



**PERCEIVED EFFECT OF INCENTIVE PACKAGE ON
EMPLOYEE PERFORMANCE IN SELECTED MANUFACTURING
COMPANY IN GURAGE ZONE**

MASTERS OF BUSINESS ADMINISTRATION (MBA)

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**A THESIS SUBMITTED TO THE DEPARTEMENT OF MANAGEMENT, COLLEGE
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WONDIMU MARE KORE (THE RESEARCHERS)

STATEMENT OF DECLARATION

I hereby declare that this MBA dissertation is my original work and has not been presented for a degree in any other university, and all sources of material used for this thesis / dissertation have been duly acknowledged.

The thesis have carried out independently a research work entitled “**Perceived Effect of Incentive Package on Employee performance: In Manufacturing Company in cause of Gurage Zone**” , in partial fulfillment of the requirement for the degree of **Master’s** with, M.B.A. Program in Management with the guidance and support of the research advisor. I do here by declare that this thesis is my original work and that it has not been submitted by any other person for an award of degree in this or any other university/institution. Moreover, no other person’s work has been used without due acknowledgement.

With regards,

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This is to certify that the thesis entitled **The Effect Of Incentive Package On Employee performance In the Selected Manufacturing Company In Gurage Zone** Submitted in partial fulfillment of the requirement for the degree of **Master's** with specialization in Business Administration, the Graduate program of the Business and economics college departments of management, and has been carried out by **Wendimu Mare (I.D NO. GSE /023/11)**, under our supervision. Therefore we recommend that the student has fulfilled the requirements and hence here by can submit the department.

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ABSTRACT

In the current competitive business environment, Manufacturing Company is facing a lot of challenges particularly getting the qualified employees and retaining them. The objective of this study was to investigate the perceived Effect of Incentive Package on employee performance in the Selected Manufacturing Company in Gurage Zone. Therefore, the study was intended to identify the perceived Effect of Incentive Package on employee performance in the Selected Manufacturing Company based on their importance, assess the role of Incentive Package, socio-demographics variables on employee performance. The study used mixed method approaches. A total of 300 employees selected and analyzed working in those companies, employees out of 309 respondents were participated in the study. Three Human resource managers and Three Supervisors were included as a sample through purposive sampling and others included through stratified random sampling technique. Questionnaire and interview were the main instruments of data collection. The analysis of the quantitative data was executed through descriptive and inferential statistical methods. Explanatory research is computed of variables to explain (31 items) and to interpret the results as well as to identify the underlying relationships between measured variables. A structure Likert Scale format questionnaire has been used for data collection. The data obtained were analyzed using (SPSS) version 23 program, descriptive analysis, normality test, reliability test, Multicollinearity test, Person's Correlation and Multiple Liner Regression were conducted in order to interpret the data. As the regression analysis results revalue independent variables for Profit Sharing, Recognition, Working Conditions, and Training Opportunity exerted the greatest positive influence on level of achievement, that Salary and Insurance exerted a positive and statistically insignificant influence on level of achievement on employee performance. The results of this study conclude that higher the level of incentives package; better employees' performance, commitment and loyalty towards their company Based on the finding the study recommends that the management of the company that improve more.

Keywords: *Incentive Package, Financial Incentive Package, Non-Financial Incentive Package and Employee Performance*

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Acronyms and Abbreviations

SPSS	Statistical Package for Social Sciences
HRM	Human resource management
SNNPRS	Southern Nation Nationalities and People Regional State
CSA	Central statistics Agency
NPC	National Productivity Council
EPPC	Employee Performance.
RCO	Recognition.
INS	Insurance's
TRO	Training Opportunity.
PSH	Profit Sharing.
SAL	Salary.
WCO	Working Conditions.
VIF	Variance Inflation Factor

CHAPTER ONE

INTRODUCTION

This chapter presents the back - ground of the study, statements of the problem, research question, and objective of the study, significance of the study, scope of the study, definition of terms and organization of the study.

1.1. Background of the Study

In this present world of globalization where business has gone beyond national boundaries and employees are protected by international laws, engagement of incentives packages that fast becoming a competitive tool to various firms. The advent of globalization has carried about greater pressure on business management to be proactive, creative and innovative in order to survive the unsettled business environment that now exceeds national boundaries (Ezigbo, 2011). Business management has gone beyond routine processes of mass production with the aim of benefiting from economy of scale. Consumer needs, taste and fashion not only vary from one society to the other but constantly change with time and season. Consumers are in constant demand for product differentiation and new product features. Different consumer groups based on health age and need emerge on a day to day basis. This calls for a better management of resources and a quick response to consumer needs as a key determinant of survival (Hill, 2004).

Human resource is now seen as the primary resource of a company's competitive advantage.it is one of the vital assets that organization owns. Incentive packages helps management to retain efficient and experienced workforce in an organization. Incentives packages had been seen to be a vital instrument in employee performance. A well Incentives employee feels that he/she is being valued by the company that he/she is working for (Robert, 2007).

They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being rise and taken care of by their company. Employees are the engine of organization vehicles while reward, benefits and incentives are the fuels. No organization can achieve its stated objectives without its employees (Sajuyigbe et al, 2013).

Therefore, the way people are will treated increasingly determines whether an organization will prosper or even survive. The success and the survival of any organization are determined by the way the workers are remunerated and rewarded (Lawler, 2003). To ensure that people are treated fairly, organizations are acknowledging that they need to establish an equitable balance between employee contribution to the organization and the organization's contribution to the employee. Incentives package will determine the level of employees' commitment and their attitude to work. As noted by Dixit and Bhati (2012) poor incentives packages have been a major factor affecting employees' commitment and performance. However, for any organization for achieve its objective in any competitive society, employers of labor must have a thorough understanding of what drives the employees to perform efficiently and reward them accordingly (Mueller, 2011).For a very long period of time, it was commonly thought that financial incentive was the most powerful motivator. People went to work and did a good job in order to be paid a fair wage. If they work hard and long enough, that wage would increase, giving them additional pay.

According to Palmer, (2012) defines incentives as the external invitations and encouraging factors that lead the individual to work harder; they are effectively when he or she feel satisfied in the institution. Practically, incentives refer to all the concrete and moral methods institutions give in order to positively encourage the employees in a way that increase the production rate and enhance the employee's performance, which has its importance in satisfying the employee's desire and guarantee a loyal attitude towards the institution. Incentive give the needed to enthusiasm of employees greater output. A person who expects a reward as an incentive will be difficult to be given financial incentives. There are other driving forces that push an individual to perform better in the organization. This may consist of career development, job promotion, work security and recognition for achievement (Lumumba, 2012).The main objective of company is to attract, retain high performance employee, motivate, satisfy and get maximum employees' performance that helps owners pursue their interests, by achieving higher outcome and better quality for productivity. Incentives packages are largely influence by Employee performance put in place by the organization outcome (Osibanjo et al, 2012).

In many manufacturing locations, instead of the incentive package systems to harmonize the interest of employee and employer by fine-tuning employee interest towards performance, the systems have progressively made parallel the interest of employee and employers. If research is not done to correct this situation, many companies will continue to experience low levels of employee performance, high production cost, and low-profit margins. There will be conflicting interest between employee and employer resulting in high labor turnover with its associated cost effect. The way people are Incentives increasingly determines the survival of the organization, one of the most important tools at the hand of any management is to attract and retain competent human resource is to administering an effective Incentives system. In order to achieve this goal the organization should decide on the type of tasks /objectives that should be rewarded, organization can use Incentives or reward management to show employees their contribution to recognize by the organization. According to Robert (2007) benefits include Payment for injuries and illness both on and off (health and wale fare) the job Payment for vacation time or excused days from work (paid time) Payment for work no longer performed based on length of employment (retirement). So every organization uses incentives package appropriate for him. Consequently, the primary purpose of the application of the incentives package is to move the energies and desires of individuals working for them to exert more effort to reach the targets set maximum production efficiency and outstanding employee's performance.

Incentives package is essentially important in the organization to ensure the achievement of the objectives pursued by the organization to achieve if it is not enough to set the best people in terms of competencies and capabilities, but must be available to have a desire to work. It is not only through a many ways to motivate them. Incentives are defined as the means under which gratification, or are a set of circumstances that are available in the work environment and satisfy the desires of individuals they seek to satisfy them by working in the organization. As defined incentives as factors that drive productive workers in the unit to work with all their strengths to achieve the set objectives.

According to Caruth, Middlebrook and Frank (1982) the general purpose of incentive is to increase productivity in the organization. By relating compensation to output, an employer is attempting to induce workers to turn out a greater volume of work there by

lowering the cost of producing a single unit of output. Specifically, the purpose of incentives to both an employee and the organization is to: Improve motivation, Tie pay to performance, Recognize differences in employee performance, Increase competition among employees, Reduce absenteeism, Reduce idle time, Reduce or control costs, Utilize equipment more effectively, Relate increases in compensation to increases in productivity, Create uniform processing costs, Direct efforts toward achieving organizational objectives and so on. The study focused to Perceived effect of incentives packages on employee performance on selected Manufacturing Company in gurage zone (Zebidar Brewery, Ehiochiken, Tinaw flower and Eden water).

1.2.Statement of the Problem

In every organization human resources are the most valuable assets. One of the core competencies in organization is depending on the acquired human resources and the most important tools at the hand of any business management to attract and retain competent human resource is administering effective incentive package.

In a world of global competition, employers are looking for better ways of motivating the employee to perform at optimum. One of such strategies is by the use of an appropriate incentive packages. Incentive packages had existed in the past and have served as a premise for the development of recent ones that better align to the interest of both employee and employer. According to Babakus et al, (2003).The perceptions of employees have with regards to their reward by environment influences their attitude towards their operative. In addition, the commitment of managers towards their organization is also shown by how the manager incentive his/her employees. Mentions the norm of mutuality, which focuses on the ability of organization to accommodate the needs of employees, and incentive them for their effort. In exchange for incentive provided to them, employees should interchange by increasing their commitment towards their organization and their work (Hafiza et al, 2011).

Incentive package have different parts and structures depending on the need of the organization that exploiting the incentive system. What every organization regards as its goals for profitability and growth are the parameters that are expected to be included in the incentive system to ensure that desired behaviors are given an incentive while undesired actions are not.

So this requires a breakdown and restructuring of organizational goals into reasonable, measurable behaviors and performances. The outcome is some forms of management control tools that measures and give incentives performance. These systems sometimes have minimum and maximum incentives that can be paid out depending on what it is designed to achieve (Jaghult, 2005). The study on employee performance states that motivational incentives package can produce better employee performance. In essence, few of these studies are supported by an explanation of how incentives in work place affect employee performance (Torrington,2008).

Incentives are important in motivating and satisfying the need of employees to be productive and perform well, employees leave the company due to the fact that employees are not motivated enough and low performance becomes the end result of the company. Identifying the types of incentives used by employers in selected manufacturing Company and whether this significantly influences employee's productivity and employee performance is the focus of this study. As well as those currently employed in selected manufacturing Company pay structure is not fit enough and the incentives are almost nonexistent. The study directly opined that the success of any organizational company is dependent on its ability to remunerate and reward workers (Falola, et al., 2014).

National Productivity Council (n.d. , 2014) defined incentive as a measure stimulating human effort, whereby employees are driven to put in their best. Matocchio (2006) in Tongo (2006) encapsulated the concept of incentives defining it as compensation, other than basic wages and salaries that fluctuates according to employees' attainment of some standard, such as pre-determined benchmark, individual or group goals or organizational earning. Generally, incentives are variable payments made to employees on the basis of the amount of output or results attained (Banjoko, 2006). The National Productivity Council classified incentives into non-financial, financial and semi-financial. Non-financial incentive package are those for which no form of monetary benefit, direct or indirect is attached to it, for example, recognition, praise for achievement or hanging a picture on the wall of best employee of the month, a plaque for excellent service and the like. However this is sufficient enough only to supplement the financial incentives as non-financial incentives are not motivation enough as

separate incentives (NPC, n.d., 2015). Semi-financial incentives are those packages that have some indirect monetary benefit but not directly linked with wages.

Financial incentives are the most popular form of incentives and have the benefit of option value; meaning that employees can do whatever they wish with it, which gives it an edge over other forms of incentives (Jeffrey and Schaffer, 2007). Moreover, Milgrom and Roberts (1992) state that incentives could be awarded to individuals as well as groups. Under the individual incentive plan, each employee is rewarded based on his individual performance. Individual incentive package has been found to be substantially more effective than the group incentives package (NPC, n.d., 2015). Group incentives package compensate a number of workers that are part of a team for their combined effort in achieving the desired outcome. Group incentives are away of instilling a shared sense of collective responsibility with the end game of achieving superior and above average performance in an organization (Azasu, 2003). The incentives packages can be in the form of cash, recognition and praise or a combination of both they are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being rise and taken care of by their company. Employees are the engine of organization vehicles while incentives are the fuels. No organization can achieve its stated objectives without its employees(Sajuyigbe et al.,2013).According to the researcher observation employees efforts is not taken seriously because of this research is carried out.

According to the researcher preliminarily informal interview of some employee's response expressions that in manufacturing Company almost ignores non-financial incentives packages. Many authors suggest non-financial incentives have to be in to consideration like that of the financial one but in manufacturing Company incentives packages practice is contradict to which means there is a gap between what those authors wrote and the manufacturing Company incentives packages practice. Most of the time managers try to achieve the organization profitability through reduction of cost; hence one of the costs is employees' benefits and incentives that management level may face difficulties.

The research conducted in the areas incentive package would be implement in manufacturing Company are few in number and did not give such an emphasis on the factors considered to be the effect of incentive package on employee performance in the manufacturing Company. For

example, (Surafel, 2010) studied by the effect of reward, benefits & incentives on employees performance. The above studies perceived limited variables which focus on employee performance in manufacturing company.

Generally the company can use an incentives package it seeks to achieve many of economic benefit that accruing to the company and his staff and falls under the economic objective , an increase in labor productivity through outstanding performance of the workers, Increasing inputs "income" for workers and creating a sense of stability and loyalty to the company , Reduce the cost of operating in the company through increased attention and care to reduce waste at the time and direct factor as it is the target of a system of incentives package , which is to satisfy the needs and desires, also reflects positively on the company and working together and falls under the objective moral as: -Avoid a lot of problems such as absenteeism, turnover negative action and Morale and lack of conflict leading to the creation of a higher stability in human resources working in each company and clarity of objectives in the long term and near To this note, reward systems are very critical for an organization (Maund, 2001).

According to Victor Fromm, on the basis that the individual is making a major effort if the expectation that the results achieved will be confirmed. In the event that the comparative results indicate that they receive less for their efforts and they deserve it, their feelings will be mostly directed negatively toward work and the company because they had been content with a lower level of entitlement, and vice versa in the event that returns more than it deserves personnel Will be more personal than expect, and this inequity leads in both cases to the emergence of some gap important results, including: (i) Individuals option to changes and modifications in their efforts to match the incentives received compared to the other (ii) Individuals trying to influence others to change their efforts and performance and (iii) Try to leave work in the company. Moreover, some research has indicated that individuals and employees who incentives receive more than deserve to feel guilty, and that individuals who receive less than they deserve to be a high sense of dissatisfaction and grievance and complaint. Employees have to get freedom in their work place; based on the preliminary informal interview with some employees the freedom of employees is questionable.

In addition to the major points of study that set clear research gap are, a) therefore, based on the above studies, there is no empirical research done in garage zone concerning the effect of incentive package on the manufacturing Company rather than banking industry. So the employee of each manufacturing Company that working in garage zone less incentivized compare to bank industry. b) Employee satisfaction and performance are largely influence by incentives packages put in place by the manufacturing Company Therefore; this study was to test employee that disappointed their job that the Employee acquires economic beneficiaries' and improve their performance among the manufacturing company. c) By considering the issue of employees' expectation and company profitability. Moreover the study tried to make simple preliminary interview, based on the result there is practical problem in the manufacturing Company. For more understanding the real observed example is, for the Company salary for its employees increase/ decrease with through agreement only. So it is fixed the cost of leaving adjustment not the base pay and the rate of bonus, training were decrease from month to month. Therefore the profitability of the manufacturing Company increase but the employees incentive package (bonuses) has been decrease or a gap between employees expectation and the manufacturing Company practice that have make difference been implemented and employees often misperceive the incentives of others. d) Even if the company promises to maximize performance and upgrading of its employee's skill and knowledge, it seems that it is not applicable as promised. Employees were resigned from the company within one fiscal year (HR department report, JAN, 2019), those who left the company for a variety of reasons, but they are more likely leave potential employees adversely affecting the competitiveness of the company So employees often misperceive the incentives of others. Based on the above statement of the problems the study develops the following research question.

1.3. Research Questions

This research attempts to answer the following basic questions.

1. What the effect of working condition on employee performance?
2. What the effect of performance base salary on employee performance?
3. What the effect of insurance coverage on employee performance?
4. What the effect of recognition effect on employee performance?

5. What the effect of training opportunity on employee performance?
6. What the effect of profit sharing on employee performance?

1.4. Objective of the Study

1.4.1. General Objective

The main objective of the research was Perceived effect of incentive package on employee performance in selected manufacturing company in gurage zone.

1.4.2. Specific objectives

1. To evaluating the effects of Performance base on employee performance?
2. To examine the effect of insurance coverage on employee performance?
3. To examine the effect of recognition on employee performance?
4. To examine the effect of training opportunity on the employee performance?
5. To examine the effect of profit sharing on employee performance?
6. To examine the effect of working condition on employee performance?

1.5. Significance of the study

Organization can make a difference if they have qualified and competent employee performance and work force who would motivate to for work to give an incentive. Hence, owners and leaders have to been aware of that their employees are incentivized and motivated properly to bring the intended purpose of their organization. The survey became necessary because of the unproductive attitudes of employees towards work in the manufacturing Company in gurage zone. Incentive packages are one of the major underlining Case that can make the employees perform optimally in their job. However it would help with identifying the incentive packages that the management or the government, as the case may be, needs to put in place to earn employees commitment and productivity.

1.6. Limitation of the study

The study focused on different manufacturing company that determine the effect of incentives packages on employee performance on selected manufacturing Company in gurage zone that examine the effects of incentive packages on employee performance is the main limitation of this work, which may hinder the generalizability of the study findings in other automotive industry and Also lack of interest to fill the questionnaires properly and timely on the side of respondents and interviewees as well as similar research works on the issue of incentive

packages that might affect employees' job performance manufacturing Company. A study might be incorporating a range of additional incentive dimensions, which are related with financial and non-financial types, might have yield better understating of its effect on employees performance.

1.7.Scope of the Study

There are differences in the degree of the effect of incentive package to raise the employee performance among those working in manufacturing Company in gurage zone. This research had covered in terms of geographical location, the scope constitute employees of the Company working in gurage zone. The researcher decided to limit this study four manufacturing Company in gurage zone namely: - Zebidar Brewery, Ehiochiken, Tinaw flower and Eden water. The aim of this study was to describe the effect of incentives packages on employee performance selected manufacturing Company in gurage zone. On the issue of methodologically the research contain Insurance coverage, Performance Base salaries, Recognition, Training opportunities, Profit sharing and Working condition. Thus, this study is limited to both financial and Non-financial incentives packages on overall employee performance of manufacturing Company. Therefore, the quality of the study depends purely upon the accuracy, reliability and quality of the Primary data source.

1.8. Definition of terms

Incentive:-Incentives are defined as the means under which gratification, or is a set of circumstances that are available in the work environment and satisfy the desires of individuals they seek to satisfy them by working in the organization. As defined incentives as factors that drive productive workers in the unit to work with all their strengths to achieve the set objectives. Something that motivates employees to achieve certain objectives or meet a target used by institutions to encourage employees to work with high spirits and also as concrete and moral methods of satisfying the individuals' moral and material desires.

Incentive packages:- are financial or non-financial rewards offered to employees to compel them to exert more effort into any giving task.

.

Employee performance:- is an indicator of the capacity of an organization to efficiently achieve organizational goals (Venkatraman & Ramanujam, 1986). It can be evaluated in many

ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment.

It is associated with both quantity and quality of output. It takes into consideration timeliness of output and presence/ attendance on the job, the efficiency of the work completed and effectiveness of job completed (Mathis & Jackson, 2009). Employee performance is the successful completion of a task by an individual or individuals, as lay down and measured by a supervisor of the organization. It entails meeting pre-defined and acceptable standards while efficiently and effectively utilizing available resource within a changing environment. Aguinis (2009) opines that the definition of performance does not include the results of employee's behavior, but only the behaviors themselves. Performance is all about behavior or what employees do and not just about what employee produces or the outcomes of their work, also employee productivity and output as a result of employee development. (Oroh, Lopian & Pandowo, 2014).

1.9. Organization of the study

The study is organized into five chapters. Chapter one contains background information of the study, the statement of the problem, objectives of the study, research question, significance of the study, delimitations of the study, limitations of the study, definition of significant terms used in the study and organization of the study. Chapter two presents the review of literature pertinent to the study. Chapter three covers the detailed study research methodology and entailed description of the study area, the research design, target population, sample size and sampling procedure, the research instruments, validity and reliability of research instruments, data collection procedures and data analysis techniques and ethical considerations. Chapter four consists of data analysis, presentation and interpretation of the study findings while chapter five presents the summary, conclusions, recommendations and suggestions for further research.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

The chapter provides the literature review of all findings related to this research. The theoretical foundation has explained on the theory that is closely related with this research. Also, a review of past empirical studies which is related to theories guiding the study, meaning and importance of the effects of incentive package on employee performance among those working in manufacturing Company this research topic is also included in this chapter.

2.2. Overview of Incentive packages

Adequate incentives have been found to be one of the means through which organization can adopt to motivate and increase their workers' performance. There are many studies in the literature, which examine the monetary and nonmonetary incentives packages and their effects on organizational variables (Al-Nsour 2012; Scheepers 2009; Pouliakas 2008; Pinar 2008; Arnolds and Venter 2007; Kaya, 2007; Sezen 2002). Incentive programs are put in place by various organizations to compensate and reward performance of employees who perform more than expectation (Schiller1996). Incentive packages are financial or non-financial rewards offered to employees to compel them to exert more effort into any giving task (National Commission on Productivity and Work Quality 1975). Incentives is a force that cause employees to behave in certain ways and on any given day, they may choose to work as hard as possible at a job, to work just hard enough to avoid a reprimand and, or to do as little as possible(Griffin,2002).

Human resource is one of the most important resources of gaining competitive advantage over competitors for a firm. And this resource can be retained and optimally utilized through motivating it using different techniques among which reward is of significance importance. In order to maximize the performance of the employees organization must make policies and procedures and formulate such reward system under those policies and procedures which increase employee satisfaction and performance (Hafiza et al, 2011).

Human resource management is an organizational function that deals with issues related to people such as compensation, hiring, performance management, organization development,

safety, wellness, benefit, employee motivation, communication, administration and training (Gang, 2008).

According to Armstrong (2010), many organizations use two base pay categories, hourly and salaried. Hourly pay is the most common means of payment based on time; employees who are paid hourly are said to receive wages, which are payments directly calculated on the amount of time worked. In contrast, people who are paid salaries receive payments that are consistent from period to period despite the number of hours worked.

Base pay should be value-added and competitive with the market in general, for which it is common to use individual rates, ranges, spot rates and broadband. When setting pay levels, ability to pay is paramount, supported by an examination of market rates, which may also be supported by a job evaluation database (Armstrong, 2010). Henderson (2006) stated that pay rates must be equitable and competitive. Internal equity refers to the pay relationships among jobs within a single organization. This are translated into practice by the basic techniques, job analysis, job evaluation, and performance appraisal. External competitiveness refers to comparisons of the organization's pay relative to the pay of competitive organizations. Equitable and competitive base pay is seen as a key requirement if key talent is to be recruited and turnover reduced (Henderson, 2006).The payment systems that employee view as being fair and proportionate with their skills and expectation is called pay. Employees are offered a financial reward or their services called pay which is a foremost stipulation in human resource management. Pay must be closely linked to the performance according to high achievers.

The idea of managing reward in organizations is crucial to all employers, and consequently, many definitions have been proposed, which are now introduced. Armstrong and Helen (2005) stated that reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organization.

Reward is the compensation which an employee receives from an organization (mainly refer to enterprises) for his or her service. It not simply contains direct currencies and other forms which can convert to currencies, but also a comfortable office, favorable interpersonal relationship inside the organization, having access to decision-making involvement, the

challenge and sense of achievement, preferable growth opportunities and so forth these kinds of forms which is difficult to measure in various currencies (Zhou, 2009).

A reward can be anything that attracts an employee's attention and stimulates him to work. It is the benefit that workers receive by performing a task and discharging a responsibility. Rewards is also defined as one of the important elements to motivate employees for contributing their best effort to generate innovation ideas that lead to better business functionality and further improve is company performance both financial and non-financially (Aktar, et al,2012).

Reward system is an important tool that management can use to channel employee motivation in desired ways. In other words, reward systems seek to attract people to join the organization to keep them coming to work, and motivate them to perform to high levels. The reward system consists of all organization components – including people processes rules and decision making activities involved in the allocation of compensation and benefits to employees in exchange for their contribution to the organization. Reward may be brake up in to two categories; intrinsic and extrinsic Mottaz et.al (2012). Intrinsic rewards are derived from ‘‘the content of the task itself and include such factors as interesting and challenging work, self-direction and responsibility, variety, creativity, opportunities to use one's skills and abilities and sufficient feedback regarding the effectiveness of one's efforts. Extrinsic rewards on the other hand comprise promotions, private office space and the social climate. Other examples include competitive salaries, pay raises, merit bonuses and time-off’’ (Hatice, 2012).

Compensation is integral and utmost part of any organization and the management periodically and annually examines it in detail. The compensation comprises incentives, salary, bonus and other benefits that a firm has to give to their workers. In the 21 st century the work scenario has been changed, the employee not only demands monetary rewards but extra benefits also. Satisfied employees with their work and salary are more motivated and they work harder because they know that after completing a certain level of goals they would be rewarded. Dissatisfaction from job and incentives demotivate the employee that lead to increasing in absenteeism, and job turnover rate in the organization (Decenzo & Robbins, 2006).

“Training is the process that provides employees with the knowledge and the skills required to operate within the systems and standards set by management.” (Sommerville 2007, 208). “Training, in the most simplistic definition, is an activity that changes people’s behavior.” (McClelland 2002, 7). As discussed earlier Staff Training is an indispensable part of Human Resource Management activities, more and more companies have realized how important it is to maintain training in the changing and complex work environment. Training is designed to provide learners with the knowledge and skills needed for their present job because few people come to the job with the complete knowledge and experience necessary to perform their assigned job. Becker (1964) provides a systematic explanation of investment in human capital and associated productivity, wages, and mobility of workers. Such investment not only creates competitive advantages for an organization but also provides innovations and opportunities to learn new technologies and improve employee skills, knowledge and firm performance. In fact, there is an increasing awareness in organizations that the investment in training could improve organizational performance in terms of increased sales and productivity, enhance quality and market share, reduce turnover, absence and conflict.

The value employee training as a compensation and benefits packages has increases the performance human resource outcomes normally increases the performance, satisfaction and productivity also stay there and attracting. The perception of employee about the company benefits policy. If pay is tied to employee performance good quality and quantity of work done (Ivancevch and Glueck, 1989). company pay directly influences to employee voluntary turnover employee compare to their pay available in other organization (Henman and Schwab et al, 1987).People stay or leave the company more reasons they satisfied with their job promotional opportunity and work environment (Mitchall and Holton et al, 1993).The knowledge and skills of workers acquired through training have become important in the face of the increasingly rapid changes in technology, products, and systems. Most company invests in training because they believe that higher performance will result.

2.3.Incentive packages

Incentives packages are designed to sets or get the maximum performance from the employees and help retain the most productive among them (Arnold 2013). Organization can consider a variety of ways to reward the employees for their work performance, but an organization need

to consider using the best employee incentives to get the desired results. Incentives are a contributory drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any given task (Condly et al. 2003). “High productivity may be determined by workers employees’ ability to work and therefore employees that are not well rewarded produce less” Koontz (1984). Luthans (1998) divided these incentives into monetary incentives and non-monetary incentives which is also known as financial or non-financial incentives.

Incentives packages are designed to encourage performance of individual’s regardless of the different type of incentives form used. Incentives play an active role in pushing forward individual’s capacity and moving abilities, motivating them to develop their skills, and balance between organization requirements and the individual needs which enhance the organization performance efficiently and effectively (Marwan, 2012).

Monetary incentives: - are used by employers of labors to retain their best brains and as well compensate them for a job well done and excellence of job performance through monetary form. (Nelson, 2003, Kepner, 2001) The incentive can come in many forms: basic salary, compensation, insurance, profit sharing, retirement plans, employee stock, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance Bonuses, piecework , safety incentives , suggestion Awards (Pattanayak, 2005; Cole, 2002; Kepner, 2001). Monetary incentive is used to describe incentive-payment plans which ties incentives directly or indirectly to productivity standard (Ubeku, 1975; Alaba & Owodunni, 2007).

Non-monetary incentives: - are to reward employees for excellence job performance through opportunities (Kepner, 2001).Non-financial incentives which can satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of “Non- monetary incentives”.

Performance base salary: - Organizations pay salaries to their employees after every fixed period of time. It is expected that employee competencies increase over time as a result of experience in longevity. As a result, provisions are made for a small increment in salary after particular periods of time (Merchant, 2007). These are known as performance base salary increments.

Profit Sharing: - Profit sharing is an incentive compensation plan that results in the distribution of a predetermined percentage of the company's profits to employees.

Commission: - Used typically with sales people, commissions are incentive compensation based on a percentage of total sales.

Bonus Incentive: Bonus incentive is a payment on the accomplishment of planned specific objectives. When employees reach certain standards and quotas to achieve the objectives of certain organization they are given bonuses. A bonus is an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company.

Recognition: It is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centers on showing gratitude to an employee for his or her action. Employee recognition as an incentive, offer relatively low cost high-impact means to reward to employees. This recognition could be done by holding annual dinners, luncheons, banquets etc...at which high-achievers or performers are celebrated. Other recognition techniques include the distribution of T-shirts, certificates and gold nameplates. Sometimes high performing employees are featured in organizational in house newsletters and in some cases are the subjects of press releases.

Working Conditions: A positive working environment is an important element in efforts to recruit and retain staff. This includes providing a safe working environment for staff and proactively responding to emerging risks, as well as creating a positive organizational culture. In this sense, every member of an organization in the way that they deal with their own work demands, their colleagues and their customers can play a role in providing a positive environment where people will want to work.

Career Development (Promotion): .A movement of a position in which responsibilities and presumably prestige is enhanced and empowerment is also the process which enables employees to set their own work goals and solve problems within their sphere of responsibility and authority can be considered as incentives.

Employee performance: - is an indicator of the capacity of an organization to efficiently achieve organizational goals (Venkatraman & Ramanujam, 1986). It can be evaluated in many

ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment.

It is associated with both quantity and quality of output. It takes into consideration timeliness of output and presence/ attendance on the job, the efficiency of the work completed and effectiveness of job completed (Mathis & Jackson, 2009). Employee performance is the successful completion of a task by an individual or individuals, as lay down and measured by a supervisor of the organization. It entails meeting pre-defined and acceptable standards while efficiently and effectively utilizing available resource within a changing environment. Aguinis (2009) opines that the definition of performance does not include the results of employee's behavior, but only the behaviors themselves. Performance is all about behavior or what employees do and not just about what employee produces or the outcomes of their work, also employee productivity and output as a result of employee development. (Oroh, Lopian & Pandowo, 2014).

2.4. Financial Incentive packages

Financial incentives are used by employers of labors to retain their best brains and as well compensate them for a job well done and excellence of job performance through monetary form (Nelson, 2003, Kepner, 2001). The incentive can come in many forms: basic salary, compensation, insurance, profit sharing, retirement plans, employee stock, overtime pay, attendance incentives, competition and contests, output-oriented merit increases, performance Bonuses, piecework , safety incentives , suggestion Awards (Pattanayak, 2005; Cole, 2002; Kepner, 2001). Financial incentive is used to describe incentive-payment plans which ties incentives directly or indirectly to productivity standard (Ubeku, 1975; Alaba and Owodunni, 2007). Although financial Incentive are important for employee motivation in third world countries because where the inflation rate is so high that people are struggling hard to retain their social status (Saira ,et al, 2014).

Armstrong (2010) highlights that the tangible (sometimes called monetary, transactional) components of a compensation program are of two general types. With the direct type of compensation, monetary Incentive are provided by the employer , base pay and variable pay are the most common forms. Indirect compensation commonly consists of employee benefits.

Performance base salary-increase: Organizations pay salaries to their employees after every fixed period of time. It is expected that employee competencies increase over time as a result of experience in long life. As a result, provisions are made for a small increment in salary after particular periods of time (Merchant, 2007). These are known as performance base salary increments.

Wage: which received individual worker money to meet his work required him at a certain time, and help pay to satisfy the needs of the individual basic and could affect the lift and improve performance and is considered overtime also incentive material positive and gives the worker versus effort distinguished and additional work assigned to the increase the number of daily working hours. Individual's needs salary to satisfy the physical needs, a sense of security, psychological needs, hence the need to design a good wage system. Job security: especially in the light of technological changes in the industrial sector the threat posed to the security of a career, the need for friendship or fellowship, acceptance the group points to the need to build a good system of recruitment, to provide ways of to socialize a friction with colleagues, to provide rest periods, recreation programs, create team spirit, recognizing good performance and rewarded financially and morally (Burawoy, 2012).

Bonus Incentive: Bonus incentive is a payment on the accomplishment of planned specific objectives. The intent of this incentive scheme is to influence certain behaviors towards the attainment of goals or set objectives. Once the objectives are met, the payment is made (Gomez-Mejia, 2014).

Commission: Used typically with sales people, commissions are incentive compensation based on a percentage of total sales. A good number of sales people work on a salary (base pay) plus commission. Others work on a straight commission basis only. Commission according to (Armstrong, 2009) is intended to act as an incentive, a reward and a means of recognizing achievement.

Share Ownership: This plan intends to make employees co-owners of the company. It creates a provision for employees to have a stake in the company and longer term compensation by giving them options to buy shares at a future date for their current market price. Stock options are motivational to employees because they put heads together on employees the right to buy the company's stock at a specified price.

Profit Sharing: Profit sharing is an incentive compensation plan that results in the distribution of a predetermined percentage of the company's profits to employees. This plan is used to integrate the employee's interests with those of the company. It is the payment to eligible employees of sums in the form of cash or shares related to the profits of the company during a specified period of time (Nwachukwu, 2009).

2.5. Non – Financial Incentive packages

Non-Financial Incentive packages are to reward employees for excellence job performance through opportunities (Kepner, 2001). It usually come in form of more enabling authority, award, participating in the management, promotion, holidays, better working environment, written recognition, gifts, formal dinners, informal parties, plaques (Ellis and Pennington, 2004; Spector, 2003; Chaing & Birtch, 2008; Hijazi, Awar & Mehbood, 2007).

Given the amount of time spent at work, it is unsurprising that people want more than pay from their job. Hence, the importance of non-financial Incentive (sometimes called intangible, relational, and/or non-monetary) is growing. Intangible Incentive are crucial in helping an organization stand out as a top employer, and also have the dual impact of increasing engagement among employees Henderson (2005). The following section provides a brief overview of the most important elements from this category of rewards. According to (Peter, 2014). The findings of his study revealed that majority of the respondents was more exposed to the use of non-financial Incentive such as recognition, training, opportunities to handle greater responsibilities, employee promotion and participation in key decision making and challenging jobs to motivate exemplary performers.

According to Armstrong (2009) Non-financial Incentive focuses on the needs people have to varying degrees for recognition, achievement, personal growth and acceptable working conditions. They include the non-financial Incentive recognition of achievements, the design of fulfilling jobs, giving people the scope to develop their skills and careers and offering a work environment that provides a high quality of working life and an appropriate relationship between work and private life(work–life balance).

Recognition: Employee recognition as an incentive, offer relatively low cost but high-impact means to reward to employees. This recognition could be done by holding annual dinners, luncheons and banquets at which high-achievers or performers are celebrated. Other

recognition techniques include the distribution of T-shirts, certificates and gold nameplates. Sometimes high performing employees are featured in organizational in house newsletters and in some cases are the subjects of press releases (Kepner, 2001).

Working Conditions: A positive working environment is an important element in efforts to recruit and retain staff. This includes providing a safe working environment for staff and proactively responding to emerging risks, as well as creating a positive organizational culture. In this sense, every member of an organization in the way that they deal with their own work demands, their colleagues and their customers can play a role in providing a positive environment where people will want to work (Kepner, 2001).

Promotion: A movement of a position in which responsibilities and presumably status are enhanced and empowerment is also the process which enables employees to set their own work goals and solve problems within their sphere of responsibility and authority can be considered as incentives.

Training: The provision of a formal training system is important. As Herzberg stated, without training, workers will not be able to fulfill their potential. Training can be on-the-job, learning by doing, or off the job, such as studying at local or abroad training institutes. On the job training has costs such as management or supervisor time spent training, and potential reduction in quality of output. Off the job training, means lost production, and distribution, also the newly qualified worker may seek to use his qualifications to seek better employment elsewhere (Kepner, 2001).

2.6.Purpose of Incentive packages

According to Caruth, Middle brook and Frank (1982), the general purpose of incentive packages is to increase productivity in the organization. By relating compensation to output, an employer is attempting to induce workers to turn out a greater volume of work there by lowering the cost of producing a single unit of output.

2.7.Effects of Incentive packages

The effects of incentive packages as emphasized by Rajkumar (1996) can be organized under the following categories:

Effect on employees: Employees on incentive plans will provide greater attention against interference or stop page caused by faulty equipment, material shortage or lack of production standards and report conditions that lead to unhealthy industrial relations.

Effect on cost reduction: The design of incentive plans must allow for changing technologies and focus on all factors of production and not just labor alone. It should not ignore opportunities for cost reduction in areas such as efficient utilization of materials, supplies, and cycle time.

Economic effects: Decrease in labor productivity through outstanding performance of the workers. Decreasing inputs "income" for workers and creating a sense of stability and loyalty to the organization and maximizes the cost of operating in the organization through decreased attention and care to reduce waste at the time.

2.8.Theories of Incentive packages

Although, several theories explaining the effects of incentives on effort have been offered. These four theories represent the predominant explanations offered for the effects of incentives on effort direction, perception, duration, and intensity. The theories are expectancy theory, equity theory, agency theory (via expected utility theory) and goal-setting theory.

(i). Expectancy theory

Vroom (1964) proposes that people act to maximize expected satisfaction with outcomes. Expectancy theory posits that an individual's motivation in a particular situation is a function of two factors, the expectancy about the relationship between effort and a particular outcome (. a certain level of pay for a certain level of performance), referred to as the "effort-outcome expectancy" and the valence (attractiveness) of the outcome. The motivation created by these two factors leads people to choose a level of effort that they believe will lead to the desired outcome. The expectancy theory of motivation opines that the effort put into an endeavor is positively related to the value of the reward offered (Jeffrey and Shaffer, 2007). Generally expectancy theory posits that what motivates an individual to select a particular behavior out of a myriad of options is as a result of the expectation of a desirable outcome from the decision to follow that behavior. Simply put, the theory suggests that the level of motivation that results in job satisfaction and better productivity is dependent on the availability of required resources input and adequacy of incentive provided. This consequently sets a rational

pattern of human behavior for the employees which systematically culminate into achieving the desired result that will earn him the additional package. This forms the basis of undertaking this study particularly among manufacturing company practitioners, to unravel the type of incentive package and its adequacy to bring about job satisfaction and enhanced productivity among employees.

The theory suggests that employees' perceived views of workplace outcomes determine the level of motivation they have when working (Redmond & Hite, 2013). If the organization requires an employee to demonstrate a high-level work product, the employee expects the outcome to be high as well. If that expectation is met, the employee may be motivated to continue producing a high-level product. However, if the employee inputs a high-level of effort and the outcome, or reward, is lower than expected, the employee may experience a reduction in motivation.

(ii). Equity theory

Adams (1963) suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return-contribution ratio compares to others inside and outside the organization, determine how fair they perceive their employment relationship to be. Perceptions of inequity are expected to cause employees to take actions to restore equity. Unfortunately, some such actions (e.g., quitting or lack of cooperation) may not be helpful to the organization.

(iii). Agency theory

Baiman (1982), (1990); Eisenhardt (1989), via its assumption that individuals are expected utility maximizes, adds further structure in explaining the effects of incentives on effort. Specifically, a fundamental assumption of agency theory is that individuals are fully rational and have well-defined preferences that conform to the axioms of expected utility theory. Further, individuals are presumed to be motivated solely by self-interest, where self-interest is described by a utility function that contains two arguments.

Wealth and leisure Individuals are presumed to have preferences for increases in wealth and increases in leisure. Thus, incentives increase an individual's desire to increase performance and concomitant pay. In turn, this desire motivates individuals to exert costly effort because increases in effort are presumed to directly lead to increases in expected performance.

In addition, agency theory according to Perrow (1986) re-establishes the importance of incentives and self-interest in organizational thinking. The theory focuses on determining the most efficient contract governing the principal-agent relationship. Specifically, the theory attempts to find out if behavior-oriented contract (salaries, hierarchical governance) is more efficient than outcome-oriented contract (e.g. commission, stock options, transfer of property rights, market governance). Nossa, Kassai and Kassai, (2000) who apart from the theory of the firm and the theory of contracts, address the agency theory, its principal conflicts, the costs of agency, the principal types of controls and incentives for their minimization apart from establishing a relationship between the agency theory who addresses some relevant aspects of the relationships and interactions that occur in the business environment. This relationship is examined in this context of real estate profession and the extent to which incentive is provided and motivated employees to affect the performance of employees and company's productivity altogether.

(iv). Goal-setting theory

Locke & Latham, (1990) proposes that personal goals are the primary determinant of and immediate precursor to effort. In other words, personal goals are the stimulant of the incentive induced effort increases described above. In particular, research indicates that specific and challenging personal goals lead to greater effort than goals that are vague or easy or no goals at all. Challenging goals lead to greater effort than easy goals simply because people must exert more effort to attain the goal. While goal-setting theory allows for expectancies to affect personal goals, evidence shows that assigned goals have a much larger effect on personal goals than do expectancies. Consequently, goal-setting theory provides a description of the effect of incentives on effort that goes beyond their effects on expectancies and outcomes.

2.9. Employee Performance

Employee performance is referred to as whether a person executes their job duties and responsibilities well. Performance is a critical factor in organizational success. The maximum level of workers performance happens when they feel their endeavor is rewarded and compensated completely. There are many factors that affect employee performance like working conditions, employee and employer relationship, training and development opportunities, job security, and company's overall policies and procedures for rewarding

employees. According to Armstrong (2009), employee performance refers to the outcome, accomplishment of work as well as the results achieved, which is linked to the strategic goals of the organization, customer satisfaction and economic contributions. Armstrong continues to indicate that performance has to be managed by taking systematic action to improve organizational, team and individual performance; where individual performance management process is associated with both financial and non-financial incentives. The author concludes that Organizations are obliged to meet the needs of their stakeholders, in this case employees, by rewarding their employees equitably according to their contribution.

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. “What gets measured and rewarded gets attention” (Bohlander et al, 2001). In discipline of human resource management, different writers suggest the following indicators for measuring employee performance and they include: quality that can be measured by percentage of work output that must be rework or is rejected; Customer satisfaction that can be measure by the number of loyal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness/early out observed when employees absent themselves from the work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2009).

Employee performance is an indicator of the capacity of an organization to efficiently achieve organizational goals (Venkatraman & Ramanujam, 1986). It can be evaluated in many ways among which include; the employee’s commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment. It is associated with both quantity and quality of output. It takes into consideration timeliness of output and presence/ attendance on the job, the efficiency of the work completed and effectiveness of job completed (Mathis & Jackson, 2009). Employee performance is the successful completion of a task by an individual or individuals, as lay down and measured by a supervisor of the organization. It entails meeting pre-defined and acceptable standards while efficiently and effectively utilizing available resource within a changing environment.

Aguinis (2009) opines that the definition of performance does not include the results of employee's behavior, but only the behaviors themselves. Performance is all about behavior or what employees do and not just about what employees produce or the outcomes of their work. Carlson (2006) proposes five human resource management practices that can affect performance. They are: setting competitive compensation level, training and development, recruitment package, performance appraisal and maintaining morale. Perceived employee performance refers to the general belief of the employee about this behavior and contributions towards the success of the organization. There are three basic factors that determine employee performance: procedural knowledge, declarative knowledge, and motivation (McCoy et al., 2003).

The management of individual performance within organizations has traditionally centered on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008). Individual employee is motivated by different incentives or benefits and it is important to know how they are motivated and what can satisfy them in order to encourage them to have right attitudes to work which will invariably enhances employee performance and organizational productivity.

2.9.1. Ways of Measuring the Performance of the Employees

(A). The Amount of the Effort: It refers to the amount of the physical or mental energy that the individual spends in a specific period of time in the work, in addition to the speed in performance.

(B).The Quality of the Effort: It refers to the level of the quality of the done work and the degree of matching between the done work and some specific standards. Some kinds of work are not measured by the amount or the speed of performance; but rather by the degree of error-free performance and matching between the production and the required standards.

(C).Manner of Performance: It is the way in which the work duties are done. For example, performance can be measured through the manner of performance, measuring problem-solving strategies or in problem detecting.

(D). Rates of Performance: It refers to the process in which the evaluator increases the employee's productivity in order to determine the efficiency, the quality and the amount of the employee's work in a specific period of time. Then, he compares the employee's done work with the specified rate (Al-Rabayah, 2003).

2.10. Empirical Literature Review

Adequate incentives have been found to be one of the means through which organization can adopt to motivate and increase their workers' performance. There are many studies in the literature, which examine the monetary and non-monetary incentives packages and their effects on organizational variables (Al-Nsour 2012; Scheepers 2009; Pouliakas 2008; Pinar 2008; Arnolds and Venter 2007; Kaya, 2007; Sezen 2002). Incentive packages programs are put in place by various organizations to compensate and reward performance of employees who perform more than expectation (Schiller 1996). Incentive packages are financial or non-financial rewards offered to employees to compel them to exert more effort into any giving task (National Commission on Productivity and Work Quality 1975). Incentives is a force that cause employees to behave in certain ways and on any given day, they may choose to work as hard as possible at a job, to work just hard enough to avoid a reprimand, or to do as little as possible (Griffin, 2002).

Meanwhile, incentives are designed to get the maximum performance from the employees and help retain the most productive among them (Arnold 2013). Organization can consider a variety of ways to reward the employees for their work performance, but an organization need to consider using the best employee incentives to get the desired results.

Incentives are an instrumental drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any giving task (Condly et al. 2003). "High productivity may be determined by workers employees' ability to work and therefore employees that are not well rewarded produce less" Koontz (1984). Luthans (1998) divided these incentives into monetary incentives and non-monetary incentives which is also known as financial or non-financial incentives.

Meanwhile, employees could be intrinsically or extrinsically motivated. Intrinsic motivation is an inward drive coming from within the person which makes him to work effectively and efficiently toward the realization of organizational productivity (Ryan & Deci, 2000). It arises

from natural psychological needs, such as needs for competence and autonomy (Deci & Ryan, 1985; Kasser & Ryan, 1996). It is a self-generated urge that comes from inside an employee and influences him/her to work harder. They are connected to job related and social incentives such as opportunity to use one's ability, interesting work, recognition of a good performance, development opportunities, a sense of challenge and achievement, participation in decision making, and being treated in a caring and thoughtful manner etc. On the other hand, extrinsic motivation exists when behavior is performed to attain externally administered incentives.

Extrinsic motivation is related to “tangible” incentives such as wages and salaries, fringe benefits, cash bonuses, security, promotion, wall plaques, free dinner or movie tickets etc. (Pattanayak, 2005) Intrinsic and extrinsic incentives are two important tools in ensuring motivation, commitment and satisfaction of employees in the world of work. It is therefore possible to state that nonmonetary incentives as a motivational tool address both intrinsic and extrinsic motivation concepts. While monetary incentives may only be classified as a factor leading to extrinsic motivation. Therefore, for employees to remain efficient and highly productive, and competitive, management need to understand why individuals and group behave the way they do, so that they can be satisfied, happy and highly productive (Oyedijo, 1995).

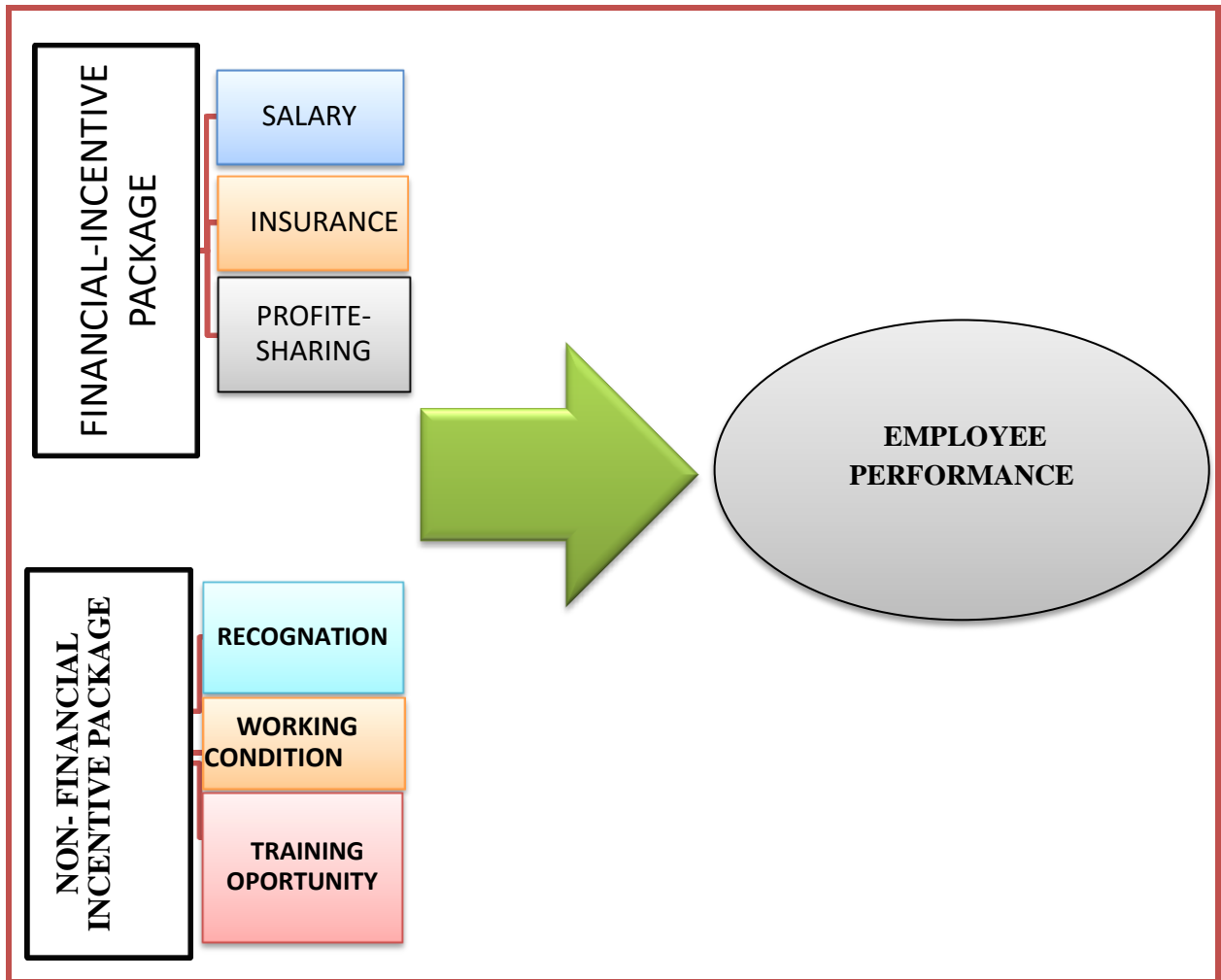
2.11. Conceptual Framework of the study

Incentives are designed to encourage performance of individuals. Regardless of the incentive forms, incentives play an active role in pushing forward individual's capacity and moving abilities, motivating them to develop their skills and balance between organization requirements and the individuals' needs which enhance the organization performance efficiently and effectively. According to (Armstrong & Taylor, 2014) financial incentive works when a link between effort and reward is clear and the value of the reward is worth the effort. This study has would investigate all the elements of incentive packages. The study has also find out organizations use incentive packages as a number one tool to attract and retain their qualified and key employees and also facilitates them to improve their performance. The conceptual framework of the study specifies the nature of the study, which is depicted in the diagrammatic form of Figure 2.1. According to the model, dependent variable is employee

performance and the independent variables are incentive packages (financial and nonfinancial).

Independent Variables (IV).

Dependent Variable (DV).



Source: The study adopted the conceptual framework (Armstrong & Taylor, 2014)

Figure 1: Conceptual framework

2.12. Nature of manufacturing companies

In its earliest form, manufacturing was usually carried out by a single skilled worker with assistants and training was by apprenticeship. In much of the pre-industrial world the guild system protected the privileges and trade secrets of municipal skilled worker. Before the industrial revolution, most manufacturing in the world was occurred in rural areas, where household-based manufacturing served as a supplemental subsistence strategy to agriculture (and continues to do so in places). Entrepreneurs organized a number of manufacturing households into a single enterprise through the putting-out system. However, the market place of the twenty-first century is evolving into one of merging national markets, fragmented consumer markets, and rapidly changing product technologies in manufacturing industry. These changes are driving firms to compete, simultaneously, along several different dimensions: design, manufacturing, distribution, communication, sales and others. Although manufacturing has not been utilized as a competitive weapon historically, the market place of the twenty first century will demand that manufacturing assume a crucial role in the new competitive area. Progress in human society has been accomplished by the creation of new technologies in deferent industries and that is why last few years have witnessed unparalleled changes throughout the world. Rapid changes in the markets demand drastically shortened product life cycles and high-quality products at competitive prices. Customers now prefer a large variety of products and this phenomenon has inspired manufacturing firms to look for progressive computerized automation in various processes. Thus, mass production is being replaced by low-volume, high-variety production so as to maximize sale and there by profitability.

Manufacturing firms have recognized the importance of flexibility in the manufacturing system to meet the challenges posed by the pluralistic market. The concept of flexibility in manufacturing systems has attained significant importance in meeting the challenges for a variety of products of shorter lead-times, together with higher productivity and quality. The flexibility is the underlying concept behind the transition from traditional methods of production to the more automated and integrated methods. According to some economists, manufacturing is a wealth-producing sector of an economy and the back bone of world economy.

Now a day's, International Standard Industrial Classification is used to classify the activity of

enterprises, businesses, establishments and units of all kinds that are engaged in producing goods or services. (It is also used to classify people according to the industry they work in.) Activities are largely defined by the products they produce and possible to classify most products in the same way. ISIC is the most important and widely used classification in economic statistics of in manufacturing activity as “the physical or chemical transformation of materials or components into new products, whether the work is performed by power driven machines or by hand (ISIC, 2008).

The study that comprises manufacture of food products and beverages that describe the following selected company that are Eden spring water business Share Company, Tinaw flower Business Share Company, Ethio chicken and Zebidar Brewery Company.

2.13. Selection of the company

To conduct this study, the manufacturing company is selected. This is due to:

- ✚ Companies are one of the successful manufacturing companies in the production industry and more leading for monetary incentive package by selecting a company has a merit of asking about the contribution of the employee performance to the success of the company productivity.
- ✚ The companies are has international experience in operating export system beyond Ethiopia with sufficient experience to competitive environment
- ✚ The companies are believed that has standard system of management information and control system as compared to many of our manufacturing companies that were operating and are more uniform pricing of products instead of competition.
- ✚ The companies are huge man-power can hold and different employee worked the company So employees play very important part in the daily operations in the manufacturing company especially where the markets are very competitive and have ever-changing environment.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3. Introduction

This chapter deals with the methodological aspects of the research, which include the description of the study, research design, research methods, sources of data, study population, sample size and sampling techniques, data collecting instruments, data analysis and interpretation and ethical considerations.

3.1 . Description of Study Area

Gurage zone is located in the southwestern and northern most parts of region of the SNNPRS. It is bounded by siltie in the southeastern and hadiya zone and yem special werda in the south and southwest, respectively. The northern, western and eastern parts are sharing border with oromia.

According to central statistical Agency (2007), the total population of Gurage zone is 1,279,646 of whom 622,078 were men and 657,568 women, with an area of 5,893.40 square kilometers. The percentage share of female population in the zone is 51.5 percent. Gurage has population density of 217.13. From the total population 119,822 or 9.36% are urban inhabitants. A total of 286,328 households were counted in this Zone. It shares 8.5 percent of the southern region population (i.e. 15, 042,531). Gurage zone stands in a 4th position in southern region in terms of zonal population. Gurage zone shares 5.3 percent from the southern region average population distribution i.e. (110,931.9 sq.km). It falls into three agro ecological zones that are dega, weinadega and kola. According to Gurage zone public services and human resource development (2018) report, there are 26 public organizations. The total employees of the organization were 1048 (men, 679 and female, 369). Gurage zone is structured into sixteen Woreda and two town administrations. On the other hand, Gurage zone contains 437 rural Kebeles and fifteen municipal centers. Under this area coming up some different manufacturing companies that exist among those the study that would be selected four manufacturing companies Zebidar brewery, Ehiochiken, Tinaw flower and Eden water. The study would be conducted on Zebidar brewery and Ethio chicken in gubere administrative and Eden, Tinaw flower in esha werda on gurage regions in specified areas.

3.2. Research design

The design could adequately investigate the perceived effect of incentive packages on employee performance in manufacturing company that used descriptive and explanatory research designs because of its sufficient and relevant information. Descriptive research design: are mainly used when seeking to portray an accurate profile of a person, a group of people, events or situations (Robson, 2002). According to (Neuman, 2003) descriptive research gives a highly accurate picture, locating new data that may contradict past data, create sets of categories and provide clarification on sequences and steps. So it is applied to describe the data and characteristics of the samples in order to understand and systematically describe the Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity in case of manufacturing company and also to identify the most influential variables that affect employee's performance when variables are measured on an ordinal scale. As noted in Kothari (2004), explanatory research design examines the cause and effect relationships between dependent and independent variables. Such design also used to obtain general overview of the subject, and to generalize study findings from sample to population. Also allows the researcher to gather necessary information using effective data collecting instruments.

3.3.The research Approach

The study used mixed method approach through collecting and analyzing both quantitative and qualitative data. The researcher initially collected data through survey questionnaires then used semi-structured interviews to demonstrate the quantitative data. Mixed methods approach is important to examine the same phenomenon from several perspectives (Cohen et al, 2007). This method is useful to build upon the strength that exists between quantitative and qualitative methods in order to understand a given phenomenon than is possible using either quantitative or qualitative methods alone (Creswell, John W., 2003). In this approach, the researcher used quantitative data as a most important aspect of data collection analysis and then a small qualitative data collection and analysis procedure and the qualitative data is used to improve the quantitative data.

3.4. Sources of Data

There are two types of sources when collecting data; primary and secondary data sources. The study would collect primary data using structured questionnaires directly from employees who was selected for this study purpose. Moreover, secondary data which has already would be gathered by someone else like books, websites, and various published journals was would use on this study. On the other hand, there are several methods of collecting primary data, particularly in surveys and descriptive researches. Important ones are: interview, and questionnaires used, (Kothari, 2004). Questionnaires were used to gather from various source employees in working in manufacturing company are targeted and secondary source of data (empirical evidence) were collected using journal article and books with relevant literatures. Data for the study was obtained from primary sources and the matters of the study were employees in working in manufacturing Company.

3.4.1. Population, Sample Size and Sampling Techniques

The target population is defined as a collection of elements or objects that possess the information sought by the researcher (Malhotra & Birks, 2006). Population is all employees of the manufacturing company. The study population was comprised of 1548 representatives from the 4 selected manufacturing companies. Hence, 4 selected company found in Gurage Zone were selected using stratified random sampling technique that had equal chance of being selected and used purposive sampling for conducting the study in which some units of the population have zero chance of selection or directed to specific type of people who could be provided the desired information. Consequently, were: the subjects of the study associated with employees or staff members of each manufacturing company Zebidar brewery, Ehiochiken, Tinaw flower and Eden water especially direct linkage with the participants of the study. According to the data obtained from the sampled manufacturing companies in Gurage Zone the total numbers of employee were found to be 1548 from Zebidar brewery 2,77, Ehiochiken 2,32, Tinaw flower 7,97 and Eden water 2,42. Besides, in order to select the representatives of the sample and determine the size, the researcher used sample size determination with confidence level 95% and tolerable errors $\pm 5\%$ i.e. the sample was selected by the use of the Cochran's formula for finite population sample at a 95% confidence level (Kothari, 2004).

3.4.2. Sample size

The total population of the study was 1548 employees of the four selected manufacturing company. Sample size was 309 that drawn from the study population from the four selected manufacturing company. The sample was selected by the use of the Cochran's formula for finite population sample at a 95% confidence level. Based on this population the study deployed the following formula to determine the sample size because the following formula (Kothari, 2004).

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

Where:-

N - The population size

n - is the sample size

Z^2 - is the abscissa of the normal curve that cuts off an area α at the tails; $(1 - \alpha)$ equals the desired confidence level, e.g., 95%);

e-is the desired level of precision, p- is the estimated proportion of an attribute that is present in the population, and q is 1-p.

The value for Z is found in statistical tables which contain the area under the normal curve. E.g. Z = 1.96 for 95 % level of confidence Suppose we want to calculate a sample size of a large population whose degree of variability is not known. Assuming the maximum variability, which is equal to 50% (p = 0.5) and taking 95% confidence level with $\pm 5\%$ precision, the calculation for required sample size would be as follows.

$$p = 0.5 \text{ and hence } q = 1 - 0.5 = 0.5; e = 0.05; z = 1.96.$$

The study assume 95% level of confidence and 5% acceptable error which means $z=1.96$ and $p=0.5$ $q=1-p$ $q=0.5$ $N=1548$

$$n = \frac{(1.96)^2 (0.5)(0.5) * 1548}{(0.05)^2 (1548 - 1) + (1.96)^2 * 0.5 * 0.5}$$

$$n = 309$$

Determine the sample size of each company by applying proportionate stratified sampling, if the sample size required is 309. Total population, N=1548

Table 3.1. List of population and sample size of the study

Name of Manufacturing company.	Population size	$n = \frac{(T.N.P)(T.S.S)}{T.P}$	Sample size
Zebidar Brewery	277	$n = \frac{277 * 309}{1548}$	55
Ethio Chiken	232	$n = \frac{232 * 309}{1548}$	46
Tinaw Flower	797	$n = \frac{797 * 309}{1548}$	160
Eden Water	242	$n = \frac{242 * 309}{1548}$	48
Total	1548	$n = \frac{1548 * 309}{1548}$	309

Note; T.N.P =Total number of population, T.S.S =Total Sample size and T.P = Total population
Source: Own Survey, 2021

3.4.3. Data collecting instrument

(A) Questionnaire.

Primary data was would be collect from the company gathered using a structured questionnaire by using self-administered questionnaires that comprise both close and open ended questions. The questionnaires were distributed to the selected sample of four manufacturing Company in gurage zone. The questionnaire has three parts: the first part of the questionnaire describes the respondents' personal information include: gender, age of respondents, occupation, level of education and monthly income. This method covered by professional employees of the study area of manufacturing Company in gurage zone. The process of data collection had completed when the researcher gets all respondents and

distributed questionnaires. The research mainly has faith in on structured five point Likert scale questionnaire to collect primary data from samples. For the structured five point Likert scale each question had five alternative answers in accordance with Likert scale value [1] = Strongly Disagree; [2] = Disagree; [3] = Neutral; [4] = Agree; and [5] = Strongly Agree (Llamas A and Tuazon A, 2016).

(B). Key Informants Interview

The qualitative data was collected by using structured interview heavily dependent on the researcher's integrative skills and personal knowledge of the company context. Interview guide open - ended questions were used to gather in-depth qualitative data from data is collected from 1 Supervisor and 1 HR manager of each Manufacturing Company. The researcher conducted the interview in the company where they are working. The researcher prepared an interview protocol in advance and used it to take notes during the interview and took 30 minutes for interviewing each interviewee. Interviews are important sources of data as participants can be asked key questions about the study. Because interview has greatest potential to release more in-depth information, according to Creswell (2003), interview allows participants to provide data to meet the study objectives. The interviews are consisted of 3 structured questions that prepared based on get some basic information toward the company's incentive packages and their effect on employee performance in manufacturing company. The researcher interviewed only 4 Human resource managers (Yohanse adane, Tagese siyfu, Ashenafii Teklu, Mashersa Gobere) and Supervisors (Muliyo g/kidan, Mr Shiebsa Nigani, Andamelake tesfayo, Teshome Tenkire) are selected among the manufacturing company Zebidar brewery, Ehiochiken, Tinaw flower and Eden water respectively.

3.4.4. Procedures for Data Collection.

Before dispatching the questionnaire, two data collectors were selected and fully oriented about the questionnaires and how to collect data from the employees and smart. The data collectors were also selected because their familiarity with the sample companies by researcher in order to make the data gathering procedure free from confusions study area. Their familiarity of the research areas thought to facilitate the data collection process. Then, the questionnaire was dispatched and collected through these assigned data collectors. But, nearby follow up was made by the researcher throughout the data collection process.

Furthermore, the researcher has provided orientation for all respondents concerning the objective of the study and how the items would be answered. Then, the questionnaire was dispatched to sample employee of working in company. Interview was also conducted with Human resource managers and supervisor. The researcher had initial contact with the interview to explain the objective of the study. While conducting the interview, the researcher used only notes.

3.5.Methods of data analysis

The structured questionnaire is designed to examine the effect of incentive package on the selected manufacturing Company in gurage zone. The data is analyzed using the Statistical Package for Social Science version 23 (SPSS 23) and stata version 13.The Data was analyzed by using descriptive and inferential statistics. Frequency distribution and mean values are used to describe the state of financial incentives package, (salary, Insurance and Profit Sharing) and Non-financial incentive package, (Recognition, Working Conditions, and Training Opportunity). Pearson correlation and multiple regression analysis are performed to analyze the association and effect of each incentive package on employee performance. Independent t-test is used for hypotheses testing and to asses if there is a statistical significant difference between financial and Non-financial in terms of their incentive package and dependent variable used for employee performance. ANOVA is used to determine whether the model as a whole has statistically significant predictive capability or not.

3.6.Regression Analysis

A cross sectional data regression model was used to the relative importance of each independent variable to determine the perceived effect of incentive package on employee performance in selected manufacturing Company performance. The p-value of explanatory variables was used to test the developed hypotheses at a 1%, 5% and 10% significance level. The multiple regressions model for the dependent variable employee performance is presented in the equation below. The study ran to models by using Statistical Package for Social Science version 23(SPSS 23). The four (4) selected manufacturing Companies should be used to analyze the effect of incentive package on employee performance in the selected manufacturing Company in gurage zone.

3.6.1. Model specification

The regression model employed is presented as follows;

$$Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} \dots + \beta_n X_{ni} + \epsilon_i$$

I - Goes from 1 to N and indicates the observation number

Y_i - The value of dependent variable; employee performance - performance indicator

α - The constant term;

β -- The coefficient of the function;

X_i - The value of independent variables for financial incentives;

ε_i - The disturbance or error term.

In this study, incentives packages that are Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity are measured using the Employee performance. The incentives packages specific variable of the study includes Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity.

The models used in this study were as follows;

$$EPPC = \alpha + \beta_1(RCO)_i + \beta_2(INS)_i + \beta_3(TRO)_i + \beta_4(PSH)_i + \beta_5(SAL)_i + \beta_6(WCO)_i + \epsilon_i$$

Where **β₁** to **β₆** are the coefficients of the variables

- **EPPC_i** Employee Performance.
- **RCO_i** Recognition.
- **INS_i** Insurance.
- **TRO_i** Training Opportunity.
- **PSH_i** Profit Sharing.
- **SAL_i** Salary.
- **WCO_i** Working Conditions.
- **ε_{it}** The error term.

3.7.Variable Description and Research Hypotheses

3.7.1. Dependent Variable

3.7.1.1. Employee performance

Employee Performance (EPP) is an indicator of the capacity of an organization to efficiently achieve organizational goals (Venkatraman & Ramanujam, 1986). It can be evaluated in many ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in a work environment. It is associated with both quantity and quality of output.

3.7.2. Independent variable

3.7.2.1.Performance base salary

Performance-based pay (SAL) is compensation that's tied to employees' contributions to a company. This pay structure ensures that only the top-performing employees survive. Many businesses say it's a great way to improve employee performance. However, people in careers that use this payment structure don't necessarily make more money. The commissions on these sales are few and far between, split up among a large sales force. In short, performance-based pay is great when both the company and employee are performing well, but it's a double-edged sword. Specifically at pay tied to company profits, they found that performance-based pay positively impacted job satisfaction, employee commitment, and trust in management if the profit-related pay was distributed equitably across the organization. When profit-related pay was given only to a small portion of the workforce, the study found lower levels of job satisfaction, employee commitment and trust in management. In other words, sharing the wealth is highly popular (Kevin, 2001).

3.7.2.2.Insurance- coverage

The client will provide a safe and healthy work environment linked to the employment policy taking into account inherent risks and hazards. Steps will be taken to minimize accidents, injury and disease arising from, associated with or occurring in the course of work. In line with international best practice, the client will address identification of hazards, preventative and protective measures, training, documentation and reporting, and emergency response. The company to the development of a Health and Safety Programmed, in accordance with local legislation, lenders' requirements and international best practice. Thorough and technically sound health and safety protection measures will be developed and put in place at the development, operation and closure. Specific policy goals address communication,

surveillance, training, health screening, awareness and emergency preparedness and monitoring.

3.7.2.3.Profit Sharing

Profit sharing (PSH) can be a great tool for company as employees are determined to work harder, as they gain personal satisfaction for excellent work done. They will gain further satisfaction as they know that they will get a piece of the profits for their efforts (Enterprise Innovation Editors, 2010). There are some individuals that may not be motivated by the profit sharing scheme as their job functions may not allow them to value add or they are not motivated enough to make a difference. Those employees exposed to profit sharing schemes and performance related pays are more satisfied with their jobs and results in low employee turnover in organizations when compared to employees on the traditional salary packages (Halloran, 2011).

3.7.2.4.Recognition

Recognition (REC) can be used to improve performance by setting targets in relation to the work given e.g. surpassing some sales targets. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more (Perry et al., 2006). Research has proven that when human being are appreciated and praised they tend to improve their performance. Sometimes portion of the retained earnings or the end of year profit can be shared to stimulate stellar performance. This is another way an organization can apply as a Recognition so as to improve performance. Praise could be shown in the organization newsletter or in meetings. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employee's performance (Torrington & Hall 2006).

3.7.2.5.Working Conditions

Working conditions (WCD) refers to the working environment and aspects of an employee's terms and conditions of Employment to working environment and all existing circumstance affecting labor in the work place, including job hours, physical aspects, legal rights and responsibility organizational climate and workload. Organizations where employees are exposed to stressful working conditions, productivity are negatively influenced and that there is a negative impact on the delivery of service. On the other hand if working conditions are good, productivity increase and there is a positive impact on the delivery of service.

Productivity refers to effort that individuals can produce with the least effort by putting labor, material, and machines (Bornstein, 2007).

3.7.2.6. Training Opportunity

Training (TRO) is acquiring new skills and abilities motivate workers to perform well in an organization and positively related with employee performance. Employees adapt new skills and technology at the training program. A training program that starts needs assessment and then inconsistency between the actual and standard performance of trainee is analyzed. Acquiring new skills and abilities motivate workers to perform well in an organization. Most people are driven to give out the best of them to achieve organizational goals if they know there is a training program in that organization. Organizations conduct training programs due to dynamic changes in the business environment which increases the motivation of employees. As a result, the employees are promoted due to the training provided to them organizations which spend more on training of the employee are more developed as the human resource training enhances the productivity more than any other resources (Roscoe, 2002).

3.8. Diagnostic Test

Multicollinearity problem arises when at least one of the independent variables is a linear combination of the others. To solve this problem, check the variance inflation factor (VIF) technique was employed for identifying whether the problems of Multicollinearity among explanatory variables exist or not (Gujarati, 2006). If VIF value is greater than 10, it is used as a signal for strong Multicollinearity among the explanatory variables.

Heteroscedastic is the test for disturbance term normally distributed or not. Robust the result is the solution. The other tests Hosmer-Lemeshow test for good ness of fit binary dependent variable using $p > 0.05$ the model is good fit. And normality test checked by using Shapiro swilk test ($W > 0.05$) the sample is normally.

3.9. Data Quality Control

3.9.1. Validity

Validity refers to the extent to which data accurately reflects what they are meant to reflect. It means that the instrument measures what it is supposed to measure. Thus effect of incentive package on employee performance measurements are adopted from various scholar works. The study is directly contact with the staff of the company to collect primary data and also a chance to assess all appropriate sources of information makes the data obtained valid.

3.9.2. Reliability Test

Reliability concerns the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials (Carmines and Zeller, 1979). Internal consistency reliability is used to assess the consistency of results across items within a test and the method for assessing reliability of the current study. The study did the reliability test to 31 items selected target group respondents by calculating cronbach's alpha with all variable using SPSS version 23 was conducted to ascertain the reliability level of the research. The reliability of data measure indicates the extent to which the data measure is without bias and offer consistent measurement across time (Sekaran, 2003). According to Sekaran (2003), if alpha coefficient is below 0.6, the reliability is weak. Alpha coefficient which ranges from 0.6 to 0.8 is considered to be moderately strong. If the alpha coefficient is above 0.8, they are considered to be very strong. So the Cronbach's alpha values are dependent on the number of items in the scale. Cronbach's alpha is a reliability coefficient that indicated how well the items are positively correlated to another. The closer Cronbach's alpha is to digit 1, the higher internal consistency reliability (Sekaran, 2003).

Table 3.2: Reliability Statistics

S.N	Determinant factors	Cronbach's Alpha	N of Items
1	Salary	0.601	4
2	Insurance	0.759	5
3	Profit Sharing	0.597	4
4	Recognition	0.730	6
5	Working Conditions	0.621	4
6	Training Opportunity	0.665	4
7	Employee Performance	0.752	4
	Total	0.683	31

As indicated in table 3.2 above scale reliability Cronbach's Alpha coefficients are all the variables that include salary 0.601, Insurance 0.759, Profit Sharing 0.597, Recognition 0.730, Working Conditions 0.621, Training Opportunity 0.665, and employee performance, 0.752 merged 31 items questionnaires which the result of Cronbach's Alpha coefficients is 0.683.

Thus the study also validates moderately internal consistency and the total Cronbach's Alpha coefficient is 0.684. Therefore, this study demonstrates moderately strong reliability.

3.9.3. Ethical Consideration

The researcher used data from employees which are collected through self-administered questionnaires; permission is obtained from employees. To maintain confidentiality, the respondents were informed that the information they provide is confidential and used only for academic purposes. The respondents were informed not to write their names on the questionnaire. The data that were collected is kept confidential and the researcher tried to work on the paper with standard professional ethics. The study participants have the right to be informed of all aspects of a study task. Knowing what was involved, how long it would be taken, and what would be done with the data, a person could be made an intelligent choice to whether to participate in the study.

Table 3.3. Description of the variables that the hypothesis, Notation and Measurement of study variables.

Dependent variable	Variable	Notation	Expected sign
	Employee Performance	EPPC	
Independent variable	Salary	SAL	-
	Insurance	INS	+
	Profit Sharing	PSH	+
	Recognition	RCO	+
	Working Conditions	WCD	-
	Training Opportunity	TRO	+

Source: Own Survey, 2021

CHAPTER FOUR

4. RESULT AND DISCUSSION

This chapter presents the analysis of data from the study. Once the raw data was obtained it was coded and entered into the computer program. In addition to this, background information of respondents, were presented in different format. The Statistical Package for Social Sciences (SPSS) version 23 was used to analyze the data. Accordingly, simple and advanced statistical methods were used in the effect of incentive package on the selected manufacturing Company in gurage zone. Descriptive analysis like mean, standard deviation, percentage and inferential statistical analysis methods like Kendall's Wallis Coefficient of Concordance rank order analysis model were used for the analysis of the research questions of this study. The level of agreement for interpreting the data that the researcher used for the effect of incentive package on the selected manufacturing Company in Gurage Zone was [1.00-1.49] = Strongly Disagree; [1.50-2.49] = Disagree; [2.50-3.49] = Neutral; [3.50-4.49] = Agree; and [4.50-5.00] = Strongly Agree (Llamas A and Tuazon A,2016).

4.1. Response Rate of Respondents

Data were collected from employees of the selected manufacturing Company in gurage zone. Indeed, 309 questionnaires were distributed to the targeted population across the four selected manufacturing Company (Zebidar brewery,Ehiochiken,Tinaw flower and Eden water) , out of which 300 questionnaires were completed and returned successfully which is representing 97% response rate. The other 9(3%) were not returned back or not included in the analysis due to the problems from respondents in lack of filling the questionnaire with complete information. The first part of the questionnaire consists of six items about the demographic information of the respondents. It covers the personal data of respondents, such as gender, age, educational attainment, job category, experiences and monthly income.

Table 4.1: Questionnaire Distribution and Response Rate.

N.O	Manufacturing company	Questionnaire Distributed	Questionnaire Completed	Response Rate %
1	Zebidar brewery	55	55	100
2	Ethio Chiken	46	46	100
3	Tinaw Flower	160	150	94
4	Eden Water	48	48	100
	TOTALL	309	300	97

Source: Own Survey, 2021

4.2. Demographic Characteristics of Respondents`

Table 4.2. Demographic Characteristics of Respondents

Items		Respondents		Interviewees		Total	
		Fre	%	Fre	%	Fre	%
Sex	Male	185	61.7	4	50	189	61
	Female	115	38.3	4	50	119	39
	Total	300	100	8	100	308	100
Age	Below 27 years	77	25.7	2	25	79	25.6
	27-35 Years	170	56.7	3	37.5	173	56
	36-45Years	52	17.3	2	25	54	17.5
	more than 45 years	1	0.3	1	12.5	2	0.65
	Total	300	100	8	100	308	100
Educational Qualification	Certificate	22	7.3	0	0	22	7
	Diploma	66	22	-	0	66	21

	First Degree	195	65	6	75	201	65
	Master's Degree	17	5.7	2	25	19	6
	Total	300	100	8	100	308	100
Years of Service in your current company	Below 5 years	128	42.7	-	-	128	41.5
	5 - 10 years	119	39.7	4	50	123	40
	11 -15 years	47	15.7	2	25	49	16
	16 - 20 years	5	1.7	2	25	7	2
	above 20 years	1	0.3	-	-	1	0.32
	Total	300	100	8	100	308	308
Job Category	Supervisor	57	19	4	50	61	20
	Management Staff	61	20.3	4	50	65	21
	Sales Staff	25	8.3	-	-	25	8
	Technician	66	22	-	-	66	21
	Professional Support Staff	91	30.3	-	-	91	29.5
	Total	300	100	8	100	308	100
Monthly income	Below -5,000.00	106	35.3	-	-	106	34
	5,000.00 - 10,000.00	151	50.3	1	12.5	152	50
	10,001.00 - 20,000.00	17	5.7	4	50	21	7
	20,001.00 - 30,000.00	25	8.3	3	37.5	28	9
	30,001.00 - 40,000.00	1	0.3	-	-	1	0.32
	Total	300	100	8	100	308	100

Source: SPSS output, own survey 2021

As shown in the above table 4.2, of the respondents 61.7% (185) were male and the remaining 38.3% (115) were females. With regard to respondents' age category, 25.7% (77) of the respondents fall under the age category of Below 27 years. The next higher group were 56.7% (170) fall in the age group of 27-35 Years and 17.3% (52) fall under age categories of 36-45 Years finally the remaining 0.3 % (1) respondents are in the age group of more than 45 years. In overall the age and the gender data show us most of respondents are male as the same time most of respondents are young. With regards of educational attainment 22(7.3%) are Certificate, 66 (7.3) % are diploma holders, most of 195 (65%) are degree holders, and 17 (5.7%) respondents are masters holders hence there is no doctorate degree and other educational attainments. In regards of educational attainment most of respondents are degree holders therefore the employees of the company who working in gurage zone degree holders. Job category of the respondents based on the result Technician 66(22%), Sales staff 25(8.3%), Supervisor/57(19%), Professional Support staff 91(30.3%) and Management 61(20.3%) Respectively. This implies that most of the respondents are Professional Support staff and Technicians therefore, the company may consider them as a core staff for the manufacturing production system and service business.

The respondents' monthly income shows that the respondents are below -5,000 106(35.5%), in between 5,000 - 10,000 151(50.3%), 10,001 - 20,000 17(5.7%), 20,001 - 30,000 25(8.3%), and 30,001.00 - 40,000.00 1(0.3%) This shows that the company pay system majority level on the salary range of 10,001.00–20,000.00. As shown in years of experience in manufacturing company 128 (42.7%) have Below 5 years' experience, 119 (39.7%) of them 5 - 10 years' work experienced, 47 (15.7%) employees have an experience of 11 -15 years, 5 (1.7%) are experienced 16 - 20 years the remaining 1 (0.3%) have above 20 year work experience.

4.3. Descriptive Analysis

The second part of the research questions seeks to understand what the incentive package on the selected manufacturing Company in gurage zone. Looks like, what type of incentive package techniques are applicable to employees which has been analyzed and presented on following tables and presented. Hence analyzed by comparing the mean and standard deviation score of each variable. According to Zaidaton & Bagheri (2009), the mean score

below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.80 is considered as high as illustrated in table 4.4 below.

Table 4.3: Comparison Bases of Mean Score

Sr.No.	Mean Score	Description
1	< 3.39	Low
2	3.40 – 3.79	Moderate
3	> 3.80	High

Source: Zaidatol & Bagheri (2009)

Table 4.4: Financial Incentives package Mean and Standard Deviation

Item Financial Incentives		Strongly agree	agree	Neutral	Disagree	Strongly disagree	total	Mean	S.D
SALARY									
Salary increment is fair and based on your performance	No	37	58	92	87	26	300	2.98	1.152
	%	12.3	19.3	30.7	29	8.7	100		
The existing company salary pay system is inspiring me to a higher performance.	No	50	61	91	69	29	300	3.11	1.216
	%	16.7	20.3	30.3	23	9.7	100		
Salary is paid fairly for extra work, efficiency and achievements.	No	37	57	93	85	28	300	2.97	1.159
	%	12.3	19	31	28.3	9.3	100		
The company usually provides for increase salary for all its employees' according to the job grade	No	29	65	104	64	38	300	2.94	1.152
	%	9.7	21.7	34.7	21.3	12.7	100		
INSURANCE									
The management of the company is fair in the implementation of insurance coverage	No	30	52	96	94	28	300	2.87	1.117
	%	10	17.3	32	31.3	9.3	100		
The company insurance coverage is attractive than the other companies	No	29	51	97	96	27	300	2.86	1.105
	%	9.7	17	32.3	32	9.0	100		
The company insurance	No	30	68	89	86	27	300	2.96	1.130

coverage has a significant role on the retention of key employee performance									
	%	10	22.7	29.7	28.7	9.0	100		
Insurance coverage helps a strong sense of belongingness to the company	No	33	59	96	85	27	300	2.95	1.132
	%	11	19.7	32	28.3	9.0	100		
The company covers medical expense up to tolerable amount	No	46	62	78	86	28	300	3.05	1.213
	%	15.3	20.7	26	28.7	9.3	100		
PROFIT SHARING									
The management of the company is fair in the implementation of profit sharing package	No	30	62	88	91	29	300	2.91	1.137
	%	10	20.7	29.3	30.3	9.7	100		
Profit sharing package helps a strong sense of belongingness to the company.	No	36	64	99	68	33	300	3.01	1.168
	%	12	21.3	33	22.7	11	100		
Profit sharing package has a significant role on the retention of key staff.	No	25	60	102	83	30	300	2.89	1.096
	%	8.3	20	34	27.7	10	100		
Profit sharing package improves company performance by attracting qualified staff	No	36	65	98	63	38	300	2.99	1.191
	%	12	21.7	32.7	21	12.7	100		
Total								2.96	1.15

Table 4.5: Summary of Financial Incentives package

NO	Financial Items	Mean	Std. Deviation
1	Salary	3	0.507
2	Insurance	2.938	1.365
3	Profit Sharing	2.95	1.148
	Total	2.96	1.15

Source: SPSS output, own survey 2021

According to rank a general list of Financial Incentives package consisting of the ones offered by the company and some are not offered, these results are presented in table 4.4 and 4.5 above. As indicated in the above table the mean values of Insurance mean 2.94 and profit sharing mean 2.95 are slightly above the average i.e. 2.87 this means the incentive package of the company with the mentioned variable is less satisfactory. But the mean value of employees on salary mean 3.00 are below average this indicate that the company incentive package with this regard is not satisfactory. When the aggregate mean result is 2.96 (low) seen the financial incentive package of the company (salary, insurance and profit sharing) is less satisfactory According to Zaidaton & Bagheri (2009). The study is agreed with the findings of (Stajkovic and Luthans, 2003), that, money has been shown to attract, motivate, and retain employees as well as to serve as a strengthening of employee performance.

This indicates that the employees attach different weights to various financial incentives package and also show low rating for values of Insurance based on the company financial targets and achievements and profit sharing package helps a week sense of belongingness to the company and low rating for salary increment, that some incentives are more powerful than others in encouraging employee's performance. Therefore, it would be concluded that other incentives tend to have little motivational value if various financial incentives package are perceived to be adequate.

Table. 4.6: Aggregate of Non-Financial Incentives package - Mean and Standard Deviation.

NON- Financial Incentives	F R Q	Strongly agree	agree	Neutr al	Disagre	Stronglyd isagree	total	Mean	S.D
RECOGNITION									
Everyone have equal chance to be promoted	No	24	53	87	92	44	300	2.74	1.151
	%	8	17.7	29	30.7	14.7	100		
Management recognizing employees whose efforts make a difference.	No	17	64	82	98	39	300	2.74	1.106
	%	5.7	21.3	27.3	32.7	13	100		
I have participated in the decision making of the company goals.	No	55	78	90	54	23	300	2.71	1.183
	%	18.3	26	30	18	7.7	100		

Incentive travel to improve the morale of individual or team for work is well done	No	27	56	85	88	44	300	2.78	1.176
	%	9	18.7	28.3	29.3	14.7	100		
The company grants a tangible gifts/trophy, I am more motivated to perform better	NO	12	65	93	91	39	300	2.73	1.064
	%	4	21.7	31	30.3	13	100		
The Company give proper recognition for outstanding performance of employees	No	20	60	91	92	37	300	2.78	1.106
	%	6.7	20	30.3	30.7	12.3	100		
WORKING CONDITIONS									
A positive working condition is important for me to perform well on my job	No	42	69	75	93	21	300	3.06	1.175
	%	14	23	25	31	7	100		
Feeling a spirit of teamwork and cooperation among co-employees	No	48	41	97	90	24	300	3.00	1.184
	%	16	13.7	32.3	30	8	100		
The work environment can produce greater commitment in me to perform my best	No	21	84	89	86	20	300	3.00	1.057
	%	7	28	29.7	28.7	6.7	100		
Company policies and procedures can promote employee ownership	No	26	68	110	74	22	300	3.01	1.057
	%	8.7	22.7	36.7	24.7	7.3	100		
TRAINING OPPORTUNITY									
Employees are encouraged to participate in various seminars and workshops	No	18	55	88	96	43	300	2.7	1.108
	%	6	18.3	29.3	32	14.3	100		
The company provides me with skills and knowledge that will benefit my future career.	No	21	66	110	70	33	300	2.91	1.081
	%	7	22	36.7	23.3	11	100		
The content of the training program makes the company's employees to be more productive.	No	37	64	95	82	23	300	3.04	1.130
	%	12.3	21.3	31.7	27.3	7.3	100		
The company is committed to the training and development of its employee performance	No	23	66	114	75	22	300	2.98	1.036
	%	7.7	22	38	25	7.3	100		
Total								3.01	1.11

Table 4.7: Summary of Non- Financial Incentives package

NO	Non-Financial Items	Mean	Std. Deviation
1	Recognition	2.985	1.131
2	Working Conditions	3.017	1.169
3	Training Opportunity	2.9775	1.088
	Total	3.01	1.11

Source: SPSS output, 2021

According to the above table 4.6 and 4.7 the company incentive package of training opportunity with mean 2.977 and Recognition the mean value is 2.985 are less satisfactory because the mean results are below the average mean 3.01. But all other non-financial incentives package Working Conditions mean is 3.017 are satisfactory, since the mean result is above the average mean. When the aggregate mean result is 3.01 (Moderate) seen the non-financial incentive package of the company is moderately satisfactory.

In this study (Cameron and Pierce, 1997) concluded that praising people for their work leads to greater task interest and performance and that tangible reward also enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standard. This implies that the employees attach different weights to various non-financial incentives packages and also show high rating for working condition and low rating for the training, recognition or promotion (career development) as well.

Table 4.8: Aggregate of Employee Performance – Mean and Standard Deviation

Employee Performance	F R Q	Strongly agree	agree	Neutral	Disagree	Strongly Disagreed	Total	Mean	SD
The existing incentive packages program has its own influence on company overall targets and achievements	No	48	90	98	51	13	300	3.21	1.060
	%	16	30	32.7	17	4.3	100		
The existing of incentives package (medical coverage, paid vacation time, insurance coverage) are motivating employees to perform optimally (maximum.	No	48	90	98	51	13	300	3.36	1.075
	%	16	30	32.7	17	4.3	100		

Employees' Performance attitude and commitment have positive influence on company's overall performance	No	50	87	114	42	7	300	3.44	1.001
	%	16.7	29	38	14	2.3	100		
Performance based incentive package encouraged me to exert more effort and improve my productivity	No	51	103	104	36	6	300	3.52	0.976
	%	17	34.3	34.7	12	2	100		
TOTAL								3.38	1.03

Source: SPSS output, 2021

As can be seen from the table 4.8, the research questionnaire explores how do employees perceive the incentive package on employee performance, employee responses to the above questions. Based on the response of the respondent for that dependent variable of employee performance questionnaires is slightly above and below the average. This implies that the employees of the company are Less (Not-significantly) and moderately perceived the employee performance. When the aggregate mean result is 3.38 (Low) seen the effect of incentive package on employee performance in company seems very satisfactory. This is consistent with the findings of Kohn, (1993), Powell, (1998) who stated that not all writers agree that incentive plans or programs will always lead to positive outcome. This implies that different incentive package indeed work in boosting employee performance and their presence or absence can make a significance difference in organizational performance.

4.4. Normality Test

The underlying assumption in Pearson Correlation and Multiple Linear Regression was the data tested must be normally distributed. Therefore, normality test is conducted to ascertain whether the data are normally distributed as to fulfill the normality assumptions before proceeding to further tests. Assumption of normality would be fulfilled when the p-value is more than 0.05 (Razali & Yap, 2011). Table 4.9 below indicated that the p-value is greater than 0.05, which implies that there was no evidence for the presence of abnormality in the data.

Heteroscedastic is the test for disturbance term normally distributed or not. Robust the result is the solution. The other tests Multiple Linear Regression tests for good ness of fit dependent variable using $p-v > 0.05$ the model is good fit. And normality test checked by using Shapiro swilk test ($W > 0.05$) the sample is normally distributed.

Table 4.9: Normality Test

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	Z	Prob>z
Resid	300	0.98529	.134	2.681	0.72750

Source: STATA version 13 using Own survey 2021

The normality test tells us random sample came from a normal distribution, the test gives us a W value; small indicate the sample is not normally distributed and large value / Prob 0.72750 > alpha 0.05 indicate that the data is normally distributed.

4.5. Multicollinearity Test

According to (Churchill and Iacobucci 2005), Multicollinearity is concerned with the relationship which exists between explanatory variables. When there exists the problem of Multicollinearity, the amount of information about the effect of explanatory variables on dependent variables decreases and as a result, many of the explanatory variables could be judged as not related to the dependent variables when in fact they are. How much correlation causes Multicollinearity, however, is not still clearly defined. Many authors have suggested different level of correlation to judge the presence of Multicollinearity. While (Hair, et al. 2006) argued that correlation coefficient below 0.9 may not cause serious Multicollinearity problem.(Malhotra 2007) stated that Multicollinearity problem exists when the correlation coefficient among variables is greater than 0.75. This indicates that there is no consistent agreement on the level of correlation that causes Multicollinearity. It is stated that however, strong relationship between independent variables can exist due to one of the following reasons: a) one variable is a constant multiple of another b) One variable is a linear function of two or more other variables. It shows the regression model has difficulty in explaining which independent variables are affecting the dependent variable. As shown in the table 4.11, there is no Multicollinearity problem among all the IVs in this study as the highest correlation between IVs is less than 0.9 (Wheeler & Tiefelsdorf, 2005).

Table 4.10: Coefficientsa Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.366	.099		13.741	.000		
	Recognition	.656	.015	.896	43.401	.000	.355	2.813
	Insurance	.026	.040	.008	.640	.523	.992	1.008
	Training Opportunity	.243	.068	.068	3.576	.000	.414	2.417
	Profit sharing	.106	.041	.034	2.588	.010	.877	1.140
	Salary	.002	.012	.002	.165	.869	.820	1.220
	working condition	.036	.015	.035	2.394	.017	.700	1.429

Source: SPSS output, 2021

a. Dependent Variable: Employee Performance

Multicollinearity problem arises when at least one of the independent variables is a linear combination of the others. To solve this problem, check the variance inflation factor (VIF) technique was employed for identifying whether the problems of Multicollinearity among explanatory variables exist or not (Gujarati, 2006). If VIF value is greater than 10, it is used as a signal for strong Multicollinearity among the explanatory variables.

4.6. Inferential Analysis

4.6.1. Pearson Correlation Analysis

In this section the correlation between incentives package in Manufacturing Company indicator are (employee performance) and the six explanatory variables namely: salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity are presented and analyzed.

According to Brooks (2008), correlation between two variables measures the degree of linear association between them. Pearson product moment of correlation coefficient was used to find the association of the independent variables with the dependent variable. Values of the

correlation coefficient are always ranged between positive one and negative one. A correlation coefficient of positive one indicates that a perfect positive association between the two variables; while a correlation coefficient of negative one indicates that a perfect negative association between the two variables. A correlation coefficient of zero, on the other hand, indicates that there is no linear relationship between the two variables.

Correlation is a way to index the degree to which two or more variables are associated with or related to each other. The most widely used bi-variant correlation statistics is the Pearson product-movement coefficient, commonly called the Pearson correlation which was used in this study. Correlation coefficient between two variables ranges from +1 (i.e. perfect positive relationship) to -1 (i.e. perfect negative relationship). The sample size is the key element to determine whether or not the correlation coefficient is different from zero/statistically significant. Table 4.11 bellow shows the correlation coefficient between the dependent variables and independent variables.

Table 4.11: Range of Correlation Coefficient

Coefficient Range	Strength
+0.91 to +1.0	Very Strong
+0.71 to +0.90	High
+0.41 to +0.70	Moderate
+0.21 to +0.40	Small but definite relationship
0 to +0.20	Slight, almost negligible

Source: Hair et. al, (2003).

According to Brooks (2008), if it is stated that y and x are correlated, it means that y and x are being treated in a completely symmetrical way. Thus, it is not implied that changes in x cause changes in y , or indeed that changes in y cause changes in x rather, it is simply stated that there is evidence for a linear relationship between the two variables, and that movements in the two are on average related to an extent given by the correlation coefficient.

Table. 4.12. Correlation analysis with Employee Performance (EPPC).

	RCO	INS	TRO	PSH	SAL	WCD
EPPC	0.976	0.010	0.742	0.318	0.323	0.550

Source: (SPSS) version 23 outputs.

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

By taking a correlation result which is presented above study period the independent variables to dependent variable which is EPPC. The result indicated in the correlation analysis RCO, INS, TRO PSH, SAL and WCD had positive correlation to EPPC with coefficient of correlation 0.976, 0.010, 0.742, 0.318, 0.323 and 0.550 respectively. So the above all correlation coefficient outputs are positive which indicates that a perfect positive association between the two variables.

4.6.2. Multiple Liner Regression

Multiple linear regression analysis is a method which uses more than one IV to explain the variance in a DV (Ghani & Ahmad, 2011). The study aims to investigate the relationship between the independent variable (Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity) with the dependent variable (employee performance) in manufacturing company.

4.6.3. Effect of incentive on Employee Performance

Regression is concerned with describing and evaluating the relationship between a given variable and one or more other variables. More specifically, regression is an attempt to explain movements in a variable by reference to movements in one or more other variables (Brooks 2008). Under the following regression outputs the beta coefficient may be negative or positive; beta indicates that each variable's level of influence on the dependent variable. P-value indicates at what percentage or precession level of each variable is significant. R square values indicate the explanatory power of the model and in this study adjusted R square value which takes into account the loss of degrees of freedom associated with adding extra variables were inferred to see the explanatory powers of the models.

Table 4.13: Model Summary (Multiple Liner Regression)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.978 ^a	.956	.955	.11448

Source: SPSS output, 2021

a. Predictors: (Constant), working condition, Insurance, salary, Profit sharing, Training Opportunity, Recognition

The model summary table 4.13 includes the independent variables (Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity) and dependent variable (employee performance). As indicated in the above model summary and below ANOVA table the liner combination of the independent variables were significantly or insignificantly related to the dependent variable. The model or the predictor variables have accounted for 95.6% (adjusted R square of 95.5 %) of the variance in the dependent variable. The remaining 4.5 % are explained by other variables out of this mode.

Table 4.14: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.717	6	13.786	1051.897	.000 ^b
	Residual	3.840	293	.013		
	Total	86.557	299			

Source: SPSS output, 2021

a. Dependent Variable: employee Performance

b. Predictors: (Constant), working condition, Insurance, salary, Profit sharing, Training Opportunity, Recognition

Based on the ANOVA table 4.14, the F-value of 1051.89 is considered enough. While the significance value of ANOVA value 0.000 it is very statistically significance the p-value less than 0.05 and more best 1%. Since it was concluding that the independent variables Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity were strong significantly explain the variance in employee performance.

Table 4.15: Coefficients (Multiple Liner Regression)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.366	.099		13.741	.000
	Recognition	.656	.015	.896	43.401	.000
	Insurance	.026	.040	.008	.640	.523
	Training Opportunity	.243	.068	.068	3.576	.000
	Profit sharing	.106	.041	.034	2.588	.010
	Salary	.002	.012	.002	.165	.869
	working condition	.036	.015	.035	2.394	.017

Dependent Variable: employee Performance

Source: SPSS output, 2021

According to the coefficients table 4.14, shows that the impact of the independent variables (Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity) on dependent variable (employee performance). The value of cronbach's alpha is 0.05. The impact of these variables is given below.

The independent variable 'Recognition' has the strongest positive effect on the level of achievement ($\beta = 0.896$), and that this is statistically significant (the column 'Sig.' indicates that the level of significance, at 0.000, is stronger than 0.001).

The independent variable 'Insurance' has negative effect on the level of achievement ($\beta = 0.008$), and that this is not statistically significant (the column 'Sig.' indicates that the level of significance, at 0.523 $\rho > 0.05$).

The independent variable 'Training Opportunity' has the strongest positive effect level of achievement ($\beta = 0.68$), and that this is statistically significant (the column 'Sig.' indicates that the level of significance, at 0.000 $\rho < 0.05$).

The independent variable 'Profit sharing' has the strong positive effect on the level of achievement ($\beta = 0.34$), and that this is statistically significant (the column 'Sig.' indicates that the level of significance, at 0.010 $\rho < 0.05$).

The independent variable 'salary' has negative effect on the level of achievement ($\beta = 0.002$), and that this is not statistically significant (the column 'Sig.' indicates that the level of significance, at 0.896 $\rho > 0.05$).

The independent variable 'working condition' has the strong positive effect on the level of achievement ($\beta = 0.035$), and that this is statistically significant (the column 'Sig.' indicates that the level of significance, at 0.017 $\rho < 0.05$).

Generally my interpretation the result of multiple regression was include the adjusted R square (0.956), ANOVA ($\rho < 0.000$) and the standardized β coefficient of each component variable ($\beta = 0.896$, $\rho < 0.000$; $\beta = 0.008$, $\rho = 0.523$; $\beta = 0.68$, $\rho = 0.000$; $\beta = 0.34$, $\rho = 0.010$; $\beta = 0.002$, $\rho = 0.896$; $\beta = 0.035$, $\rho = 0.017$). One can observe that, relative to each other, Profit Sharing, Recognition, Working Conditions, and Training Opportunity exerted the greatest influence on level of achievement, that Salary and Insurance exerted a positive but small and statistically insignificant influence on level of achievement.

Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity

As it is indicated in chapter three, the empirical model to identify the effect of incentives packages on employee performance on selected Manufacturing Company in gurage zone is presented as follows:

➤ **The regression model employed is presented as follows;**

According to the Coefficients table, the regression equation is written as:

$$Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} \dots + \beta_n X_{ni} + \epsilon_i$$

Where,

I - Goes from 1 to N and indicates the observation number

Y_i - The value of dependent variable; Employee performance indicator

α - The constant term;

β - The coefficient of the function;

X_i - The value of independent variables;

ε_i - The disturbance or error term.

In this study, incentives packages that a specific variable are Salary, Insurance, Profit Sharing, Recognition, Working Conditions, and Training Opportunity are measured using the Employee performance.

The models used in this study were as follows;

$$EPPC = \alpha + \beta_1(RCO)_i + \beta_2(INS)_i + \beta_3(TRO)_i + \beta_4(PSH)_i + \beta_5(SAL)_i + \beta_6(WCO)_i + \epsilon_i$$

4.6.4. Hypothesis Test

The researcher initially asserted six hypotheses to be tested on this research (H1, H2, H3, H4, H5 and H6) are tested using the above regression table 4.14 are tested. As it is shown in table 4.14 β- values for all predictors are positive relationship with employee performance. The result of the regression analysis which is showed in table 4.18 that profit sharing, recognition Insurance, and Training Opportunity has a positive significant effect on employee performance at $p < 0.05$ level at p-value and the other two variable Salary and working

condition are positive insignificant effect on employee performance at $p > 0.05$ level at p-value.

Table 4.16 Summary of expected and actual signs of explanatory variables

Dependent variable EPPC

Explanatory Variable	Expected/relationship	Actual /relationship	Hypothesis status
RCO	Positive/significant	Positive/significant	Do not reject
INS	Positive/significant	Positive/insignificant	Reject
TRO	Positive/significant	Positive /significant	Do not reject
PSH	Positive /significant	Positive /significant	Do not reject
SAL	Negative /significant	Positive/insignificant	Reject
WCO	Negative/significant	Positive/significant	Do not reject

Source: own computation (2021)

4.7. Results of Interviews

The study uses interviews to support data collected through questionnaire. Eight interviews were carried out concerning the incentive package on employee performance at the manufacturing company and interview was carried with the person working in company leading of the manufacturing company. As shown in the above table 4.2, of the interview respondents (4) were male and the remaining (4) were females. In overall the gender data show us respondents of male and femal are equivalent. With regards of educational attainment (6) are most of degree holders, and (2) respondents are masters holders hence there is no certificate, diploma and doctorate degree and other educational attainments. Job category of the interview respondents based on the result Supervisor 4 and Management staff 4. This implies that both are equivalently administered in each company. The interview respondents of monthly income shows that the respondents are in between 5,000 - 10,000 (1), 10,001 - 20,000 (4) and 20,001 - 30, 0003s (3). This shows that the companies pay system majority level on the salary range of 10,001.00–20,000.00.This section mainly presents the results of interview conducted with Human resource managers and Supervisors. The interviews are

consisted of 3 structured questions that prepared based on get some basic information toward the company's incentive packages and their effect on employee performance in manufacturing company. The researcher interviewed only four Human resource managers and Supervisors are selected among the manufacturing company.

1. What major problems do you have to leave employee regard to the manufacturing company?

According to the interview wants returns staff granted and distributed fairly, and the concept of justice in the payment and distribution includes people's access to wages and other benefits and rewards commensurate with their efforts, compared with the other terms of the theory of justice, Or sacrificed imbalance happens when individuals making efforts with no return for the same amount and is often compared to efforts made by them with the benefits received by their colleagues and the efforts of these efforts and also received from the proceeds. In the event that the comparative results indicate that they receive less for their efforts and they deserve it, their feelings will be mostly directed negatively toward work and the company because they had been content with a lower level of entitlement, and vice versa in the event that returns more than it deserves personnel. Will be more personal than expect, and this inequity leads in both cases to the emergence of some important results, including: Individuals resort to changes and modifications in their efforts to match the returns received compared to the other, individuals trying to influence others to change their efforts and performance and finally try to leave work in the company. So employees who receive more than deserve to feel guilty, and that individuals who receive less than they deserve to be a high sense of dissatisfaction and grievance and complaint. Finally employee leaves the company's

2. The company provides to asset of recommendations for maximizing the role of incentives and put the right man in the right place in improving the performance of employees in the manufacturing company. According to the interview with human resource manager and supervisor of the company, believed that workers need something to keep them at work. Most of the times the salary of the employee works as a stimulus; though to keep him or her working constantly for an organization other incentive packages and programs are also necessary. An employee must be motivated to work for a company, if not then that employee's quality of work, or all work in general will deteriorate so it is necessary and compulsory need of today's competitive period to provide different desired incentives and benefits to employees

to keep their goal-directed performance on track. Therefore, incentives can really work to accomplish the goals of an organization. Some of the needs for incentives for an company are: To increase productivity, to drive to stimulus for work, to enhance commitment in work performance, to psychologically satisfy a person which leads to job satisfaction and avoid turnover, to shape the behavior or outlook of subordinate towards work increasing efficiency, to train passion and interest towards work, and to get the maximum of their capabilities so that they are exploited and utilized extremely to achieve their personal goals as well as company goals.

3. What are the impact of personal variables that to perform employees in the manufacturing company?

The research come up with certain kind of responses, to summaries them, interviewer says it have many personal variables that direct impact on their employee performance. Incentive packages are one of the major roots that can make the employees perform optimally in their job. This study is however necessary because it will help with identifying the incentive packages that the management or the government, as the case may be, needs to put in place to earn employees commitment and productivity. They believe that better salary and incentive leads to better performance. Even though their perspective reward and benefit almost all says incentive packages program will lead the employees to better performance. In overall the personal variable's that find the result the response shows that, decrease in labor productivity through outstanding performance of the workers, Decrease inputs "income" for workers and creating a sense of dynamic and unwillingness to the company, Maximize the cost of operating in the company through decreased attention and care to increase waste at the time and lack of motivations and needs. So it is the target of a system of incentive package, s to satisfy the needs and desires of that factor, which reflects it has negative impact on employee performance and productivity of the manufacturing company.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5. Introduction

This chapter presents a summary of the key findings of the study as well as the conclusions and recommendations made based on the findings. .

5.1. Summary of Findings

Incentives packages are designed to sets or get the maximum performance from the employees and help retain the most productive. Company can consider a variety of ways to reward the employees for their work performance, but Company need to consider using the best employee incentives to get the desired results. Incentives are a contributory drive towards employee motivation and performance and it has great benefits and high potentials to motivate workers to put in their best in any giving task by known as financial or non-financial incentives. Incentives packages are designed to encourage performance of individual's regardless of the different type of incentives form used. Incentives play an active role in pushing forward individual's capacity and moving abilities, motivating them to develop their skills, and balance between organization requirements and the individual needs which enhance the organization performance efficiently and effectively. The objective of this study is to determine the effect of incentives packages on employee performance on selected Manufacturing Company in gurage zone (Zebidar Brewery, Ehiochiken, Tinaw flower and Eden water) are selected as explanatory variables. Descriptive statistics and regression analysis were performed to describe the effect of incentives packages on employee performance.

According to the above descriptive statistics table 4.6 and 4.7 the company incentive package of training opportunity with mean 2.977 and Recognition the mean value is 2.985 are mean results are below the average mean 3.01. But all other non-financial incentives package Working Conditions mean is 3.017 since the mean result is above the average mean. When the aggregate mean result of non-financial incentive package is 3.01. In this study concluded that praising people for their work leads to greater task interest and performance and that tangible reward also enhance motivation when they are offered to people for completing work or for attaining or exceeding specified performance standard. This implies that the employees attach

different weights to various non-financial incentives packages and also show high rating for working condition and low rating for the training, recognition or promotion (career development) as well. As can be seen from the table 4.8, the questionnaire explores how do employees perceive the incentive package on employee performance. Based on the response of the respondent for that dependent variable of employee performance is slightly above the average. This implies that the employees of the company are moderately perceived by 3.38 when the aggregate mean result.

Regression Analysis was identified as the most appropriate tool for econometric analysis of the data. The descriptive statistics had shown the data to be normal. Multicollinearity problem arises when at least one of the independent variables is a linear combination of the others variables. So to solve this problem, check the variance inflation factor (VIF) technique was used .If VIF value is less than 10, it is used as a signal for no Multicollinearity among the explanatory variables. Under the study all the variables of (VIF) value are less than 10.So no Multicollinearity problem among the explanatory variables. Also the data was found to be normally distributed. The results of regression analysis of Profit Sharing, Recognition, Working Conditions, and Training Opportunity exerted the greatest influence on level of achievement, and significant positive effect on the employee performance in the company. Another variable that are Salary and Insurance exerted a positive and statistically insignificant influence on level of achievement on employee performance.

5.2. Conclusion

Employee performance is an indicator of the capacity of an organization to efficiently achieve organizational goals. It can be evaluated in many ways among which include; the employee's commitment display at work, the employees work values as well as the cohesiveness that employees display in work environment. It is associated with both quantity and quality of output. The main objective of the study the effect of incentives packages on employee performance in Manufacturing Company.By using independent variables such as financial, non-financial incentive package, and the dependent variable such as employee performance. As per the collected qualitative data, descriptive, correlation and multiple regression analysis was run to test the different hypotheses formulated in the study. The empirical findings of the study provided the following conclusions.

- ∞ Based on the descriptive statistic indicates that financial incentive package of the company (salary, insurance and profit sharing) has been shown to attract, motivate, and retain employees as well as to serve as a strengthening of employee performance in the manufacturing company. An incentive tends to have higher motivational value if various financial incentives and non-financial package are perceived to be adequate. The correlation analysis indicates that correlation coefficient between Profit Sharing, Recognition, Working Conditions, and Training Opportunity and employee performance is high associated with each other at one percent level of significance and Salary, Insurance is less associated with employee performance. It can be concluded that employee that given with incentives will have higher commitment to the company organization performance. There is high (substantial) and statistically significant relationship between incentive package are a higher employee performance to be yield and at one percent level of significance employee that awarded with incentives package will contribute higher engagement to the organization performance. There is higher and statistically significant relationship between Profit Sharing, Recognition, Working Conditions, and Training Opportunity and Salary, Insurance less and statistically insignificant relationship with employee performance.
- ∞ The regression result that shown the outputs by the beta coefficient may be negative or positive; beta indicates that each variable's level of influence on the dependent variables includes the independent variables incentive package and dependent variable employee performance. As indicated in the liner combination of the independent variables were significantly or insignificantly related to the dependent variable. The independent variables of incentives package were positively significant effect on the variance in employee performance.
- ∞ The results of this study conclude that higher the level of incentives package; better employees' performance, commitment and loyalty towards their organizations Therefore the study indicated that incentives package are the major effect on employee performance

5.3. Recommendations

Based on the findings of the research, the researcher has recommended certain points what he thought to be very critical if considered and implemented by the employee performance and productivity accordingly and properly. Therefore, the following recommendations have been given as follows.

- ✚ Profit Sharing, Recognition, Working Conditions, and Training Opportunity adequacy have significant impact on the employee performance in manufacturing company in Guraghe zone. Therefore, the company management need to develop a good incentive system policy structured steeled and the management should give great attention to good employee performance to produce higher productivity of the company goal ,reduce compliance of the employee by using good relationship between all managers of the company.
- ✚ Manufacturing Company should come up with short term employee attraction and retaining mechanisms. The company cannot go far with uninterested employees. If employees are not doing their best to the company and they don't consider that the company as the best of all possible organizations for which to work, implies employees loosing motivation and commitment to the work and the company.
- ✚ The company should design a mechanism that helps to recognize the best performer employees by the management in an individual and group level based on work performance makes a significant difference in terms of the overall productivity of the company.
- ✚ Company Management should seek and obtain feedback on the measure of employee satisfaction survey on how employees perceive incentives. Feedback combined with appropriate incentive packages to produce the strongest effect on employee performance after identifying the incentive packages which encourages employees most.
- ✚ Employee in manufacturing company should not be paid fix salaries as it could result in a high rate of delay and un-willingness of employee within a group to put in anything more than the performance of an average performer in the group. It should be

made up of a fix base followed by other rewards that are based on performance. This will enhance creativity and the desire to acquire new knowledge between employees.

- ✚ Giving incentives should be linked practically with the level of performance as to distinguish the excellent employees according to their performance; this will enhance the employees to do their best in order to improve their performance, and therefore incentives will be linked to improving the performance.

5.4. Further Research Directions

These studies determine the effect of incentives packages on employee performance on selected Manufacturing Company in gurage zone by selecting specific variables. However, there are so many variables not included in this study. Thus, it is recommended for future researchers to more assess factors that affecting employees work performance and productivity of the company by incorporating additional variables. To this end therefore, a further study should be carried out to recognize other factors which may affect employee performance. Also future researchers should consider delegating the rules and regulations those employees to perform optimally by giving incentive package in company.

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Appendixes

Appendix, A

1. Questionery

This questionnaire to be filling by-----/ Management Staff , Supervisor , Sales Staff ,Technician, Professional Support Staff and non-managerial staff.

Dear Respondent, This is a research project in partial fulfillment of the requirement for the award of degree of master of business administration. All the response will be treated with confidentiality.

The main objectives of this questioner to finding the effect of incentive package on employee performance in manufacturing company in gurage zone. As you have been selected to participate in my study and your contribution will be highly appreciated. Hence, your genuine and honest response is vital for the success of this study. So you are kindly requested to respond carefully and honestly.

N.B: No need of writing your name.

Thank you for your cooperation

Wendimu Mare

	performance.					
3	salary are paid fairly for extra work, efficiency and achievements					
4	The company usually provides increase salary for all its employees' according to the job grade.					
	B. INSURANCE					
5	The management of the company is fair in the implementation of insurance coverage					
6	The company insurance coverage is attractive than the other companies					
7	The company insurance coverage has a significant role on the retention of key employee performance					
8	Insurance coverage helps a strong sense of belongingness to the company					
9	The company covers medical expense up to tolerable amount.					
	C. Profit Sharing					
10	The management of the company is fair in the implementation of profit sharing package.					
11	Profit sharing package helps a strong sense of belongingness to the company					
12	Profit sharing package has a significant role on the retention of key staff.					
13	Profit sharing package improves company performance by attracting qualified staffs					
NON-FINANCIAL INCENTIVES						
	D RECOGNATION					
14	Everyone have equal chance to be promoted					
15	Management recognizing employees					

	whose efforts make a difference					
16	I have participated in the decision making of the company goals					
17	Incentive travel to improve the morale of individual or team for work is well done.					
18	The company grants a tangible gifts/trophy, I am more motivated to perform better.					
19	The Company give proper recognition for outstanding performance of employees					
	.					
	E.WORKING CONDITION					
20	A positive working condition is important for me to perform well on my job.					
21	Feeling a spirit of teamwork and cooperation among co-employees					
22	The work environment can produce greater commitment in me to perform my best.					
23	Company policies and procedures can promote employee ownership					
	F.Traning Opportunities					
24	Employees are encouraged to participate in various seminars and workshops					
25	The company provides me with skills and knowledge that will benefit my future career.					
26	The contents of the training program makes the company's employees to be more productive					
27	The company is committed to the training					

	and development of its employee performance					
ON EMPLOYEE PERFORMANCE						
28	The existing incentive packages program has its own influence on company overall targets and achievements.					
29	The existing of incentives package medical coverage, paid vacation time, insurance coverage) are motivating employees to perform optimally (maximum)					
30	Employees' Performance attitude and commitment have positive influence on company's overall performance					
31	Performance based incentive package encouraged me to exert more effort and improve my productivity					

Any additional comments relevant to the study.

Thank You!

2. Interview

Interview Guidelines for HR Manager and Employees

Introduction

Good morning/afternoon!

My name is Wendimu Mare. I am working as an investigator, a post graduate student in Wolkite University, who is conducting a research here in Gurage Zone, Selected manufacturing company. The purpose of the study is to determine the effect of incentive package on employee performance in manufacturing companies in gurage zone. For this purpose, I am here to ask you some questions that are important in connection with this particular study. You are selected purposively for this study. Findings of the study will be helpful in determine the effect of incentive package on employee performance in manufacturing companies in gurage zone; and there by contribute for maximizing employee performance in manufacturing companies practices. The study has no risk to you but it may take a maximum of 10 min for interview. The information you give will be used only for the research purpose. Your name will not be written on the form and will never be used in connection with any of the information you provide and your responses will be kept completely confidential. Therefore, I kindly request your cooperation to respond to the questionnaire. You have full right to refuse to respond at all or to withdraw in the meantime. However, your honest answers to the questions here under will be crucial to the success of the study and will have a great importance to concerned bodies in designing appropriate strategies in the reduction of unethical leadership. I would like to thank you in advance for your help!

Are you willing to participate?

No stop!

Yes continue

Part I; Demographic Information

1: Personal information; please circle appropriate answer

- 1.1. Gender: 1. Male 2. Female
- 1.2. Age: 1. below- 25 2. 25 – 35 3. 36 - 45 3 .46 - 55 5. Above- 55
- 1.3. Educational Qualification
 - 1. Certificate 2. Diploma 3. First Degree
 - 4. Master’s Degree 5. Other, please state _____
- 1.4. Years of Service in your current company
 - 1. Below 5 years 2. 5 - 10 years 3. 11 -15 years 4. 16 - 20 years 5. Above 20 years
- 1.5. Job Category
 - 1. Management Staff 2. Supervisor 3. Sales Staff
 - 4. Technician 5. Professional Support Staff
- 1.6. Monthly Income
 - 1. Below -5,000.00 2. 5,000.00 - 10,000.00
 - 3. 10,001.00 - 20,000.00 4. 20,001.00 - 30,000.00
 - 5. 30,001.00 - 40,000.00

Part II: Interview Questionnaire

(Interview Questions for HR Managers and employee in selected manufacturing company in gurage zone working in the company’s owned by (incentive package on employee performance).

1. What major problems do you have to leave employee regard to the manufacturing company?

2. The company provides to asset of recommendations for maximizing the role of incentives and put the right man in the right place in improving the performance of employees in the manufacturing company?

3. What are the impact of personal variables that to perform employees in the manufacturing company?

3. Descriptive analysis

3.1. Financial Incentives package Mean and Standard Deviation.

Item Financial Incentives		Strongly agree	agree	Neutral	Disagree	Strongly disagree	total	Mean	S.D
SALARY									
Salary increment is fair and based on your performance	No	37	58	92	87	26	300	2.98	1.152
	%	12.3	19.3	30.7	29	8.7	100		
The existing company salary pay system is inspiring me to a higher performance.	No	50	61	91	69	29	300	3.11	1.216
	%	16.7	20.3	30.3	23	9.7	100		
Salary is paid fairly for extra work, efficiency and achievements.	No	37	57	93	85	28	300	2.97	1.159
	%	12.3	19	31	28.3	9.3	100		
The company usually provides for increase salary for all its employees' according to the job grade	No	29	65	104	64	38	300	2.94	1.152
	%	9.7	21.7	34.7	21.3	12.7	100		
INSURANCE									
The management of the company is fair in the implementation of insurance coverage	No	30	52	96	94	28	300	2.87	1.117
	%	10	17.3	32	31.3	9.3	100		
The company insurance coverage is attractive than the other companies	No	29	51	97	96	27	300	2.86	1.105
	%	9.7	17	32.3	32	9.0	100		
The company insurance coverage has a significant role on the retention of key employee performance	No	30	68	89	86	27	300	2.96	1.130
	%	10	22.7	29.7	28.7	9.0	100		
Insurance coverage helps a strong sense of belongingness to the company	No	33	59	96	85	27	300	2.95	1.132
	%	11	19.7	32	28.3	9.0	100		
The company covers medical expense up to tolerable amount	No	46	62	78	86	28	300	3.05	1.213
	%	15.3	20.7	26	28.7	9.3	100		
PROFIT SHARING									

The management of the company is fair in the implementation of profit sharing package	No	30	62	88	91	29	300	2.91	1.137
	%	10	20.7	29.3	30.3	9.7	100		
Profit sharing package helps a strong sense of belongingness to the company.	No	36	64	99	68	33	300	3.01	1.168
	%	12	21.3	33	22.7	11	100		
Profit sharing package has a significant role on the retention of key staff.	No	25	60	102	83	30	300	2.89	1.096
	%	8.3	20	34	27.7	10	100		
Profit sharing package improves company performance by attracting qualified staff	No	36	65	98	63	38	300	2.99	1.191
	%	12	21.7	32.7	21	12.7	100		
Total								2.96	1.15

3.2 Aggregate of Non-Financial Incentives package - Mean and Standard Deviation.

NON- Financial Incentives		Strongly agree	agree	Neutral	Disagree	Strongly disagree	Total	Mean	S.D
RECOGNITION									
Everyone have equal chance to be promoted	No	24	53	87	92	44	300	2.74	1.151
	%	8	17.7	29	30.7	14.7	100		
Management recognizing employees whose efforts make a difference.	No	17	64	82	98	39	300	2.74	1.106
	%	5.7	21.3	27.3	32.7	13	100		
I have participated in the decision making of the company goals.	No	55	78	90	54	23	300	2.71	1.183
	%	18.3	26	30	18	7.7	100		
Incentive travel to improve the morale of individual or team for work is well done	No	27	56	85	88	44	300	2.78	1.176
	%	9	18.7	28.3	29.3	14.7	100		
The company grants a tangible gifts/trophy, I am more motivated to perform better	NO	12	65	93	91	39	300	2.73	1.064
	%	4	21.7	31	30.3	13	100		
The Company give proper recognition for outstanding performance of employees	No	20	60	91	92	37	300	2.78	1.106
	%	6.7	20	30.3	30.7	12.3	100		

WORKING CONDITIONS									
A positive working condition is important for me to perform well on my job	No	42	69	75	93	21	300	3.06	1.175
	%	14	23	25	31	7	100		
Feeling a spirit of teamwork and cooperation among co-employees	No	48	41	97	90	24	300	3.00	1.184
	%	16	13.7	32.3	30	8	100		
The work environment can produce greater commitment in me to perform my best	No	21	84	89	86	20	300	3.00	1.057
	%	7	28	29.7	28.7	6.7	100		
Company policies and procedures can promote employee ownership	No	26	68	110	74	22	300	3.01	1.057
	%	8.7	22.7	36.7	24.7	7.3	100		
TRAINING OPPORTUNITY									
Employees are encouraged to participate in various seminars and workshops	No	18	55	88	96	43	300	2.7	1.108
	%	6	18.3	29.3	32	14.3	100		
The company provides me with skills and knowledge that will benefit my future career.	No	21	66	110	70	33	300	2.91	1.081
	%	7	22	36.7	23.3	11	100		
The content of the training program makes the company's employees to be more productive.	No	37	64	95	82	23	300	3.04	1.130
	%	12.3	21.3	31.7	27.3	7.3	100		
The company is committed to the training and development of its employee performance	No	23	66	114	75	22	300	2.98	1.036
	%	7.7	22	38	25	7.3	100		
Total								3.01	1.11

3.3: Reliability Statistics

<i>Cronbach's Alpha</i>	<i>Cronbach's Alpha Based on Standardized Items</i>	<i>N of Items</i>
.854	.854	31

3.4. Normality Test

Shapiro-Wilk W test for normal data

Variable	Obs	W	V	Z	Prob>z
Resid	300	0.98529	.134	2.681	0.72750

3.5. Coefficients^a Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.366	.099		13.741	.000		
	Recognition	.656	.015	.896	43.401	.000	.355	2.813
	Insurance	.026	.040	.008	.640	.523	.992	1.008
	Training Opportunity	.243	.068	.068	3.576	.000	.414	2.417
	Profit sharing	.106	.041	.034	2.588	.010	.877	1.140
	Salary	.002	.012	.002	.165	.869	.820	1.220
	working condition	.036	.015	.035	2.394	.017	.700	1.429

Source: SPSS output, 2021

a. Dependent Variable: Employee Performance

3.6. Correlation analysis with Employee Performance (EPPC).

	RCO	INS	TRO	PSH	SAL	WCD
EPPC	0.976	0.010	0.742	0.318	0.323	0.550

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

3.7. Model Summary (Multiple Liner Regression)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.978 ^a	.956	.955	.11448

a. Predictors: (Constant), working condition, Insurance, salary, Profit sharing, Training Oppportunity, Recognition

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	82.717	6	13.786	1051.897	.000 ^b
	Residual	3.840	293	.013		
	Total	86.557	299			

a. Dependent Variable: employee Performance

b. Predictors: (Constant), working condition, Insurance, salary, Profit sharing, Training Oppportunity, Recognition

3.8. Coefficients (Multiple Liner Regression)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.366	.099		13.741	.000
	Recognition	.656	.015	.896	43.401	.000
	Insurance	.026	.040	.008	.640	.523
	Training Oppportunity	.243	.068	.068	3.576	.000
	Profit sharing	.106	.041	.034	2.588	.010
	Salary	.002	.012	.002	.165	.869
	working condition	.036	.015	.035	2.394	.017

a. Dependent Variable: employee Performance