 90 percent organizations use merit pay.

Bonuses pay is monetary reward gives to employee in addition to their fix compensation (Millovian & new man 2005). This pay plan in base on individual performance but bonuses do pay and they're not performance (Suman & shout, 2000). Performance related pays directly impact on the workers' productivity creating the output through pay and workers has more able to give pay structure according to the performance (sheer, 2004). The role of employee performance linking to bounces to improve the productivity (Banded re et al, 2007).

Incentives /Bonus/

No one works for free, nor should they. While pursuing money based on negative motives can lead to a poorer psychological well-being, this is not the same as pursuing money to provide security and comfort for oneself and family. Obviously, employees want to earn fair wages and salaries, and employers want their workers to feel that is what they are getting. To that end, it is logical that employees and employers alike view money as the fundamental incentive for satisfactory job performance. The use of monetary or other financial incentives in the classic work performance paradigm is based primarily on reinforcement theory (Hoerr,2000). Reinforcement theory, they explained, focuses on the relationship between a target behavior (work performance) and its consequences (pay). This is premised on the principles and techniques of organizational behavior modification. Organizational behavior modification is a framework within which employee behaviors are identified, measured and analyzed in terms of their functional consequences (existing reinforcements) and where an intervention is developed using principles of reinforcement.

In a much-publicized study, held (2001) analyzed thirty-nine studies conducted over four decades and found that cold-hard cash motivates workers whether their jobs are exciting or mundane, in labs and real-world settings alike. However, Held, (2001) acknowledges that money is not the only thing that concerns employees. He noted that beyond a certain point higher salary will make employees happier, but it will not "buy" better performance. In another study Diener (2002) warned that employers who dole out small merit raises, less than 7% of base pay, may do more harm than good. According to her, small raises can actually be dysfunctional in terms of motivation because employees become irritated that their hard work yielded so little. As a result,

she advises employers who must give small raises to be careful about linking them to results and to be scrupulous about being fair.

Infringe Benefits

Nelson and Spitzer (2003) also gave the following list of items as the prime non-financial motivators which if more are present the more the employees are motivated. These are action, fun, variety, input, stake sharing, choice, responsibility, leadership opportunity, social interaction, teamwork, using strength, learning, error tolerance, measurement, goals, improvement, challenges, encouragement, appreciation and significance. Robert (1999) in his hand book, *“Dealing with People”* concurs with Nelson & Spitzer’s list.

Expounding on the motivators, Nelson and Spitzer, (2003), and Robert Heller (1999) explained action as being actively engaged in productive work while fun is a work environment that includes enjoyable activities not just hard work. Input on the other hand represents feeling that one’s opinion matters while stake sharing is the feeling of ownership in the organization. Choice is about being empowered to make discretionary decisions while responsibility is taking a role in whole task rather than piecework. A leadership opportunity is a chance to manage a team, meeting or event. Social interaction is the freedom to interact with others freely while team work is about being a member of a productive team. Using strength is being encouraged to do the things that one does well and learning is enhancing one capability. Error tolerance is being allowed to fail without punishment and being helped to learn from experience.

Measurement is being encouraged to keep one’s own score rather than being micromanaged while goals is being encouraged to set one’s targets rather than having them imposed by others. Improvement is being in an environment that enables people to become little better every day while challenge is about giving appropriately difficult tasks that cause one to stretch without feeling anxious. Encouragement is being in an environment which others believe in people while appreciation is about receiving acknowledgment of contributions and lastly significance is feeling part of a mission that matters

2.1. 2. 2. Non-Financial Compensation

Recognition

Recognition means acknowledging someone before their peers for specific accomplishments achieved, actions taken or attitudes exemplified through their behavior. Recognition and appreciation can also be combined as an approach to reward system in the form of a public statement of thanks in front of the employees, co-workers or team citing specific examples of what they've done that has positively impacted the organization. Jeffries, (1997) stated that organization should retain their best employees by recognizing their contributions to the organization. She argues that recognition motivates employees as it involves the acknowledgement of the efforts, creativity and willingness of employees to put extra effort. According to Curran (2004) acknowledging employee's efforts more personally, more locally and more frequently through recognition can lift employee motivation and improve overall organizations morale. Private and public recognition are two of the most commonly used forms of recognition.

Private recognition refers to a quiet thank you or a pat on the back while public recognition is more formal. It inspires loyalty and commitment as well as encouraging better standards of performance (Syedain, 1995). Public recognition is an important part of the reward as the performance of the individual affects more than just one employee stating publicly why the person receives recognition and how it links to the organization goals can acts a motivator to other employees (Wiscombe, 2002). High performance organizations have always understood the importance of offering awards and incentives that recognize, validate and value outstanding work. Recognition programmers have the purpose of keeping employees motivated and productive and are seen to be effective methods of reinforcing company expectations and goals. Recognition and appreciation are integral Components of winning reward strategy. These two elements rarely receive the attention they deserve from business owners Wiscombe (2002).

Working Conditions

Working conditions is about providing healthy, safe and so far, as practicable pleasant working environment for employees and this environment are where employee feels that they have reasons for doing work and get pleasure from doing their job. Armstrong (2006) & Yousaf et al.

(2014). This includes the relationships with colleagues, working hours, work load, availability of resources and the like.

Promotion

Promotion programs are mostly joined with reward programs they retain a different purpose altogether. Promotion programs are generally not monetary in nature though they may have a cost to the company. William (2016) every employee has a dream of social recognition and accomplishment to achieve. As a result, promotion fulfils the desire for achieving distinction and craving social approval. Promotion helps satisfying employees need for security, belonging and personal growth and individuals often feel that they have not been treated fairly if they so long without promotion.

Empowerment

Employee participation in decision making improves effectiveness and innovation and at the same time it enhances employee motivation and trust in the organization. An equal opportunity of participation in decision making can be effective in giving employees a sense of pride and ownership. When the employees are empowered to take action, it gives them the ownership of their job. The empowerment helps them to take responsibility of their job and impact of their performance on the organization Yousaf et al. (2014). The human resource practices that focus on employee decision making, power, access to information and plays important role in motivating employee. William (2016)

2. 1. 3 Methods used to Determine Employee's Compensation

According to Gomez et al. (2012), employee's compensation is the single most important cost in most firms, in some manufacturing organizations it accounts for 60% of the total cost. However, this is even higher in some service organizations and this means that the effectiveness with which compensation is allocated can make a significant difference in gaining or losing the competitive edge. The same is echoed by Dessler (2008) who says that developing a good employee compensation plan is important for any organization and its employees. He continues to say that improperly developed compensation plan may result to a wage rate that is too high hence unnecessary expenses; while paying less may guarantee inferior employee quality and high employee turnover. At the same time internally inequitable wage rates reduce employee morale and cause endless complains from the employees.

The most important aspect of any compensation plan is the relationship that exists between performance and reward (Nelson and Spitzer, 2003). For that reason, administration of compensation in any organization involves designing a cost-effective pay structure that will attract, motivate and retain competitive employees (Decenzo et al, 2007). Armstrong (2008) also notes that one of the aims of reward management is to motivate people and obtain their commitment and engagement. According to Dessler (2008) there are several factors that affect the design of any compensation plan, these include, legal considerations, union influences, company policies and competitive strategic objective and lastly internal and external equity .To fully understand how any organizations, determine its employee compensation plan one need to look at how employee compensation plans are categorized, the factors used to determine the compensation plans and the process of developing the compensation plans.

2.2. Concepts of Motivation

Motivation is a powerful force that a person attempts to attain specific goal and it is a source of innovation and being productive in an organization. Motivation is defined as the complex of forces that inspires a person at work in an organization to intensify his desire and willingness to use his potentialities for achievement of organizational objectives and it is an action that impels or urges an individual to assume an attitude generally favorable towards his work leading him to perform satisfactorily. Singh (2005) whereas Armstrong (2009) defines a motive is a reason for doing something. Motivation is concerned with the strength and direction of behavior and the factors that influence people to behave in certain ways. The term ‘motivation’ can refer variously to the goal’s individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behavior.

Motivation concerns the study of urges, drives, impulses, preferences, aspirations etc. of people at work, who, if satisfied, tend to promote and maintain high moral. Motivating worker to create a need and desire on the part of a worker to better his present performance. Singh, N. (2005), A manager who leads through motivation creates a condition under which other people feel continually inspired to work hard and perform to the best of their abilities, and it is simply highly motivated person works hard at the job and unmotivated person does not. Schermerhorn (2011). Depending on the individual what motivates employee varies Sleimi and Davut (2015) employees have a different perception of reward, some of them prefer to have intrinsic rewards

and others prefer extrinsic rewards. Motivation at work can take place in two ways. First, people can motivate themselves by seeking, finding and carrying out work (or being given work) that satisfies their needs or at least lead them to expect that their goals will be achieved. Secondly people can be motivated by management through each method as pay, promotion, praises etc. Armstrong (2006).

Beardwell and Claydon (2007) proposed that motivation, in the context of work, is a psychological process that results from the interaction between an employee and the work environment and it is characterized by a certain level of willingness. The employees are willing to increase their work effort in order to obtain a specific need or desire that they hold. According to Smith (2015) motivation is “the process that accounts for an individual’s intensity, direction, and persistence of effort toward attaining a goal”. Intensity is related to the drive or energy behind individual action and effort. Direction refers to how efforts are correctly channeled into the direction that will benefit the organization and persistence deals with how long an individual can maintain efforts to achieve goals. Motivation theory tries to explain why people at work behave the way they do in terms of their efforts and strive for achievement.

2.2.1. Theories of Motivation

A central aspect for all organizations is to motivate their employees. From an organizational perspective, the motivation is important due to the fact that it can empower high-performing employees to stay within the organization. Additionally, the employees can through a higher degree of motivation develop their overall skills in their specific job task and be more engaged to perform at a higher level (Alvesson & Sveningsson, 2008).

2.2.1.1. Maslow’s Hierarchy of Need Theory

The needs of human beings are arranged in a hierarchy based on their importance. The hierarchy has five levels from the lowest physiological need, safety needs, social needs; esteem needs and to the highest need of self-actualization and each preceding need has to be met in order to reach self-actualization.

Maslow's theory of motivation believes that humans are always in need. Whenever attain some goals, he/she is motivated to go to the next step or hierarchy. Maslow’s theory of motivation states that when a lower need is satisfied, the next highest becomes dominant and the

individual's attention is turned to satisfying this higher need Armstrong (2006). There are five hierarchies of basic needs as of Maslow. These are;

Physiological Needs

According to Dubrin (2007) these are basic bodily needs such as the need for water, air, food, rest and sleep. Once meet, the second level of needs emerges. Managers might satisfy physiological needs by providing enough pay to an employee to survive and working conditions that permit a healthy environment.

Safety Needs

These are needs relating to obtaining a secure environment without threats to well-being. These include needs for security and freedom from environmental threat. Many employees who work at dangerous jobs, such as loggers and miners, would be motivated by the chance to have safer working conditions. After a person feels safe and secure, the third level of needs emerge (Ibid).

Social and Love Needs

Needs at this level include belonging to a group, affiliating with people, giving and receiving love. Managers contribute to the satisfaction of social needs by promoting team work and encouraging social attraction in matters concerning work problems. (Ibid).

Esteem Needs

Needs include self-respect based on genuine achievement, respect from others, prestige, recognition and appreciation. Occupations with high status satisfy esteem needs. Managers can satisfy the esteem needs of employees by praising their work and giving them the opportunity for recognition. After reasonable satisfaction of esteem needs, most people will strive to achieve more of their potential through self-actualization. (Ibid).

Self-Actualization Needs

The top of the hierarchy are needs for self-fulfillment and personal development and the need to grow to one's fullest potential. Self-actualized people are those who have become what they are capable of becoming. Managers can help employees move toward self-actualization by giving them challenging assignments, including the chance to do creative work. (ibid)

2.2.1.2. Herzberg's Two-Factor Theory

A well-cited motivation theory is Herzberg's two-factor theory. This theory argues that employees have two different factors, which are named, satisfiers and dissatisfies. The dissatisfies can only provide that the employees within the organization are not dissatisfied, and

the satisfiers are therefore the factors that could increase employees' motivation. The dissatisfiers can for example be high salary or bonuses that employees are working in. These are factors that need to be fulfilled so that employees do not feel uncomfortable. However, these factors cannot generate satisfaction for the employee.

The satisfiers on the other hand, which for example could be personal development, greater responsibility and the work tasks itself, can satisfy the employees. (Alvesson & Sveningsson, 2008)

According to Herzberg, specific emphasis should be put on tasks that the employees associate with the job task, or the results from these tasks. The organization should to a greater extent put effort on personal development and recognition for a well-done work or through the use of promotion, which are more intrinsic motivational aspect that to a greater extent should be emphasized on. (Robbins et al, 2010)

2.2.1. 3. Goal-Setting Theory

Latham and Locke (1979) argue that setting goals are a fundamental aspect in achieving motivational effectiveness. In addition, the authors emphasize that those goals, which are unrealistic and arbitrary, could become a demotivating aspect for the organization's employees. According to their analysis, goals that are designed to a slightly difficult approach are the ones that to a greater extent are motivating the employees to greater productivity. On the other hand, goals that are too hard to achieve or too easy to reach is resulting in a less productive action by the employees.

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

control their own time to reach the goal increase their effort in the task. Finally, the authors describe that goals are encouraging employees to use their overall knowledge and expertise to solve the task.

2.2.2. Types of Motivation

There are two types of motivation as originally identified by Herzberg et.al. (1957).

2.2. 2. 1. Intrinsic motivation

Intrinsic motivation is carrying out of an activity that satisfies internally rather than for some other exterior goals. Armstrong (2006) define intrinsic motivation is self-generated factors that influence people to behave in a particular way or to move in a particular direction. These factors include responsibility feeling that the work is important and having control over one's own resources, autonomy (freedom to act), scope to use and develop skills and abilities, interesting and challenging work and opportunities for advancement. According to Dubrin (2007) the intrinsically motivated person has energy and passion for the task. The person will be the most creative when he/she is motivated primarily by the satisfaction and challenges of the work itself.

According to Armstrong (2006) the intrinsic motivators are concerned with the 'quality of working life' are likely to have a deeper and long-term effect because they are inherent in individuals and not imposed from outside. Sleimi & (2015) usually, presence of this type of motivation has a special affirmative effects one employees, it enhances employees concerning about their work, make them trying to do their duties at the best ways, and it increase employee's willingness and adherence toward their jobs

2.2. 2.2. Extrinsic Motivation

Extrinsic motivation is what it is done to or for people to motivate them. This includes rewards such as increased pay, praise, or promotion and punishment, such as disciplinary action withholding or criticism Armstrong (2006). They are often determined at the organizational level and may be largely outside the control of the individual managers Joseph (2015). Extrinsic motivation is related to doing something for economic outcome Sleimi & Davut (2015). Extrinsic motivation can have an immediate and powerful effect, but it will not necessarily last long.

2.3. The Effect of Compensation on Employee Motivation

There are several factors that have been identified as influencing employees. Compensation is one of the major factors that take the lion share for influencing employees in the compensation process. Effect of compensation on employees 'motivation will be very strong in some organizations Stajkoric, (2006). Mohr man, (1996) Stated that good compensation for employees will be able to stimulate the emergence of fresh ideas and employees' innovation. With so many ideas from employees, it would be very useful for the company. In a similar study, he found that the existence of good compensation of employees will make the health of employees also good. With the maintenance of health, the employee will get maximum performance opportunities.

The number of working hours or employee present hours is able to obtain a maximum work performance. As a result, the planning process can be obtained with good motivation. They also noted that low compensation toward employees will trigger the employee to try to get their own business or side job. With the side business, it will disrupt the quality of employees' work and concentration. Low concentrations of certain employees have a negative impact on quality and quality of motivation of goods in the company. From these facts, it is clear that the influence of compensation on employee motivation is very strong. If it given more reasonable compensation to employees, the higher the productivity of employees. Conversely, if it given lower compensation for employees, the lower the productivity of the employee Stajkoric, (2006).

Employees today are not willing to work only for the cash alone, they expect 'extra'. This extra is known as employee benefits. Also known as fringe benefits, Employee benefits are non-financial form of compensation offered in addition to cash salary to enrich workers' lives. Employee benefits as a whole have no direct effect on employee performance, however, inadequate benefits do contribute to low satisfaction level and increase absenteeism and turnover in employees (De Cenzo and Robbins, 2007). So, you would have to carefully design your benefit package. Your package may include a cell phone to each worker, taking them to a training workshop or seminar, giving them a day or two off every month and so on. While deciding on the benefits package, do consider the associated costs. A well-designed compensation and benefits plan help to attract, motivate and retain talent in an organization. A well-designed compensation & benefits plan will benefit a firm or business/employee in the following ways; job satisfaction, motivation, low absenteeism and. etc.

Job satisfaction

Employees would be happy with their jobs and would love to work for such an organization if they get fair compensations in exchange of their services.

Motivation

We all have different kinds of needs. Some of us want money so employees work for the company which gives them higher pay. Some value achievement more than money, they would associate themselves with firms which offer greater chances of promotion, learning and development. A compensation plans that hits workers' needs is more likely to motivate them to act in the desired way.

Low Absenteeism

When worker's compensations are adequately managed, employees will have the zeal and enthusiasm to be regular at work instead of wasting time at home. Although some tend to stay idle at work place also, but when they are treated well, they will offer value for it.

Low Turnover

Employees will not be willing to work for any other organization as long as they are treated well and get their compensations at the right time and measure. So, there will be a low rate of employee turnover.

The benefits of a good compensation package to employees are as identified:

Peace of Mind

your offering of several types of insurances to your workers relieves them from certain fears. Your workers as a result now work with relaxed mind.

Increase in self-confidence

Every human being wants his/her efforts to get acknowledgment. Employees gain more and more confidence in them and in their abilities if they receive just compensations. As a result, their performance level shoots up. Simply put, the elements of a total compensations program constitute all the things a business uses to attract employees, including salary, bonuses, incentive pay, benefits and employee growth Opportunities such as professional development and additional training. This system provides a number of advantages to companies, particularly small businesses in which business owners and managers must foster positive personal relationships with employees

2.4. Empirical Literature Reviews

Aktar, Sachu and Ali (2012) examined the effect of compensation, learning opportunities, challenging work and career advancement. Extrinsic rewards (basic salary and performance bonus) on employee performance in twelve commercial banks of Bangladesh. The study found that each factor which within both extrinsic and intrinsic rewards was highly significant factor which affect employee performance. In contrast the study conducted by Yasmeen, Farooq and Asghar (2013) on the impact of rewards on organizational performance in Pakistan revealed that there exists insignificant and weak relationship between salary, bonus and organizational performance. However, it found that there exists moderate to strong relationship between promotion and organizational performance.

Research by Eastman (2009) consistently found that intrinsic motivation is conducive to producing creative work, while extrinsic motivation is unfavorable to producing creative work. Gagne (2009) suggested a new model of knowledge-sharing motivation which provides suggestion for design five important human resource management (HRM) practices including staffing job design, performance and compensation system, managerial styles and training. Ali and Ahmed (2009) confirmed that there is statistically significant relationship between reward and recognition respectively; also, motivation and satisfaction. Their study revealed that if rewards or recognition offered to employees were to be altered, then there would be a corresponding change in work motivation and satisfaction. Differences in institutional arrangements contribute to the feasibility and effectiveness of various monetary incentives, as do differences in employees' preferences for specific incentives McCollun, (2003). By this, companies are wise to study these issues before implementing changes to existing incentive plans.

This is especially pertinent for service organizations, where financial reinforcement tends to produce a stronger effect on task performance than non-financial rewards used alone Diener, (2002). To them, even stronger results are seen with a composite approach. In a similar study by Henema, (2003), one meta-analysis of 72 field studies found that monetary incentives improved task performance by 23%, social recognition improved task performance by 17% and feedback elicited a 10% improvement. Simultaneously combining all three types of reinforcements

improved performance by 45%. Henema, (2003) however, suggested that group incentive systems are consistently effective in private sector settings. In general, the effectiveness of compensation is dependent on the characteristics of the reward system, the organization, the team and the individual team members he observed.

2.5. Conceptual Framework

A conceptual framework refers to the extent a researcher conceptualizes to be the relationship between contextual variables in the study and shows the relationship graphically or diagrammatically Mugenda & Mugenda, (2003). The relationship describes the association between the independent variables and the dependent variables. Since the study focus on the effects of compensation on employee motivation, different financial and non-financial compensation are considered and this financial and non-financial compensation are taken as independent variable. Within financial compensation salary, bones/incentives and infringe benefits are included and, the non- financial compensation variable are recognition /appreciation, working condition, promotion and empowerment and employees’ motivation is considered as dependent variable for this research. These independent and dependent variables are shown in the following conceptual framework.

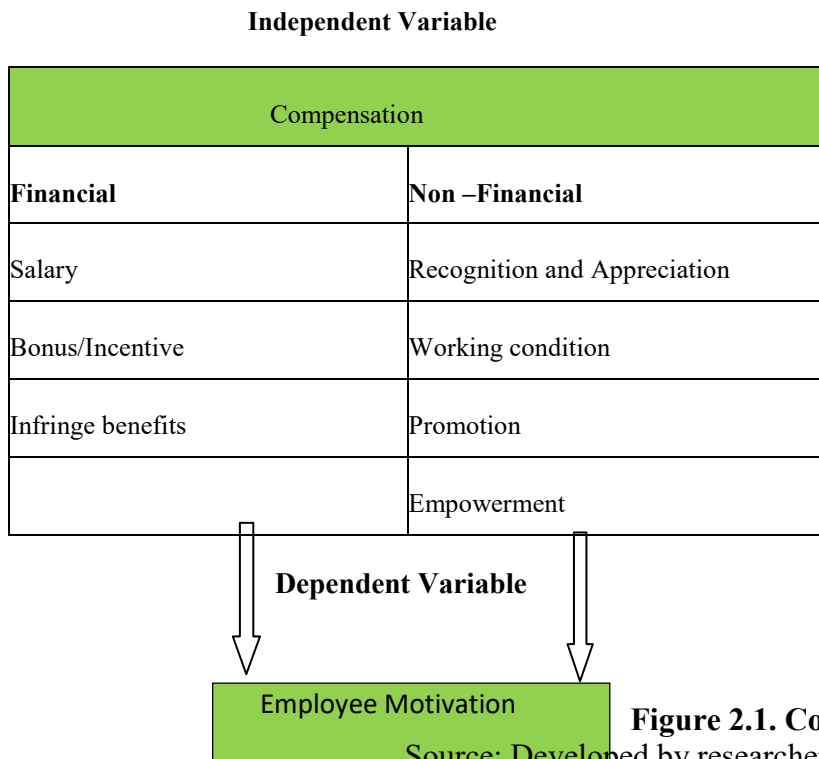


Figure 2.1. Conceptual Framework

Source: Developed by researcher from Literature Review

CHAPTER THREE

RESEARCH METHODS AND DESIGN

This part of the study encompasses research design that includes, data and their sources, target population, research instrument, sample size and technique, data collection and analysis methods and lastly ethical consideration.

3.1. Research Design and Approach

The research design enables the researcher to answer the basic research questions. According to Saunders (2009) showed that the choice of the research design depends on the objectives of the study, the available data sources, the cost of obtaining the data and availability of time. This study applied both descriptive and explanatory type of research design; in order to describe & explain the factors that affect employee motivation & the relationship between variables that correlate to estimate the integrated effects of compensation on productivity. A qualitative and a quantitative approach of data collection was applied so as to compensate each methods weakness with strength from the other approach. In designing of the instrument questioner is composed of a five-point Likert scale questions were constructed, the type of scales used to measure the items on the instrument was continues scales (strongly agree to strongly disagree) and multiple choice and interviews questions are also developed in the consultation with literature and advisor comment. This design is adopted to enable the researcher gather information from a group targeted sample that is part of the main population of Jimma University administrative. The sample comprises management staff, senior (non-management) staff, middle level staff and junior staff. The objective is to be able to capture some characteristics such as perceptions, and to make relevant inferences from the data collected representative of the entire population.

3.2. Sampling Design

3.2.1. Target Population

The target population of the study is the entire employee of Jimma University administrative staff. The total populations of the study were 4067 employees which are composed of all departments, which are spread across the management level, senior non-management staff, middle level staff and junior staff.

3.2.2. Sampling Technique and sample size

To make representative of the total population of the Jimma University administrative staff at main campus employee list was taken from HR department. From the total population of 4067 employees of the JU administrative staff at main campus by considering Confidence level of 95% and 5% margin of error. The formula which shows the relation between the total population and the sample size is shown below and this was used as indicated by the table to determine the actual sample.

The Jimma University administrative staff at main campus sample population considered for this study. But for efficiency in management the researcher decided to use 4067 permanent staff of the population of the Jimma University administrative staff at main campus.

The sample will be determined by the formula

$$n = (Kothari, 2004)$$

Where: n: is the sample size for a finite population

N: size of population which is the number of administrative staff of JU at main campus.

p: population reliability (or frequency estimated for a sample of size n), where p is 0.5

Which is taken for all developing countries population and $p + q = 1$

e: margin of error considered is 10% for this study.

$Z_{\alpha/2}$: normal reduced variable at 0.05 level of significance z is 1.96

$$\frac{n = z^2 \cdot p \cdot q \cdot N}{E^2(N-1) + z^2 \cdot p \cdot q}$$

According to the above formula, the sample size for this study is calculated as follows

$$n = \frac{1.96^2(0.5)(0.5)4067}{0.05^2(4067-1) + 1.96^2 \cdot 0.5 \cdot 0.5}$$

$$n = 384$$

By using a reducing formula, $n = \underline{\text{no } 384}$

$$\frac{1+n-1}{N} = \frac{1+384-1}{4067} = \underline{\underline{350}}$$

Due to large number of the population, the respondents are randomly selected from four colleges (Natural, Social, Law and Governance and Educational and Behavioral Science College), Healthy Institute and Central Administrative staff (Registrar Office, Finance department,

procurement department, Human resource department, Record Office, Plan and budget program office).

The sample size selected is representative of the population of the Jimma University. To be able to properly manage the data collection the total list of all the sampled is taken. The Stratified Sampling procedure was used in determining the exact sample numbers to use. The formula which shows the relation between the total population and the sample size is shown below and this was used as indicated by the table (also shown below) to determine the actual sample:

(Source: <http://en.wikipedia.org/wik>)

$$n = \frac{n}{N} \times N_n$$

Where n = sample size

N n = the size of a stratum

nn = sample from a stratum

N -= total population

Population	Size of a stratum	%	Sample from stratum (Nn)
Central Administrative staff	2801	68.87	242
Healthy Institute	182	4.47	15
Natural Science College	910	22.37	78
Law and Governance College	37	0.9	3
Social science and humanity college	85	2.08	7
Educational and Behavioral Science	52	1.27	5
Total	4067	100	350

Table 3.1. Sampling procedure and sample size Calculation

Source: Jimma University Plan and Budget Office,2020

3.3 Data Collection Tools and Procedures

3.3.1. Data Collection Procedures

After getting the approval of the proposal, cooperation request letter is taken from the respected department or dean office of JU; to Jimma University administrative staff. After permission get to collect relevant data from the JU. The researcher then secured an appointment with the concerned department heads and staffs to distribute and collect data to conduct interview and focus group discussions.

3.3.2. Data Collection Tools

The study was conducted through the collection of both primary and secondary data. With regard to primary data, the data collected through questionnaire filled by the existing employees of the organization and interview conducted with department heads of the factory. Interviews enabled the key informants to express themselves and provide in-depth data and make clarifications where ever necessary. Secondary data are obtained through their view of the organization's Manual and labor agreement, books, journals, previous researches, websites and other available sources.

3.4. Data Analysis Methods

Data collected from questionnaires both descriptive and inferential statistics are employed to analysis data; descriptive statistics such as frequency and percentage are used to describe the respondents' characteristics. Regarding inferential statistics, correlation analysis is used to show the degree of the relationship between independents and dependent variables. And also, the researcher used regression analysis to show the effect of independent variables on dependent variable.

3.5. Variables and Measurement

The questionnaire is one of the main tools for collecting data from respondents in the study. In this study the questionnaire is a four -page questionnaire which was divided into four sections and all sections of the questionnaires was developed in English language.

3.6. Reliability and Validity

Reliability

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to be measured. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other.

According to (Bhattacharjee, 2012). Cronbach alpha is a coefficient of reliability and it is commonly used as a measure of the internal consistency or reliability. For testing the reliability of the data instrument, Cronbach's alpha was calculated to test the reliability of the research instrument as follows.

Table 3.2. Reliability test result

Variables	Cronbach's Alpha	N Items
Financial Compensation	.780	8
Non-financial Compensation	.730	9
Employee Motivation	0.743	7
Total	0.916	24

Source: Field survey 2020

Validity

Regarding to validity, validation of questionnaire item was carried out through initial consultation of advisor and peers to judge the research instrument. The researcher was use construct validity, because of more accurate and meaningful results and the extent to which a measure adequately represents the underling construct that it is supposed to measure and to ensure that the information which is requesting from the respondent covers all relevant areas and the objectives of the research (Bhattacharjee, 2012). To increase the validity of the data collected using questioner & interview the researcher seek the data based on the objectives of the research. In addition, the researcher ensured that the interview questions were not leading. The interview question is viewed by peers and supervisors who offered objective suggestions on areas to improve on.

3.7. Ethical Consideration

The researcher explains to the respondents about the research study and confirms that their information can only be used for academic purposes. The researcher made clear that the participation is voluntary and that the respondents were free to withdraw from participation any time during the research period. Respondents would not coerce into participating in the study. The participants would have signed informed consent to make the choice to participate or not. They would be guaranteed that their privacy is protected by strict standard of anonymity.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This study is aimed to investigate the effect of the financial and non-financial compensation on employee motivation of Administrative staff of Jimma. University main campus. This chapter presents, analyzes and interprets the data collected from the respondents. The data were gathered through questionnaires. The data collected from the target population was analyzed using SPSS version 25. The total number of questionnaires distributed were 350 out of which 300 are properly returned and filled and finally used for analysis purpose. Despite, the effort made by the researcher to produce the largest rate of return, some questionnaires were either discarded for incompleteness or not returned at all. The rate of return of questionnaire is computed as follows is **85 %**.

Thus, the information gained from 85% of the returned rate of questionnaires was used in analysis of the data. Both descriptive and inferential analysis were conducted. As a result, responses from the participants on independent and dependent variables were summarized using the mean and the standard deviation whereas the demographic profile of the respondents are summarized using frequencies and percentages. Correlation and regression analysis were applied to measure the relationship between/among the variables.

4.1. Descriptive Analysis

The descriptive statistics was used as a way to examine the mean, standard deviation, frequency and other information which are not apparent in the raw data.

4.1.1. Demographic Description of the Respondents

In this section, the personal and job-related profile of the respondents is presented. In the following tables, the gender, age, educational level, years of working in the organization, marital status and salary scale of the employees are presented using frequency table and percentage as follows.

Respondents profile	Frequencies	Percentages (%)
Gender		
Male	109	36.3
Female	191	63.7
Age group		
18-30	170	56.7
31-40	89	29.7
41-50	38	12.7
51-60	3	1
Education level		
Under Diploma	146	48.7
Diploma	57	19
BA/BSc.	93	31
MA/MSc.	4	1.3
Years of working		
1-2	63	21
3-5	90	30
6-10	68	22.7
>10	79	26.3
Marital Status		
Single	108	36
Married	166	55.3
Divorced	18	6
Widow	8	2.7
Salary Scale		
601-1650	63	21
1651-3200	54	18
3201-5250	102	34
5251- 7800	18	6
7801-10900	59	19.7
>10900	4	1.3
TOTAL	300	100

Table 4.1. Demographic Characteristics of Respondents

Source: Own Survey data, 2020

The above table shows that, out of 300 participants, 191 are female and 109 are males. This implies, majority of the respondents are female (63.7%) and the number of males slightly lower than female (36.3%). As it is shown from the above table, there are four age categories of the respondents. 170(56.7%) respondents are found between 18-30, 89(29.7%) are 31-40, 38(12.7%) are between 41-50 and 3(1%) are between 51-60 years old. From the above table we can conclude that, majority of the respondents are youth and very few respondents are eldest.

The above table shows that, 146(48.7%) respondents are under diploma (48.7%), 93(31%) are BA/BSc. Degree holders, 57(19%) and only 4(1.3%) are Masters. This implies, majority of the administrative staff of Jimma University is under diploma followed by BA/BSc. holders. A very few are master's holder followed by diploma. The number of diploma holder is less than degree holders. The above table presents the respondents experience of working in the organization. Majority of the respondents (90) are working for 3-5 years (30%). 79(26.3%) of the respondents are working for more than 10 years. 68(22.7%) are working for 6-10 years. 63(21%) of the respondents are working for 1-2 years in the organization. This implies that the number of employees working in the organization for a few years is below those working for many years. For instance, there are a large number of permanent employees than non-permanent employees of administrative staff in Jimma University.

The above table presents the marital status of the respondents. A large number of the respondents are married (166) followed by single (108). There are a very few widow (8) followed by divorced respondents (18). This implies that, the large percentage of the respondents (55.3%) are married and the small percentage of the respondents (2.7%) are widows followed by divorced (6%). The above table shows the salary scale of the respondents. As it is shown on the above table, there are six categories of employees on the basis their salary scale. The salary scale of 102(34%) respondents is between 3201-5250, followed by those who earn 601-1650(21%), followed by those who earn 7801-10900(19.7%). Out of 300 respondents only 4(1.3%) earns greater than 10900 ETB/ month. 18(6%) of the respondents are earns 5251- 7800. 54(18%) of the respondents are earns 1651-3200/month

4. 1. 2. Methods Used to Determine Employee's Compensation

The descriptive statistics was used as a way to examine the mean, standard deviation, frequency and other information which are not apparent in the raw data. It was needed to determine the effect of employee compensation on employee motivation. In order to see the general perception of the respondents regarding the selected effect of compensation on motivation in the subject organization, the researcher has summarized the measures with the respective means and standard deviations. Thus, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements. The lower the mean, the more the respondents disagree with the statements.

The higher the mean, the more the respondents agree with the statement. On the other hand, standard deviation shows the variability of an observed response from a single sample (Marczyk, Dematteo and Festinger 2005). Mean and Standard Deviation are generally interpreted as follows: mean scored between values 1.0-2.4 is perceived as negative or low value, the scores from 2.5-3.4 are suggested as medium or moderate, whereas the mean scores between 3.5-5.0 are interpreted as positive or high value. The standard deviation indicates the degree of variation of responses from group of the respondents.

The table below shows the descriptive statistics of methods used to determine employee compensation. These methods are represented by questions related to those methods and provided to the respondents to rate the level of their agreements using a Likert scale in the questionnaires attached at the end of this paper. Each level of agreement is rated by frequencies and percentages. Additionally, the mean and standard deviation of each questions are calculated in the following table.

Accordingly, the Mean score value of these methods ranges from 3.41-3.74. Of these only two questions score moderate mean value and the rest are high. The pay structure score (M= 3.74, SD=1.310) followed by compensation decisions which scores (M= 3.59, SD=1.058). 66% of the respondents are agree to this idea where as 37.7% are strongly agree. The two methods that score moderate mean value are survey of salary (M=3.41) and job incentives (M=3.42). 50.6% and 50% of the respondents are agree to the above methods of compensation respectively. Generally, the level of agreement of respondents to each of the methods of compensation is

above average. From this we can conclude that all of the above methods of compensation have significant contribution to the level of employee compensation of administrative staff of JU.

		SD	D	N	A	SA	Total	Mean	Std. Deviation
Employee compensation costs forms a significant portion of your company's costs	F	30	29	59	101	81	300	3.58	1.258
	%	10.0	9.7	19.7	33.7	27.0	100		
Employee compensation plan at JU is well formulated	F	31	30	64	90	88	300	3.56	1.280
	%	10.3	10.0	21.3	30.0	28.3	100		
The pay structure at JU ensures there is a good balance of pays between the employees in the company	F	30	35	66	87	82	300	3.52	1.279
	%	10.0	11.7	22.0	29.0	27.3	100		
The pay structure at JU ensures that there is a good balance in comparison with other employees of other related organization	F	27	34	41	85	113	300	3.74	1.310
	%	9.0	11.3	13.7	28.3	37.7	100		
I feel that my job is very well defined	F	30	31	52	113	74	300	3.57	1.245
	%	10.0	10.3	17.3	37.7	24.7			
I feel I am adequately compensated for use of my skills in my job	F	38	32	63	66	101	300	3.53	1.379
	%	12.7	10.7	21.0	22.0	33.7	100		
My Job offers little or no incentives for gaining new skills or Knowledge	F	36	31	93	90	60	300	3.42	1.173
	%	8.7	10.3	31.0	30.0	20.0	100		
All the decisions affecting employee compensation are managed at one central place as opposed to every departmental head handling their areas	F	17	20	91	112	60	300	3.59	1.058
	%	5.7	6.7	30.3	37.3	20.0	100		
In my opinion a thorough survey of salary is conducted within the University before determining a new staff salary or change in the organization	F	29	30	90	91	60	300	3.41	1.194
	%	9.7	10.0	30.0	30.3	20.3	100		

Source: Own Survey Result,2020

The following tables contains descriptive data (Mean and Standard Deviations) for employee compensation (financial and non-financial) and employee motivation.

Table 4.3: The Mean and Standard Deviation of Financial Compensation

Financial Compensation Components			
	N	Mean	Std. Deviation
Salary	300	3.52	1.279
Bonus/ Incentives	300	3.68	1.293
Infringe benefits	300	3.53	1.379
Valid N (list wise)	300		

Source: Own Survey data, 2020

The above table shows that the descriptive statistics of financial compensation. It describes the Mean and Standard deviation of each components of financial compensation. Bonus/incentives has the highest mean score (M=3.68, SD=1.293), followed by Infringe benefits (M=3.53, SD=1.379). Salary has the least mean score (M=3.52, SD=1.279). All components of financial compensation score high mean value where as the standard deviation indicates the degree of variation of responses from group of the respondent

Table 4.4: The Mean and Standard Deviation of Non-financial Compensation

Descriptive Statistics

Non-financial Compensation	N	Mean	Std. Deviation
Recognition /Appreciation	300	3.57	1.245
Working Conditions	300	3.15	1.273
Promotion	300	3.58	1.258
Empowerment	300	3.15	1.341
Valid N (listwise)	300		

Source: Own Survey data, 2020

The above table shows that the descriptive statistics of non-financial compensation. It describes the Mean and Standard deviation of each components of non-financial compensation. Promotion has the highest mean score (M=3.58, SD=1.258), followed by recognition (M=3.53, SD=1.245).

Working condition and empowerment have the least mean score (M=3.15, SD=1.273, 1.341) respectively. The mean scores between 3.5-5.0 are interpreted as positive or high value. Consequently, promotion and recognition scores high mean value whereas working condition and empowerment scores moderate mean value the scores from 2.5-3.4 are suggested as medium or moderate the standard deviation indicates the degree of variation of responses from group of the respondents

Table 4 5: The Mean and Standard Deviation of Employee Motivation

Descriptive Statistics

	N	Mean	Std. Deviation
Employee Motivation	300	3.74	1.310
Valid N (list wise)	300		

Source: Own Survey data, 2020

The above table shows that the descriptive statistics of employee motivation. It describes its Mean and Standard deviation. (M=3.74, SD=1.310). This indicates that employee motivation has positive Mean score value. the standard deviation indicates the degree of variation of responses from group of the respondents

4.2. Correlation Analysis

A correlation analysis was performed to determine if there were any relationships between the independent variables (financial and non-financial compensation) and the dependent variable (employee motivation). In order to interpret the result of the correlation there are standards. According to Somekh and Lewin (2005, the criteria for evaluating the magnitude of a correlation was as follows: If the correlation coefficient (r) is 0.01-0.29, the strength of relationship is weak, when correlation coefficient (r) is 0.30-0.49, the relationship is moderate and when the correlation coefficient (r) is 0.50-1.0, the strength of relationship is strong.

		1	2	3	4	5	6	7	8
Salary	Pearson Correlation	1	.199	.039	.129	-.387	.511	.109	.758
	Sig. (2-tailed)		.001	.496	.025	.000	.000	.058	.000
Bonus/ Incentives	Pearson Correlation		1	-.201	-.152	-.184	.288	-.017	.440
	Sig. (2-tailed)			.000	.008	.001	.000	.770	.000
Infringe Benefits	Pearson Correlation			1	.326	-.038	-.163	.091	.226
	Sig. (2-tailed)				.000	.511	.005	.114	.000
Recognition & Appreciation	Pearson Correlation				1	-.056	-.027	-.006	.332
	Sig. (2-tailed)					.334	.643	.919	.000
Working Conditions	Pearson Correlation					1	-.391	-.136	-.492
	Sig. (2-tailed)						.000	.018	.000
Promotion	Pearson Correlation						1	.041	.667
	Sig. (2-tailed)							.483	.000
	N							300	300
Empowerment	Pearson Correlation							1	.065
	Sig. (2-tailed)								.259
	N								300
Total Employee Motivation	Pearson Correlation								1

**Correlation is significant at the 0.01 level (2-tailed) * Correlation is significant at the 0.05 level (2-tailed)

The above table shows the correlation coefficient of different components of financial and non-financial compensation with employee motivation. Salary and promotions have strong correlation with employee motivation by having correlation coefficient (r) of 0.758 and 0.667 respectively. While bonus and recognition /appreciation have moderate correlation by having correlation coefficient (r) 0.440 and 0.332 respectively. Similarly, working condition has medium correlation on opposite direction of correlation coefficient (r) -0.492. By contrast, infringe benefits have low correlation with employee motivation by having correlation coefficient (r) of 0.226. Empowerment has insignificant correlation with employee motivation.

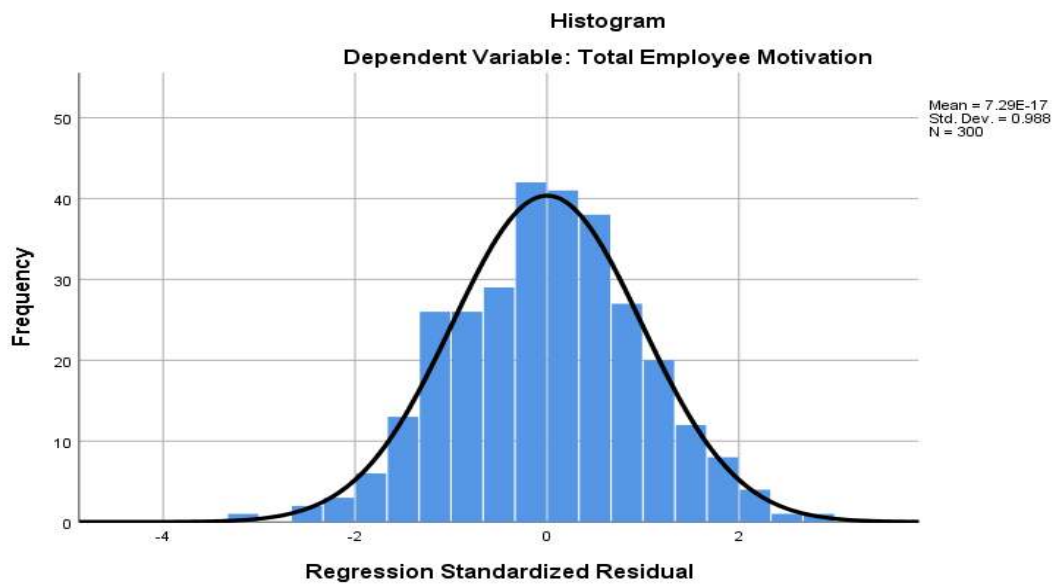
4.3. Regression Assumptions Tests

Before applying the multiple linear regression analysis to test some tests were conducted in order to ensure the appropriateness of data analysis as follows:

4.3.1. Normality Test

The main assumption in normality is that the distribution in each item and in all linear combination of items is normally distributed (Hair, et.al, 2010). The researcher used Histogram method of testing the normality of the data. Histogram is bell shaped which lead to infer that the residuals (disturbance or errors) are normally distributed. The residuals should be normally distributed about the predicted dependent variable score. As shown on figure below, dependent variable is normally distributed for each value of the independent variables.

Figure 4.1. Histogram of Data Normality Test



4.3.2. Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the independent variables; Salary, bonus/ incentives, infringe benefits, Recognition and appreciation, working condition promotion and empowerment and dependent variable employee motivation is linear; Plots of the regression residuals through SPSS software had been used. In case of

linearity, the residuals should have a straight-line relationship with predicted dependent variable scores.

As shown on figure below, the change in the dependent variable is more of related to the change in the independent variable. Therefore, there is no linearity problem on the data for this study and residual follow at straight line.



Figure 4.2. P-P Plot Linearity Test

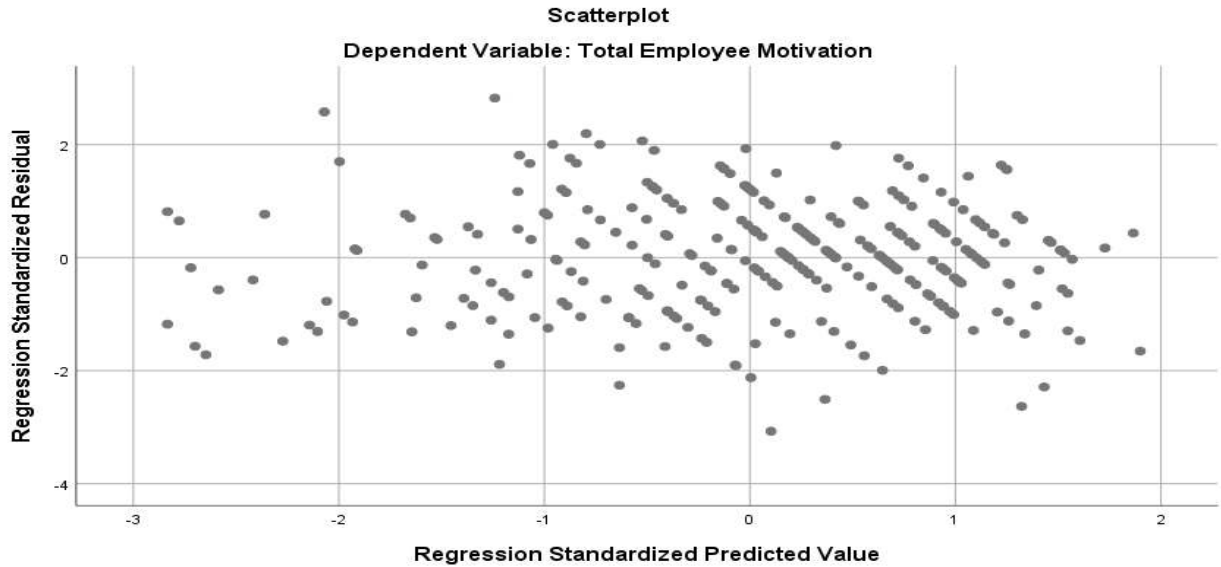


Figure 4.3. Scatterplot of Employee Motivation

4.3.3. Multico-linearity Test

Multi-collinearity can be checked by correlation matrix and Variance Inflation Factors (VIF).

A correlation matrix is used to ensure the correlation between independent variables (Explanatory variables) and dependent variables to identify the problem of multi-collinearity. On the other hands, correlation matrix computing a matrix of Pearson's bivariate correlations among all independent variables and magnitude of the correlation's coefficients. Whereas the Variance Inflation Factors (VIF) of the linear regression indicates the degree that the variances in the regression estimates are increased due to Multi-collinearity.

As Hair et, al. (2006) argued that correlation coefficient below 0.90 may not cause serious multi-collinearity problem. The result in table of correlation part shows that, there is a correlation among the independent variables and the coefficient of correlation (r) is ranged from -0.006 to 0.511 values. From those coefficients of correlation (r) the highest correlation is 0.511 and it is less than the stated standard by Hair et, al. So, it can be concluded that there is no multi-collinearity problem among the independent variables in the model based on the correlation matrix result.

On other hands, the collinearity statistics shows Variance Inflation Factors (VIF) ranged from 1.036 to 1.557 and tolerance values ranged from 0.642 to 0.966 as described in table below.

Table 4.7. Collinearity Statistics		
Tolerance		VIF
Salary	.669	1.495
Bonus/Incentives	.866	1.155
Infringe Benefits	.835	1.198
Recognition & Appreciation	.863	1.158
Working Conditions	.779	1.283
Promotion	.642	1.557
Empowerment	.966	1.036

Source: Own survey data, 2020

a. Dependent Variable: Total Employee Motivation

b. Predictors: (Constant), Empowerment, Recognition & Appreciation, Promotion, Bonus/ Incentives, infringe benefits, Working Conditions, Salary
Source: own survey, 2020

As stated by Field (2005) the Variance Inflation Factors(VIF) of the Linear Regression indicated the degree that the variances in the regression estimates are increased due to multi-collinearity and VIF values higher than 10.0 shows as there is multi-collinearity problem. On the other hands, as stated by Pallant (2007), Tolerance is a statistical tool which indicates the variability of the specified independent variable from other independent variables in the model and it has no multicollinearity problem if the tolerance is greater than 0.10 values. The results of tolerance and VIF suggests that multicollinearity is not suspected amongst the independent variables, because the values of VIF are below 10.0 while the tolerance values are above 0.10.

4.4. Multiple Linear Regression Analysis

Up on the completion of the correlation analysis and different model tests (linearity, normality, multicollinearity), Regression analysis was run to find any association between the independent variables (financial and non- financial compensation) and the dependent variable (employee motivation).

According to Hair.et.al. (2007) Multiple Regression Analysis is a form of general linear modeling and is an appropriate statistical technique when examining the relationship between a single dependent variable and several independent variables(predictors).

The table below shows, the R value obtained by regression was 0.947 and the R² Value is 0.896 which mean that 89.6% variations in employee motivation have been explained by the all independent variables and 10.4% was due to other factors.

Table 4.8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.947 ^a	.896	.894	1.50696

a. Predictors: (Constant), Empowerment, Recognition &Appreciation, Promotion, Bonus/ Incentives, infringe benefits, Working Conditions, Salary

b. Dependent Variable: Total Employee Motivation

Source: own survey, 2020

The Analysis of Variance (ANOVA) results of regression between predictor variables and employee motivation shows that, the probability value of 0.000(p<0.05) indicates the relationship was highly significant in predicting how salary, bonus/incentives, infringe benefits, recognition and appreciation, working condition, promotion and empowerment explain employee motivation as shown on table below.

Table 4.9. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5731.173	7	818.739	360.532	.000 ^b
	Residual	663.107	292	2.271		
	Total	6394.280	299			

a. Dependent Variable: Total Employee Motivation

b. Predictors: (Constant), Empowerment, Recognition &Appreciation, Promotion, Bonus/ Incentives, infringe benefits, Working Conditions, Salary

Source: own survey, 2020

The P value can explain the variation in the dependent variable. That is when the P value is less than 0.05 the independent variables explaining the variation in the dependent variable. Whereas, when the P value is greater than 0.05 then, the independent variables do not explain the variation in the dependent variable.

To this effect, since P-value is 0.000(P<0.05). All independent variables explaining the variation in the dependent variable (employee motivation).

Table 4.10. Regression Coefficients ^a

Model 1		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	6.024	.686		8.779	.000
	Salary	1.551	.083	.429	18.615	.000
	Bonus/ Incentives	1.135	.072	.317	15.670	.000
	Infringe benefits	.839	.069	.250	12.123	.000
	Recognition &Appreciation	.916	.075	.247	12.165	.000
	Working Conditions	-.384	.078	-.106	-4.954	.000
	Promotion	1.338	.086	.364	15.483	.000
	Empowerment	-.093	.066	-.027	-1.403	.162

Dependent Variable: Employee Motivation

Note: B= Regression Coefficient β=Standardized Coefficients,

Dependent Variable: Employee Motivation

Source= Owns Survey Result, 2020

a.

The Beta Coefficient (B) result shows the strength of the effect of each independent variable to the dependent variable (Employee Motivation) as shown on the above table.

The mathematical model of multiple regressions below can be used to determine the quantitative association between the variables:

The Multiple Linear Regression Model, $Y = B_0 + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + B_5 X_5 + B_6 X_6 + B_7 X_7 + e_1$

Where; Y= Dependent Variable, B_0 = Constant B_n = Coefficient

X_n = Represents the independent variables in the estimation model

X_1 = Salary, X_2 = Bonus/Incentives, X_3 = Infringe benefits, X_4 = Recognition and Appreciation,

X_5 = Working Condition, X_6 =Promotion, X_7 = Empowerment Y= Employee Motivation

Based on the table above, the Beta value of salary is $(\beta) = 0.429$, which means that as salary increase by one percent (1%), employee motivation increases by 42.9% keeping other factors constant. Similarly, the Beta value(B) of bonus/ incentives is 0.317, which means that as bonus increases by 1%, employee motivation increases by 31.7% keeping other factors constant. Also, the Beta value of Infringe benefits is 0.250., which means that as benefits increase by 1% employee motivation increases by 25% keeping other factors constant.

On the side of non-financial compensation, the Beta value of recognition and appreciation is 0.247, which means that as recognition and appreciation is increased by 1%, employee motivation is increased by 24.7%. Moreover, the Beta value (B) of promotion is 0.364, which means that as a promotion increases by 1%, employee motivation increases by 36.4% keeping other factors constant. By contrast, the Beta value(B) of working condition is -0.106, which means that as working condition is decreases by 1%, employee motivation decreases by 10.6 % keeping other factors constant. Lastly, the Beta value(B)of empowerment is -0. 027, which means that as empowerment decrease by 1%, employee motivation decreases by 2.7%. However, this value implies there is insignificant relationship empowerment and employee motivation.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The information gained from 85% of the returned rate of questionnaires was used in analysis of the data. out of 300 participants, 191 are female and 109 are males. This implies, majority of the respondents are female (63.7%) and the number of males is lower than female (36.3%). 146(48.7%) respondents are under diploma (48.7%), 93(31%). are BA/BSc. Degree holders, 57(19%) and only 4(1.3%) are Masters. Majority of the respondents (90) are working for 3-5 years (30%). 79(26.3%) of the respondents are working for more than 10 years. 68(22.7%) are working for 6-10 years. 63(21%) of the respondents are working for 1-2 years in the organization. The salary scale of 102(34%) respondents is between 3201-5250, followed by those who earn 601-1650(21%), followed by those who earn 7801-10900(19.7%). Out of 300 respondents only 4(1.3%) earns greater than 10900 ETB/ month. 18(6%) of the respondents are earns 5251- 7800. 54(18%) of the respondents are erns 1651-3200/month.

The descriptive statistics on financial and non-financial compensation depicts the mean score value of financial compensation is ranged from 3.52-3. 68. It also showed that the mean of non-financial compensation is between 3.15-3.58. Bonus/incentives has the highest mean score (M=3.68, SD=1.293), followed by infringe benefits (M=3.53, SD=1.379). Salary has the least mean score (M=3.52, SD=1.279). The Mean and Standard deviation of each components of non-financial compensation showed as promotion has the highest mean score (M=3.58, SD=1.258), followed by recognition (M=3.53, SD=1.245). Working condition and empowerment have the least mean score (M=3.15, SD=1.273, 1.341) respectively. Employee motivation has positive Mean score value (M=3.74, SD=1.310). Salary and promotions have strong correlation with employee motivation by having correlation coefficient (r) of 0.758 and 0.667 respectively. While bonus and recognition /appreciation have moderate correlation by having correlation coefficient (r) 0.440 and 0.332 respectively. Working condition has medium correlation on opposite direction of correlation coefficient (r) -0.492., infringe benefits have low correlation with employee motivation by having correlation coefficient (r) of 0.226.

There is a correlation among the independent variables and the coefficient of correlation (r) is ranged from -0.006 to 0.511 values. From those coefficients of correlation (r) the highest correlation is 0.511 and it is less than the stated standard. Variance Inflation Factors (VIF) ranged from 1.036 to 1.557 and tolerance values ranged from 0.642 to 0.966. There is no multicollinearity problem has no multicollinearity problem if the tolerance is greater than 0.10 values. The results of tolerance and VIF suggests that multicollinearity is not suspected amongst the independent variables, because the values of VIF are below 0.10 while the tolerance values are above 0.10.

The Regression coefficient result also showed the financial compensation has the positive and significant effect on employee motivation. However, working condition and empowerment has no significant effect on employee motivation with $p > 0.05$. the R value obtained by regression was 0.947 and the R^2 Value is 0.896 which mean that 89.6% variations in employee motivation have been explained by the all independent variables and 10.4% was due to other factors.

The Regression coefficient value of salary is (β)= 0.429, which means that as salary increase by one percent (1%), employee motivation increases by 42.9% keeping other factors constant. Similarly, the Beta value(B) of bonus/ incentives is 0.317, which means that as bonus increases by 1%, employee motivation increases by 31.7% keeping other factors constant. Also, the Beta value of Infringe benefits is 0.250., which means that as benefits increase by 1% employee motivation increases by 25% keeping other factors constant.

On the side of non-financial compensation, the Beta value of recognition and appreciation is 0.247, which means that as recognition and appreciation is increased by 1%, employee motivation is increased by 24.7%. Moreover, the Beta value (B) of promotion is 0.364, which means that as a promotion increases by 1%, employee motivation increases by 36.4% keeping other factors constant. By contrast, the Beta value(B) of working condition is -0.106, which means that as working condition is decreases by 1%, employee motivation decreases by 10.6 % keeping other factors constant. Lastly, the Beta value(B)of empowerment is -0. 027, which means that as empowerment decrease by 1%, employee motivation decreases by 2.7%. However, this value implies there is insignificant relationship empowerment and employee motivation.

5.2. Conclusions

Based on the findings of the research and the literature discussed, the following conclusions were drawn. With regard to their result, financial compensation practiced in Administrative staff of Jimma University is somewhat satisfactory. The research finds out that financial and non-financial compensation have much importance to motivate employees and increases job satisfaction level. The Mean score value of financial compensation variables such as salary, bonus/incentives and infringe benefits & non-financial compensation like recognition and appreciation, working condition, promotion and empowerment rated by respondents. From the result it is observed that, the non-financial compensation practiced in administrative staff of Jimma University is somehow satisfactory. The response of the respondent for that dependent variable of employee motivation with the Mean result show as it is above average. This implies that the administrative staff of Jimma University employees are somewhat motivated.

Results from Pearson's Product Moment Correlation Coefficient revealed that, there is positive and statistically significant relationship between financial and non-financial compensation and employee motivation. Rather Pearson correlation result shown that working condition and empowerment does not have significant relationship with employee motivation. Empowerment has insignificant correlation with employee motivation. The employee motivation mean result showed employees are highly motivated. Compensation and employee motivation relationship result was shown in Pearson correlation coefficient leads to conclusion that there is strong and significant correlation between salary and promotion with employee motivation, moderate correlation between bonus /incentives, recognition and appreciation, and working condition with employee motivation, where has infringe benefits has low correlation except empowerment.

Conclusion drawn from regression result is that salary, bonus/incentive, infringe benefits, recognition and appreciation and promotion have positive significant effect on employee motivation in administrative staff of Jimma University. While working condition and empowerment have insignificant impact on employee motivation of administrative staff in Jimma University. The research finds out that financial and non-financial compensation have much importance to increase employee motivation level.

5.3. Recommendations

Applying an effective total compensation system may result satisfied, engaged and productive employees. From the findings the study recommended:

- As compensation must be valuable to the employees and should be based on realistic and reliable standards.
- The compensation exercised at Jimma University must be clearly identified and should have some meaning for the employees and easily understood by the workers so that they can easily calculate personal cost benefits for various levels of effort put by them.
- The Jimma University Management should consider that both financial and non-financial compensation are important for employee motivation and also give emphasis for both types of compensation to improve employees' motivation.
- Salary that serve as the basic pay for employees and promotion should be given emphasis to motivate the administrative employees of Jimma University.
- Bonus/incentives/ infringe benefits and recognition for employees should be encouraged.
- Also the working condition should be conducive for employees to motivate them for greater performance.
- Similarly, employees should be empowered for their better performance at work.
- As a whole, it is assumed that by making some adjustment in the compensation, Jimma University able to raise employee work motivation and advance organization performance.

5.4. Recommendation for Future Studies

This study suggests that future research be directed to explore how other variable for example work life balance, career development, job security and the like can influence employee motivation.

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Appendix

JIMMAUNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT–MPM PROGRAM

Dear Respondent,

This questionnaire is developed to conduct a research under **The Effect of Compensation on Employees Motivation in Jimma University**. Your responses to this study will help me in evaluating the significance of the effect of compensation in Jimma University and could contribute to the field of organizational management and allow the leaders and managers to understand the effect of compensation on employee motivation and how it affects the overall organizational employee's motivation. Your participation in the survey is completely voluntary, and all your responses are anonymous. The purpose of this study is purely academic. It will take **10-15** minutes to complete.

Instructions: Please complete the question with your best answer. Your information will be kept strictly confidential, and please don't write your name on the paper.

Put a tick mark (✓) to your preferences.

A. Respondent's Profile

1. **Gender:** Male Female
2. **Age group:** 18-30 31-40 41-50 51-60 Above 60
3. **Educational level:** Under Diploma Diploma BA/BSc. Master PhD
3. **Years of working in the organization:** 1-2 3-5 6-10 Over 10
4. **Marital status:** Single Married Divorced Widow
5. **Salary Scale:** Below 600 601-1650 1651-3200 3201-5250
5251-7800 7801-10900 Above 10900

B. Methods used to determine employee’s compensation

The following section is about determined effect of compensation that needs a response of employees. Please tick your preferences on one of the 5 points Likert scale prepared for this purpose.

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

Methods used to determine employee’s compensation		5	4	3	2	1
EC1	Employee compensation costs forms a significant portion of Organization costs.					
EC2	Employee compensation plan at JU is well formulated.					
EC3	The pay structure at JU ensures there is a good balance of Pays between the employees in the organization.					
EC4	The pay structure at JU ensures that there is a good balance in comparison with other employees of other related organizations.					
EC5	I feel that my job is very well defined.					
EC6	I feel I am adequately compensated for use of my skills in my job.					
EC7	My job offers little or no incentives for gaining new skills or Knowledge. ®					
EC8	All the decisions affecting employee compensation are managed at one central place as opposed to every departmental head handling their areas.					
EC9	In my opinion a thorough survey of salary is conducted within the University before determining a new staff salary or change in the organization.					

C. Financial Compensations

Components	Financial compensation Items	5	4	3	2	1
Salary	My basic pay is reviewed periodically					
	My basic pay varies from others; from the same level of Employment.					
	My basic pay motivates me to do my work well.					
	My basic pay is well balanced compared to other employees in the organization.					
	An increase in my basic pay will motivate me to improve my motivation					
Bonus	There exists a system in the organization for compensating employees if they achieve their targets					
Infringe Benefits	In my work, the team reward motivates me well.					
	I am entitled for a reward if the whole organization achieves its set targets.					

D. Non-Financial compensation

No	Non-Financial compensation	5	4	3	2	1
Recognition	I am aware of what the Conditions of service manual Contains					
	I am satisfied with the non-financial compensation I receive.					
Working Condition	The non-financial compensation we receive are as good as most other organizations.					
	The non-financial compensation package we have equitable and well satisfying.					
Promotion	There are non-financial compensations we do not have which we should have®					
	The non-financial compensation package as a whole is adequate.					
Empowerment	The non-financial compensation package is attractive and boosts my motivation.					
	The non-financial compensations available are well Communicated to employees.					
	There is a link between a well implemented non-financial compensation and employee motivation.					

E. Employee motivation

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

No	Employee motivation	5	4	3	2	1
EM1	Compensation have a direct impact on employee motivation					
EM2	The compensation what I receive from JU have a direct impact on my motivation					
	I believe compensation impacts on employee motivation in the following ways:					
EM3	Motivates employees to perform better					
EM4	Improves employee motivation to work					
EM5	Creates job security and therefore commitment to work					
EM6	Readiness to learn new skills and willingness to go the extra mile.					
EM7	Brings improvement in the health of workers to keep them Cheerful.					

Thank you in advance for providing this important response!