

**ST. MARY'S UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MANAGMENT**

**AN ASSESSMENT OF COMPENSATION
PRACTICE IN THE CASE OF INCOM TRADING**

**BY
BEZA ABRHAM**

**JUNE 2014
SMU
ADDIS ABABA**

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PRACTICE IN THE CASE OF INCOM TRADING**

**A SENIOR RESEARCH SUBMITTED
TO THE DEPARTMENT OF MANAGEMENT
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Compensation refers to all forms of financial and tangible service and benefits employees receive as part of employment relationship (Compensation, Eight editions Milkovic and New Man (2005:6)) According to Suzan E.Jacson and Rendall S.Schular (2003: 404), compensation is based solely on organizational membership. That is, the compensation is received by all or almost all employees in the organization, regardless what job they perform or how well they perform it. Most form of insurance and other benefit in to this Category. Compensation can also be based on the employees' particular job in the organization. Bases wage salary and salaries fit here, as do social and psychological rewarded derived from performing the job itself.

Finally some forms of compensation are based on attribute of the individual employee or perhaps the attributed of employee's work team. Performance base incentives and bonuses fit here, as do skill or knowledge base compensation. It then describes how organization establish polices for job-base and skill-based monitory compensation. Compensation in the context of HR department, the many elements of total compensation means that significant effort is needed to insure all of the elements are aligned with each other. It can be a challenge to achieve an appropriate balance between rewarded base on individual, team, and organizational performance. Links to the organizational environment also plays role in shaping the design of compensation system.

According to Richared I. (1997: 6) Compensation management is that work done pay off. However, to be successful, the worker must be willing to accept challenge-to solve problems. In solving problem, Job opportunities expand, which leads to the need to take risk and accept challenges. In these situations of uncertainty there must be focus on correctness to minimize the chance and cost of improper action. Change is inevitable in the knowledge-base world. Living and successful adaptation to change requires the continuous expansion of knowledge and skill.

According to Milkovich and Newman (2005: 4) For Managers, composition Influence their success in two ways. First, is the major expense? Competitive pressure, both internationally and domestically, force managers to affordability of their compensation decision. Labor costs can account for more than 50 percent of total cost. In some industry financial and industrial service or public employment such as education and government, this figure is even higher. However, even within an industry firms.

In addition to treating pay as an expense, a manager also use in to influence employee behavior and improve organization performance. The way people are paid affect the quality of their work; their attitude toward customers; their willingness to flexible, learn new skill, or suggest innovations. People may become interested in unions or legal action against their employer based on how they get paid. This potential to influence employees'' behavior, and subsequently the productivity and effective of the organization, makes the study of compensation worth your time.

For employees, the pay individuals receive in return for the work they perform is usually the major source of their financial security. Hence, pay plays a vital role in a person's economic and social well-being. Employees may see composition as a return in an exchange between their employer and themselves, as an entitlement for being an employee of the company, or as a reward for job well done. Compensation can be all of these things, although how many employees see their pay as reward remains an open question.

INCOM Trading sol agent of EBS TV (is a privately held media company) established in 2008 in Silver Spring, Maryland, USA to provide a niche transmission programming that targets the booming Ethiopian market globally. EBS launched its broadcasting service on Arab Sat on September 10, 2010 to reach viewership in Africa, Middle East, and Europe. INCOM Trading sister company working behalf (sol agent) of EBS TV in Ethiopia b/c of Ethiopia Broadcasting service is licensed in US so that INCOM Trading is handling production team and sending the program to Maryland and organizing marketing works selling the Air time The company have 28 employees in Ethiopia.

In this study I will try to assess the compensation practices in Incom Trading. I have asked employees to indicate their perceived attraction and motivation toward compensation related to their work contributions. I have chosen the subject to identify the perceptions and feelings of employees towards the compensation system.

This study will be relevant for several reasons. First of all, the study will be relevant to examine the influence of employee satisfaction on performance: the way some important factors, such as different reward types, relate to employee pay satisfaction and motivation. Secondly, this study will be of much added value to Incom Trading in which managers could make their employees more satisfied and/or motivated, which ultimately leads to higher profits by paying them and granting them a reward in a certain manner.

1.2 Statement of the Problem

Compensation is a systematic approach for providing monetary value to employees in exchange for work performance. Compensation may achieve several purposes assisting in recruitment, job performance, and job satisfaction. It is a tool used by management for a variety of purposes to further the existence of the company. Therefore companies have to manage their compensation system and observe how the employees react towards the compensation they are paid in exchange for the work they perform and take immediate and appropriate action when needed.

1.3 Research Question

The research questions were direct specifically addressing the following issues;

- ❖ How compensation system at Incom Trading is administered?
- ❖ Does the compensation system have effect on employee's performance?
- ❖ What is the attitude of employee towards the compensation system at the INCOM Trading?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study was to assess compensation practice in the case of INCOM Trading.

1.4.2 Specific Objective of the study were to

- Identify the practice of compensation system at the INCOM Trading.
- Identify the factors affecting the compensation policy at the INCOM Trading.
- Assess the attitude of employees towards compensation system at the INCOM Trading.

1.5 Significance of the Study

The study will help to identify the problem areas with regard to the compensation system applicable at INCOM trading and suggest appropriate action to be taken by the management if these problems prevail. This study will give more attention on how the compensation plan will affect work performance in fulfilling the company objective. This study will be expected to bring improvement on employees performance and the management attitudes towards motivation and reward in many organizations particularly in INCOM Trading. The basic question to date is how well the use of compensation packages relates positively to employees performance.

The last but not the least use of this research is it can be used as a source of information or secondary data for researchers who wants to conduct research on compensation plans or policies of organizations i.e. the paper may serve as a reference material for academic researches.

1.6 Delimitation/Scope of the Study

The study has been focused solely on compensation system at INCOM Trading and the data was collected for the performance period of September 2010 to September 2013.

1.7 Definition of Terms

COMPENSATION: refers to all forms of financial and tangible service and benefits employees receive as part of employment relationship. (Milkovich and New Man, (2005:6)

EMPLOYEES: is a person who works in the service of another person under an express or implied contract of hire, under which the employer has the right to control the details of work performance. (Gennard and Judge, 1997: 56)

1.8 Research Design and Methodology

1.8.1 Research Design

The research methodology used descriptive method because it provides sufficient and relevant information about the Topic.

1.8.2 Population and sampling technique

The researcher used census by collecting all data from the entire population (28 employees). There are only 28 employees in Incom Trading therefore the whole population is taken for the research purpose.

1.8.3 Methods of Data Collected

The student researcher used primary and secondary data from primary and secondary source. With regard to primary data, the data collected through questionnaire (open ended and close ended) filled by the existing employees of the organization and interview (Semi structure Interview) conducted with management.

As far as secondary data is concerned, relevant data are collected from the organization, and other available sources.

1.8.5 Methods of Data Analysis

The research applied descriptive analysis research method to summarize the idea. Data analysis described using Percentage and demonstrated by table to look for possible patterns among the group.

1.9 Limitation Of the study

The study had been conducted out specifically in the INCOM trading. There are few books in the library that help me in making my paper, so this limitation for my paper works focusing on Compensation.

The project intended to cover the compensation management system and how it relates to the individual employee and also with the organization. Mainly the student researcher encountered limitations on Cost, time and lack of information from the HR Department in the organization.

1.10 Organization of the study

This paper organized in to four chapters the first chapter the introduction part including background of the study, statement of the problem, research question, objective of the study, significant of the study and delimitation of the study, research design and meteorology and limitation of the study. The second chapter constitutes the literature review that collected from secondary source. The third chapter consists of presentation, analysis and interpretation of the data and the fourth chapter discusses the summery, of major finding conclusion and recommendation.

CHAPTER TWO

REVIEW OF LITERATURE REVIEW

2.1. AN OVERVIEW OF COMPENSATION

It is critical aspect of human Resource management to compensate employees through wage and salaries an adequate and fair pay system is important in satisfying workers, retaining valuable employees and remaining competitive with other organization that provide similar goods and services. High turnover and low morale are costly to the organization. One can refer that a more carefully designed and consistently applied pay system might alleviate some of the turn over there by improving overall effectiveness of the organization. (Dales, 1971: 42)

2.1.1. HISTORICAL BACKGROUND

It is believed that compensation has started from the very inception of civilization. As long as employers have existed compensation has also existed (Reddy, 1991: 43).

The industrial revolution, followed by the emergence of different management theories, has contributed a lot for the development of modern compensation management = The source of today's widely know incentive system is Fredric Taylor's scientific management where, he developed the concept of standard acceptable view of a fair days work (Dessler,1997,471).

The rapid development of corporations' labor unions and management hierarchies has also contributed in setting measure of standard for pay systems. In addition, the shortage of manpower created as a result of

World war I and world war II had forced mangers to devise different compensation mechanisms to attract and motivate workers (Dessler, 1997: 471).

The foundation of modern compensation management was laid in 1930s when Edward N.Hay has developed, 'Hay's Guide Chart', which is world's single most widely used

(job) evaluation technique (Maurer, 1995: 251). Since the time of Hay, compensation management gradually developed into a thoroughly scientific and bureaucratic method with its own techniques and rationalization methods until the early 1990s.

Global competition corporate downsizing and new management compensation managers to be more adaptive schemes compelled compensation managers to be more adaptive to the changing needs of employees and employers. Compensation can no longer be managed from a limited approach. Today viewing compensation problems from different perspectives and coordinating compensation decisions with other areas of human resource management is more likely to yield success. (Milkovich and Boudreau, 1989: 252)

2.1.2. DEFINITIONS OF COMPENSATION

There is no single universal definition for compensation. Different authors have defined compensation in different terms some of the definitions given to compensation are the following:

1. Weather and Davis (1993: 338) stated, “compensation is what employees receive in exchange for their work” according to this definition, compensation includes all rewards (tangible and intangible) that an employee receives from his/her employer.
2. Milkovich and Boudreau (1989: 541) stated that, compensation includes financial returns and services and benefits employees receive as part of an employment relationship. This definition excludes promotion, recognition for outstanding work, feeling of accomplishment, and opportunity to be trained.
3. Dessler (1997: 412) defined compensation as, “all forms of pay or rewards going to employees and arising from their employment.” According to Dessler, compensation has two main components; direct financial payments in the form of wages salaries, incentives, bonuses and commissions, and indirect payments in the form of financial benefits like employer paid insurance, paid vacation, sick leave, medical fee, etc. for the purpose of this paper, this definition is taken as a working definition Werther (1993: 423)

2.13 The elements of total compensation

Financial or Monetary: compensation includes direct payment such as salary, wage, and bonuses, and indirect payments such as payments to cover the cost to private and public insurance plan.

None financial or None Monetary: Compensation include many forms of social and psychological reward – recognition and respect from others, enjoyment from doing the job itself, opportunities for self-development and so on. Susan E.Jackson and Randall S.Schuler (2003: 402)

Clearly, both monetary and non-monetary forms of compensation are important to most employees. Nevertheless, people differ in the value they attach to this different type of compensation.

Management members in INCOM trading consider compensation programs according to quarterly plan and performance. The company measures quarterly work done such as amount of TV production, total monthly advertising and evaluate the work process with the time schedule. Accordingly all workers who have participated directly or indirectly on the result obtained are motivated which is still unsatisfactory from the stand point of many employees.

As a student researcher and employee of the company (I have stayed more than 3 years at INCOM trading), I have noticed that employees may have been carrying out high burden of job with inadequate pay. We who are working in Production department, accounting department, business development or marketing department are informally discussing this issue in different times. There is a need for management to revise and establish a better reward system balanced with actual performance and productivity level. Therefore, this research tried to show clearly how the workers respond to the existing compensation system and the way the company expected to take action maintain smooth relationship between the management members and workers in order to accomplish its objective.

2.2. OBJECTIVE OF COMPENSATION

Werther and Davis (1985: 335 – 337) stated that compensation is what employees receive in exchange for their contribution to the organization compensation management helps the organization obtain, and retain a productive work force without adequate compensation, current employees are likely to leave and replacements will be current employees are likely to leave and replacements will be difficult to recruit. Werther and Davis (1985: 335-337) indicated the following objectives.

2.2.1. TO ACQUIRE QUALIFIED PERSONNEL

Compensation needs to be high enough to attract applicants. Since companies compete in the labor market, pay levels must respond to the supply and demand of workers. But sometimes a premium wage rate is needed to attract applicants who are already employed in other firms.

2.2.2. TO RETAIN PRESENT EMPLOYEES

When compensation levels are not competitive some employees quit. To prevent employee turnover, pay must be kept competitive with that of other employers.

2.2.3. TO ENSURE EQUITY

The administration of wages and salaries strives for internal and external equity. Internal equity requires that pay be related to the relative worth of jobs. That is, similar jobs get similar pay. External equity involves paying workers at a rate equal to the pay that similar workers receive in other companies.

2.2.4. TO REWARD DESIRED BEHAVIOR

Pay should reinforce desired behaviors. Good performance, experience, loyalty, new responsibilities, and other behavior can be rewarded through an effective compensation plan.

2.2.5. TO CONTROL COSTS

A rationale compensation program helps an organization to obtain and retain its work force at a reasonable cost. Without a systematic wage and salary structure the organization could over or under pay its employees.

2.2.6. TO COMPLY WITH LEGAL REQUIREMENTS

As with other aspects of personnel management, wage and salary administration faces legal constraints. A sound pay program considers these constraints and ensures compliance with all government regulations that affect employee compensation.

2.3. FACTORS AFFECTING COMPENSATION MANAGEMENT

Even the most rational method of determining pay may be tempered by several challenges. The implications of these challenges may cause wage and salary analysts to make further adjustments to employee compensation. These challenges according to Werthere and Davis (1985: 341) include the following:

2.3.1. PREVAILING WAGE RATES

Some jobs must be paid more than is indicated by their relative worth because of market forces. Fitting these jobs on to a wage trend line often results in a wage rate below their prevailing wage rate.

2.3.2. PRODUCTIVITY

Companies must make a profit to survive without a profit the company cannot attract investors necessary to remain competitive. Therefore, a company cannot pay workers more than they contribute back to the firm through their productivity. When this happens (because of scarcity or union power) companies usually redesign those jobs, train new workers to increase their supply or automate.

2.3.3. COST OF LIVING

By the mid 1960's an estimated two million employees were working under union employer arguments in which wages were adjusted automatically up or down in conformance with changes in the consumer price index prepared by the bureau of labor statistics of the united states department of labor. In this way, the purchasing power of employee's wages is maintained approximately constant, regardless of changes in the general cost of living for the country as a whole. (Beach, 1971: 657)

2.3.4. ABILITY TO PAY

The ability of the employer to pay affects the general level of wages in an organization lower than the average for the relative to the prevailing level in the labor market or industry. It does not establish rates for individual jobs or people as such within the same industry, firms that are enjoying good sales and profit picture over the long run tend to pay higher wages than do those which are having difficulty making ends meet. Marginal type firms usually pay wages lower than the average for their labor market or industry. (Beach, 1971: 657)

2.3.5. GOVERNMENT CONSTRAINTS

What people earn bears a direct relationship to the economy and general welfare of the population. Government sets requirements for minimum wage, over time pay equal pay, child labor and record keeping. The minimum wage and overtime provisions require employers to pay at least a minimum hourly rate of pay regardless of the worth of the job the record keeping requirement is that employers must maintain detailed records of hours worked, pay rates, amounts of over time, deductions and additions to pay, and other information related to compensation (Werther and Davis, 1985: 342 - 343)

2.3.6. WAGE AND SALARY POLICIES

Most organizations have policies that cause wages and salaries to be adjusted. One common policy is to give non union workers the same raise as that received by unionized workers. Some companies have a policy of paying a premium above the prevailing wages to minimize turnover or to recruit the best workers. Also some companies have automatic

cost of living clause that give employees automatic raises when the statistics of cost of living index increases. Raises or policies that increase employee compensation move the wage trend line up ward. (Werther and Davis 1985: 342)

2.3.7. COMPARABLE WORTH AND EQUAL PAY

Equal pay for equal value is the idea that jobs of comparable worth to the organization should be equally paid. This idea goes beyond equal pay for equal work. This concept is enacted in to law and requires an employer to pay man and work exceptions to equal pay are allowed when a valid seniority or merit system exist. Exceptions also are allowed when pay is determined by the employee's production, such as sales commission.

The equal pay for work of equal value however, takes a slightly deferent perspective. It would require employers to pay equal wage for job of comparable worth (Vale) for example, if a nurse and an electrician both received approximately same number of job evaluation points under the point system, they would have to be same wage or salary, regardless of market conditions. (Werther and Davis, 1985: 343-344)

2.3.8. UNION POWER

When unions represent a portion of the work force they may be able to use their power to obtain wage rate out of proportion to their relative worth.

2.3.9 INTERNATIONAL COMPENSATION CHALLENGE THE GROWING GLOBALIZATION OF BUSINESS MEANS GREATER

Movement of employees among countries a employees are relocated, compensation specialists are challenged to make adjustments that are fair to employee and the company. When international assignment are temporary (less than one year), The employee us generally paid his/her regular salary plus adjustments. Additional compensation cost may include befits, not common in the country, but commonly provided in the overseas. (Dessler, 1997: 431)

2.4. WAGE AND SALARY ADMINISTRATION

2.4.1. JOB EVALUATION

Job evaluation are systematic procedure to determine the relative worth of job .Although there are several different approaches, each one considers the duties, responsibilities and working condition of job. The purpose of job evaluation is to identify which job should to paid more than others. Since evaluation is subjective, it conducted by specialists or a group of specialists called job evaluation committee. They being with a review of specialists called a job evaluation committee. They being with a review of job analysis information to learn about the responsibilities and working the relative worth of job is determined by selecting a job evaluation method. The most common ones are job ranking, job grading, factor comparison and the point system.

2.4.2. WAGE AND SALARY SURVEY

As weather and Davis, (1985: 346) Stated, all job evaluation methods result in a ranking of job based on their relative worth. This assures internal equity. This is job that is worth more being paid more. But how much should be paid? What constitutes external equity?

To determine a fair rate of compensation, most firms rely on wage and salary administration survey. This survey discovers what other employers in the same labor market are paying for specific key jobs. The labor market is the area is which the employer is located. However firms may have to compete for some workers in the labor market that extends beyond the local community.

Since surveying all job is cumbersome and expensive, usually only key jons are used. Then a sample of films from the labor market is selected. Finally, these organizations are contacted by phone or mail to know what they are paying for the key jobs. It is important to make sure that the comparisons are between similar and not just similar title.

2.5. FINANCIAL INCENTIVE

Incentive system provides the clearest link between compensation and performance. Employees who work under a financial incentive system find that their performance determines, in whole or part, their income.

One of the most significant benefits of financial incentive system find that their better performance is reinforced on a regular bases. The employer benefit because wage are given in proportion to performance ,not for indirect measurements of time worked And the employees remotivated by the system to exp[and their output, recruiting expense for additional employees are capital out lays for new work station are minimized.

Offsetting these advantage are significant problems. This administration of incentive system can be complex. Standard have to be established and result measured. The employees may not achieve the standard because of incontrollable force, such as work delay and machine breakdowns.

Union often resist incentive system because the fear management will change the standard and workers will have to work harder for the same pay. This fear of a speed up of the leads to peer pressure against anyone who exceeds the group output norms. The advantages of the incentive system are essentially lost when group pressures restrict output. And incentive tend to focused effort on only one aspect (Output, sales or stock price), some time to the exclusion of other dimensions (quality, service and long term objectives). (Werther and Davis, 1985: 344 - 345) Some of the more common incentives systems are discussed below.

2.5.1. PRICE WORK

It is an incentive system that compensates the worker for each unit of output. Daily or weekly pay is determined by multiplying the output is units time the piece rate per unit. But in many jobs, it may be difficult to measure the person's productive contribution (for

example a receptionists, or the employees may not be to control the rate of output (for example assembly line worker). (Weather and Davis, 1985: 345)

2.5.2. GROUP INCENTIVE PLAN

As Monapa (1999: 266) stated “The focus in the group incentive plan is on group achieving a certain output and thus qualifying for the incentive wage. A team approach is called for, with all the members doing their share to achieve and maintain the output.

Performance is often a group effort. In recognition of this fact several plans have seen develop to provide incentive for team work. Most fall in to one of the following categories; Production incentive, profit sharing, or cost reduction plans. (Werther and Davis, 1985: 347)

2.5.3. COMPENSATION OF MANAGERS AND PROFESSIONALS

Though the objective of all employees, some discrimination has to be made in view of the fact that certain jobs require greater skill and may have increased responsibilities. Employees working at such jobs naturally jobs are more complex and hence compensation cannot be decided on a general basis as for the rank and the file workers certain fringe and key benefits are confined solely to executives, professionals and managerial personnel as added incentive towards a more efficient work performance.

Since performance and efficiency are particularly important in management jobs, companies are particularly interested in formulating a successful wage and compensation plan for its management to provide optimum motivation form the group that exerts the greatest influence on the company’s performance.

Some of these compensations include (Maurer, 1999: 272 – 273)

- Bonuses
- Conductive work environment
- Secretarial help
- Transport facilities

- Telephone
- Club memberships
- Expense accounts
- Entertainment allowances
- Vacation allowances
- Insurance benefits etc.

2.5.4. COMMISSIONS

In sales jobs, the sales person may be paid a percentage of the selling price or a flat amount for each unit sold. When no base compensation is paid, the sales person's total earnings come from commissions. Real estate agents and car sales people are often paid this form of straight commission. (Werther and Davis, 1985: 346)

2.6. ESSENTIAL REQUIREMENTS OF SOUND INCENTIVE PROGRAM

As Dales S. Beach (1970: 699 – 701) stated a successful incentive plan is one that achieves its purpose. This is usually to increase productivity, reduce costs, improve efficiency and increase employee earnings while at the same time maintaining or enhancing employee morale and employee relations.

There are seven essential requirements that Beach identified:

1. Management employees and the union should understand and support the incentive program.
2. Methods analysis of each operation should be undertaken before a work standard is established.
3. The standard up on which the wage incentive is based should be arrive at by carefully applied work measurement techniques such as time study, standard data, work sampling or predetermined elemental times.
4. Each job on incentive should have a guaranteed minimum or basic rate. Even if output drops to a low level, the employee can depend up on earning at least a certain minimum wage.
5. It should be easy for employees to calculate earnings.

6. The work standard (whether it be expressed in time or money per unit) should be guaranteed by management against change unless there is a change in the method, tooling, equipment, materials or design of the product. The employee must know that this work standard or quota will not be increased just because he starts to make large bonus canings.
7. An effective grievance procedure must be available to handle dissatisfaction and complaints on the part of employees.

2.7. EMPLOYEE BENEFITS AND SERVICES

Many employees will stay with a company because they do not want to give up benefits, vacation along with holidays and rest breaks, help employees reduce fatigue and may enhance productivity during the hours employees do work Similarly, retirement, health care, and disability benefits may allow workers to be mote productive by freeing them from concern about medical and retirement costs. Therefore, it is accurate to state that indirect compensation may: (Werther, 1985: 357)

- Reduce fatigue
- Discourage labor unrest
- Satisfy employee objectives
- Aid recruitment
- Reduce turnover
- Minimize over time costs

2.7.1. INSURANCE BENEFITS

Insurance benefits spread the financial risks encountered by employees and their families. These risks are shared by pooling funds in the form of insurance premiums. Then, when insured risks occur, the covered employees or their families are compensated.

i. Life Insurance

It was the first form of insurance offered to workers by employers. As a result, group life insurance has become a practically universal element in corporate employee benefit programs. (Arum Manapa and Miza, 1999: 22)

ii. Health Related Insurance

In Canada all citizens are covered by provincial health care programs which pay for basic hospital care and offer comprehensive coverage for medically required services of physicians, and other qualified health professionals. For this reason, employers in Canada offer only supplementary health insurance plans. This is contrast to us, where health insurance is the common form of coverage. (Leon, 1981: 48 -51,57).

iii. Short- term Disability plans

They comprise a variety of arrangements which provide sick or insured employees, temporally incapable of working, with some form of income. The most common arrangement is the formal paid-sick leave plan, financed and administered by the employer such a plan usually involves crediting or allocating a certain number of days to an employee, to be used as sick leave for non occupational accidents or illness sick leave credits may be cumulative or non cumulative. A plan is cumulative if insured credits earned during one year may be transferred to the following year; it is non cumulative when the employee`s entitlement is reviewed on a yearly basis or after each illness.

Another arrangement is the sickness indemnity insurance plan. This is an insured income protection plan provided through an insurance company or outside agency. The employer pays either all or part of the premiums. The typical plan will cover benefits only over a specified time interval and has a waiting period for illness which is mailed in cases of accident. Benefits paid are usually expressed as a percentage of weekly earnings some companies offer a combination of formal paid-sick, leave and sickness indemnity insurance plans. (Werther, 1985: 359-360)

iv. Long Term Disability Plans

For workers who are disabled for a prolonged time, employers offer some form of long-term disability insurance, such plans generally have a long waiting period and they pay the employee a fraction of the income that working could have earned under most plans these payments if necessary, are made until the normal retirement age is reached.

V. SUPPLEMENTARY HEALTH INSURANCE PLANS

Its purpose is to provide coverage for health care costs that are not included in provisional health care plans, such as private or semiprivate rooms some of them provide for the payment of any amount in excess of the maximum coverage for a particular benefit as stipulated by the provincial plans. Other plans specified either some maximum overall coverage or some maximum coverage for specified services.

VI. SALARY CONTINUATION PLANS

If an employee misses a few days because of illness, it is usually not crucial from a financial point of view, since most employers grant paid sick leave for a limited time. It becomes more of a problem when an employee becomes disabled for a longer period of time or even permanently.

2.7.2. WORK SCHEDULING BENEFITS

i. Shorter Work Weeks

A shorter work week compresses forty hours of work in to less than five full days. Some plans even shorten the work week to less than forty hours. The most popular version has been forty hours of work compressed in to four days. (Straw, 1985: 45)

ii. Flextime

It abolishes rigid starting and ending times for the work day. Instead, employees are allowed to report to work at any time during a range of hours. The work day usually remains unchanged at eight hours.

The outcome of a flextime, however, is contingent upon the nature of the form's operation. For example, the major disadvantage of flextime is the difficulty meeting minimum staffing needs early and later in the day. Assembly line and customer service operations find this problem to be especially significant. (Dessler, 1997, 28 – 33)

iii. Job Sharing

It involves one or more employees doing the same job but working different hours, days or even weeks. Most commonly two people handle the duties of one full time job.

The major advantage claimed for job sharing is increased productivity from workers who are not fatigued problems arise from the increased paper work and administrative burden associated with two employees doing the job of one. Another problem is that of fringe benefits personnel specialists are forced to decide whether job shares should be given.

Benefits equal with other employees or benefits that are scaled down in proportion to the employee's hours. (Maurer, 1995: 9)

2.7.3. EMPLOYEE SERVICES

Some companies go beyond pay and traditional benefits. They also provide educational, financial and social services for their employees. (Werther, 1985: 367)

I. Educational Service

Tuition refund programs are among the more common services. These programs partially or completely reimburse employees for furthering their education. They may be limited only courses that are related to the employee's job or the employer may reimburse workers for any educational expenditure.

II. FINANCIAL SERVICE

As werther and Davis (1985: 368) described there are four financial services

1. Employee discount plans – these programs -common among retail stores and consumer goods manufactures allow workers to buy products from the company at a discount.
2. Credit Union – interest collected by them on loans and investments is distributed to members in the form of dividends. The dividends are allocated in proportion to the amount employees have in their share account (Saving account).

3. Stock purchase. These plans enable employees to buy company stock- usually through payroll deductions.
4. Profit Sharing

III. SOCIAL SERVICES

One employer service with a growing record of success is alcoholic and drug rehabilitation. When this plan is affected the company gains a hard working loyal employee.

Relocation programs are the support in dollars or services a company provides to its transferred or new employees. At a minimum, this benefit includes payment for moving expenses-some employees receive fully paid house renting- tips with their spouse to the new location before the move, subsidized home mortgages, placement assistance for working spouses, and even family counseling to reduce the stress of the move. (Werther and Davis, 1985: 368)

2.7.4. PAID TIME-OFF BENEFITS

Time periods during which the employee is not working but is getting paid are the result of paid time- off Benefits.

I. ON THE JOB BREAKS

As Werther and Davis (1985, 363) stated “some of the most common forms of paid time off benefits are those found on the job. Examples include rest breaks meal breaks, and wash-up time. Through a break in the physical and mental effort of a job, productivity may be increased. The major problem for personnel and line managers is the tendency of employees to stretch these paid time-off periods.

II. PAID SICK LEAVE

Sick leave is granted to employee to relieve them of the worry of financial loss resulting from conditions beyond their control. However this arrangement can easily be abused. The feeling that employees have that much time coming to them seems to be prevalent. Therefore, frequently employees will take the paid time off, even of if is not entirely

necessary. As a consequence many organizations require a doctor`s certificate as a proof of illness or they will not pay the first day or two of illness.

Some employers now even pay a bonus to workers for not taking their sick leave time. Another variation of this is the sick leave pool Employees are allowed to pool some of their compensated sick leave days in a common fund. Then they can draw up on the fund if protracted illness uses up their remaining time off. (Megginson, 1981, 457)

A few firms avoid the abuse of sick leave by granting personal leave days. This approach allows an employee to skip work for any reasons and get paid, up to a specified number of days per year sick leave banks allow employees to borrow extra days per year sick leave banks allow employees to borrow extra days above the specified number when they use up their individual allocation. Then when they earn additional days, the days are repaid to the sick leave bank. (Werther and Davis, 1985: 364)

III PAID VACATIONS

As Magginson (1981: 457) stated “the original reason for granting paid vacations was to permit employees to improve themselves through rest and relaxation so that they could become more productive workers. Now, however, vacations are regarded as deferred wages payment for unused vacation time is therefore made to employees when they terminate their employment.

IV. PAID HOLIDAYS

The average company grants eleven holidays. Like Sick leave, however, this benefit is subject to abuse. Employees sometimes try to stretch the holiday by missing the work day before or after the holiday personnel policies that require attendance the day before and after the holiday as a condition of holiday pay lessen this problem. (Werther and Davis, 1985: 364)

V. LEAVES OF ABSENCE

Leaves of absences are often granted for pregnancy, extended illness, accidents, summer military camps, jury duty, funeral services, and other reasons specified in a company`s personnel policies. Extended leaves are normally without pay shorter absences especially for jury duty or funerals of close relatives are often with pay, (Werther and Davis, 1985: 364)

CHAPTER THREE

DATA PRESENTATION ANALYSIS AND INTERPRETATION

3.1 Introduction

This chapter of the study deals with the result and discussion of the data collected from the sample respondent to search for appropriate answer is mainly concerned with analyzing and presenting data that are collected from questioners and interview. Two group of respondent were involved: the company Management and employees were subjects of the study. The questioners were conducted with employees and management members were interviewed. A total of 28 questionnaires were distributed which is 100% of the employee, out of this all the questionnaires were completely filled and returned making the response rate of 100%. For this response the analysis and finding of the paper is based on responses from employees and interview with the management.

Demographic characteristics of respondent

Variable	No	%
Gender	Male	10 35.72%
	Female	18 64.28%

Table 1: Description of respondents by Sex

Source: Primary data

As it can be seen from the pie chart 64% which is 18 respondents are females and the rest 35.7 % which is 10 respondents are male. As it is shown in the figure, more female workers are employed. The main reason as discovered from interviewing management is that female employees are more stable and the work behavior is better convenient to female workers regardless of the payment and compensation plan.

Description of the Respondents by Age

Variable		No	%
Age	20-30	14	50%
	31-40	11	39.3%
	41-50	2	7.1%
	Above 50	1	3.6%

Table 2: Age distribution of employees in IncomTrading

Source: Primary data

Above 50% of the respondent represents the age group of 20-31 years old, respondent fall under the age group 31-40 years comprise 39.3% of the total population, respondent who fell under the age group of 41-50 only 7.1% of the population. Only one of the respondents which are 3.6% is aged above 50. From this fact we may infer that nearly 90% of the workers are at the point of age striving for greater success, development and achievement. This gives them energy enthusiasm toward the work. However there is risk of high turnover if these workers are not compensated according to their performance.

Description of the respondent by education level

Sr. No	Category	Respondents	
		Frequency	Percentage
1	Educational Qualification		
	Under Grade 12	3	10.7%
	12 Graduated	2	7.2%
	Diploma	9	32.1%
	BA Degree	13	46.4%
	Master Degree	1	3.6%
	TOTAL	28	100%

Table 3: Description of the respondent by education level

Source: Primary data

As shows on the table 5 above, 46.4% of respondent are degree holders which is constructive for the company performance, 31.1% are diploma holders, 3.6% have Masters Degree. 7.2% are 12th grade complete and 10.7% are under 12th grade. From this fact student researcher deduces that most of the respondents are degree and diploma holder which makes the company more reliable in performance as professional are available abundantly. However there may still a risk of high turnover as the professional are aware of the compensation plans of other companies and may leave the company for better job.

Description of the respondent by service year

Sr. No	Category	Respondents	
		Frequency	Percentage
2	Service year of the respondent		
	Below 1year	5	17.86%
	1-2 years	6	21.42%
	2-3 years	12	42.86%
	3-4 years	5	17.86%
	TOTAL	28	100%

Table 4: The table shows Service year of employees in INCOM Trading

Source: Primary data

As it can be observed from table 4 which is the service year's distribution of the respondents, 17.86% are new employees who work at the company below 1 year, while 21.42% works from 1-2 years, employees who served from 2-3 years comprises of 42.86% of the total population. Employees whose service years 3-4 years are five in number i.e. 17.86% of the total population. The rest are 4 in number and this is 4.6%. This shows that most employees have less than two years of experience which indicates

that there can be has an adverse impact on retaining employees, early quitting of employees most of the time comes from employee’s unhappiness on the compensation system which need closer attention by employers if they plan to succeed.

Monthly salary range of all employees

Variable		No	%
Monthly salary (in ETB)			
	1000-2000	5	17.86%
	2000-3000	15	53.6%
	3000-4000	5	17.9%
	Above 4000	3	10.6%

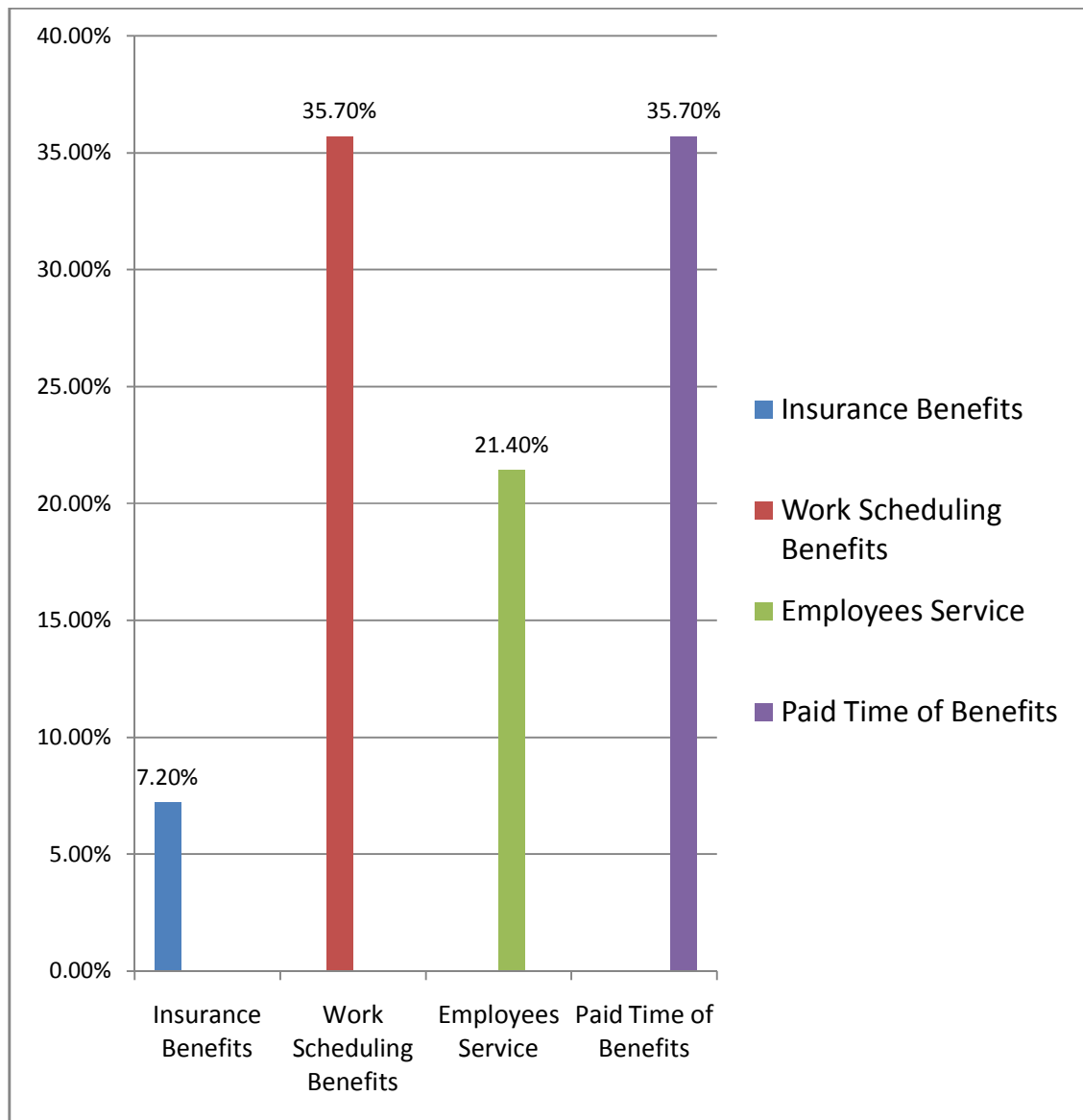
Table 5: descriptive respondents by monthly salary range

Source: Primary data

As indicated in Figure 5 above, the student researcher has tried to show the salary range of employees. Accordingly 3.6% of the total population earn below Birr 1000.00 a month, 14.3% earn Birr 1000.00-2000.00, 53.6% are in between salary range of Birr 2000.00-3000.00, 17.9% of the total population earn monthly salary of Birr 3000.00-4000.00 the rest 10.6% more than Birr 4000.00. The above outcome from the collected data indicates that more than 80% of the workers are paid above Birr 2000.00 monthly salary and their response toward the salary paid and other compensation schemes are summarized below.

TYPES OF BENEFIT BASES ON THEIR IMPORTANCE TO THE OVERALL PERFORMANCE

Figure 1: The Column Chart shows Types of benefit bases on their importance to the company's workers performance.



Source: Primary data

As indicate in Figure 6: respondents were asked their opinions about the impact of such benefits on their efficiency in caring out the assigned duties. The result shows that 7.2%

of the respondents' preference is to have insurance benefit than others as a motivating factor for better performance. Among the respondents, 35.7 % of them prefer to get work schedule benefits. Meanwhile 21.4% of Employees give priority to employee services such as refund program for educational expenditures, profit sharing, credit union and other social services in order to perform their job efficiently. The rest 35.7% think paid time benefit (such as on the job breaks and paid sick leave) are most appropriate to efficiently and effectively perform their job.

Therefore from the above data, considering paid time benefit and employees' services together as they jointly comprise majority of the employees i.e. more than 71% of the respondents, we can make a logical judgment that if both paid time benefit and employee services are introduced within the company will bring a better result than other benefits.

State of satisfaction in time of employment with the payment in income trading

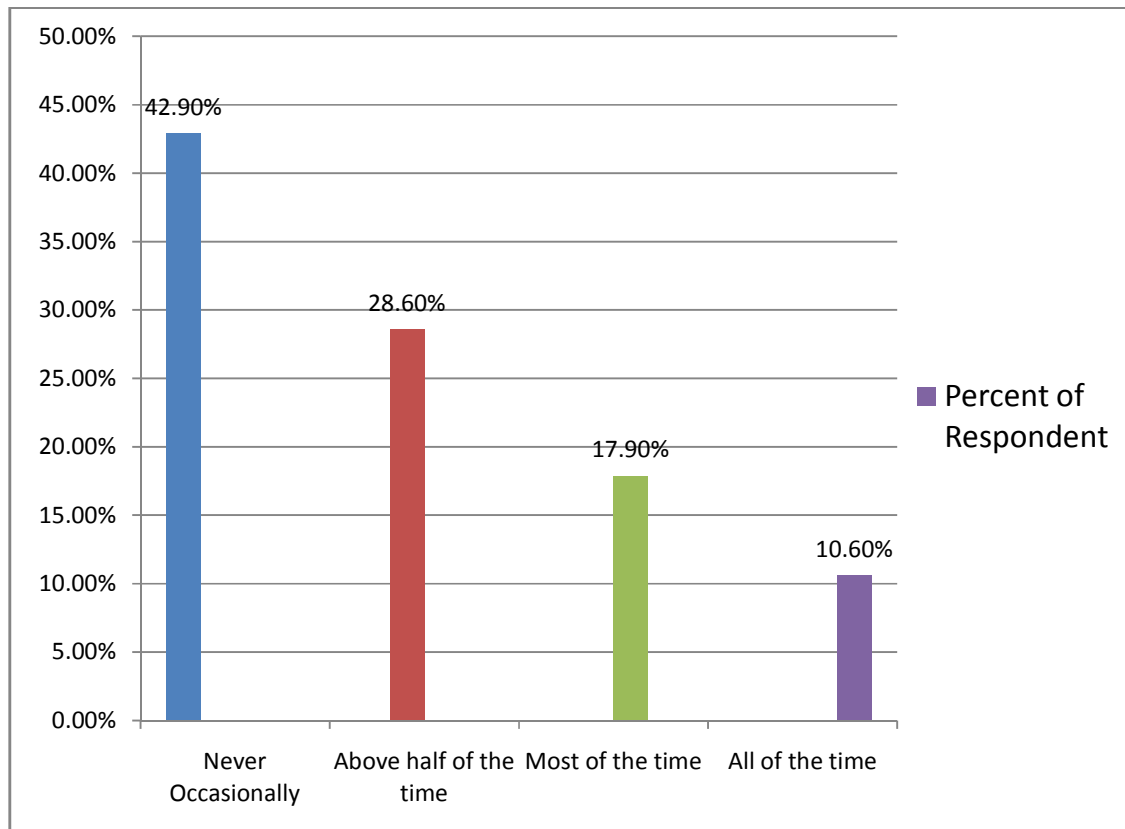


Figure 2: The Column Chart shows the state of satisfaction with the payment

Source: Primary data

As indicated in figure 7 above, respondents were asked to rate as to whether they have been satisfied with the payment made to them in time of their employment. Accordingly, 42.9% of the respondents said they have never or occasionally been satisfied with the payment. 28.6% of the respondents said they have been satisfied with the payment they earn above half of the time during their stay in Incom Trading. In contrast, 17.9% of respondents said they have been satisfied in by the payment made to them in most of the time of their employment and 10.6% of the respondents said they have been happy all of the time.

From this fact, one can infer that majority of the workers during their stay in the company were not satisfied with what have been paid to them in the company. This indicates that any inquiries which come from the employees about motivation have not been properly addressed. Afterward, when the researcher talk about compensation plans and system in the company, for sure it is talking about the employees' idea toward their understanding about compensation system and its impact on their overall performance.

Satisfaction Level Regarding Salary, Bonus and Insurance.

Sr. No.	Category	Respondent	
		Frequency	Percentage
1	Salary		
	Very Satisfied	5	17.9%
	Satisfied	8	28.6%
	Neutral	2	7.1%
	Dissatisfied	11	39.3%
	Very Dissatisfied	2	7.1%
	TOTAL	28	100%
2	Bonus		
	Very Satisfied	1	3.6%
	Satisfied	5	17.8%
	I don't know	1	3.6%
	Dissatisfied	14	50%

	Very Dissatisfied	7	25%
	TOTAL	28	100%
3	Insurance		
	1) Dissatisfied	16	57.1%
	2) I don't know	12	42.9%
	TOTAL	28	100%

Figure 8: Shows the level of satisfaction regarding Salary, Bonus and Insurance.

Source: Primary data

As it is shown in Table 8 above, 17.9% of the respondents are very satisfied with the salary level paid to them, 28.6% of the respondents are satisfied; on the contrary 39.3% of respondents are dissatisfied and the rest 7.1% very dissatisfied.

As shown in the item 2 of table 8, respondents were also asked to rate their satisfaction level regarding the company bonus payment schedule. Accordingly 3.6% of the respondents think they are very satisfied, 17.8% of the respondents are satisfied. 50% respondents are dissatisfied. The rest 25% of respondent are very dissatisfied. Here, from this fact we can deduce that more than 75% of the employees are dissatisfied by the bonus paid to them by their company.

Regarding the insurance benefits, 57.1% of the respondents are dissatisfied because of the fact that there are no insurance benefits and the rest 42.9% said they don't know about it. From this fact one can say INCOM Trading hasn't yet been provided insurance coverage to the employees which can be one of the driving factors for dissatisfaction and non performance.

Respondents overall thinking on the compensation system in INCOM trading

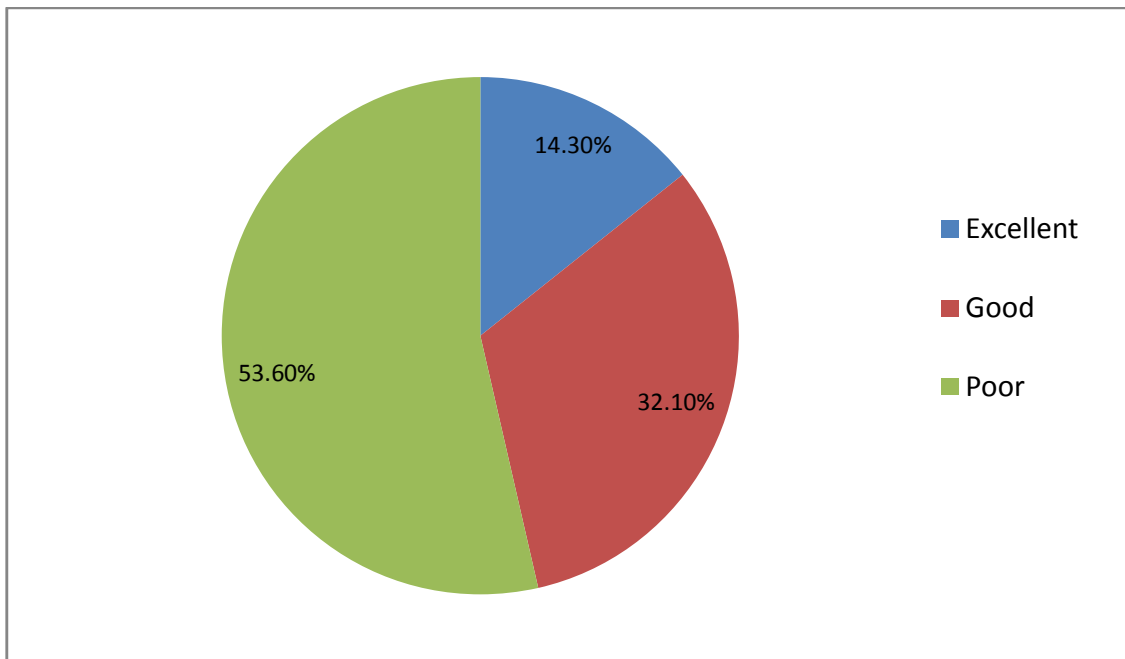


Figure 3: The Pie Chart shows the respondents thinking on the compensation system in INCOM trading

Source: Primary data

As indicated in Figure 8, respondents were asked to rate the degree of overall compensation system, 32.1% of the respondents replied the compensation system in the company is good and 14.3% said the compensation system in the company is excellent, and in the contrary 53.6% of the respondent said the compensation system is poor.

From this fact the researcher would understand more than half of the respondents are uncomfortable in the organization compensation system.

Respondent's satisfaction on the overall compensation system

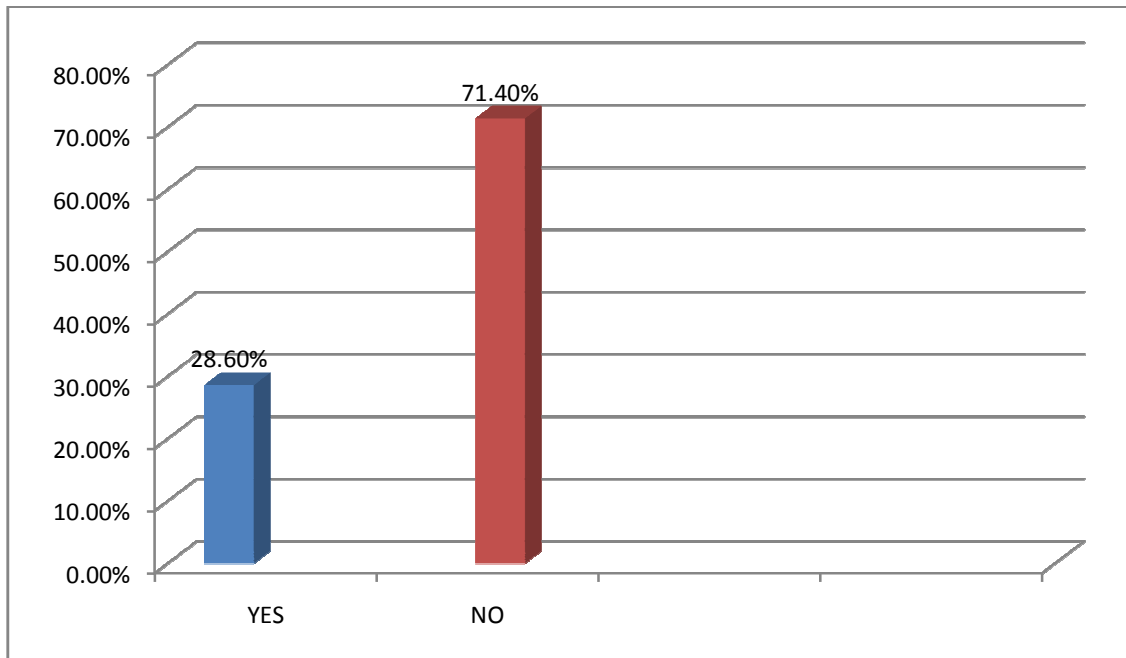


Figure 4: The Column Chart shows Respondent's satisfaction on the overall compensation system

Source: Primary data

Respondents were also asked about the overall compensation system in the organization 28.6% of the employees are satisfied but 71.34% respondents are dissatisfied.

From this fact we can deduce that the majority i.e. 71.84% of the employees are dissatisfied with the compensation system of their organization. Hence the management has to be taken appropriate and appropriate measure in the company over all compensation system.

Employees' opinions on payments relative to payments made in similar businesses.

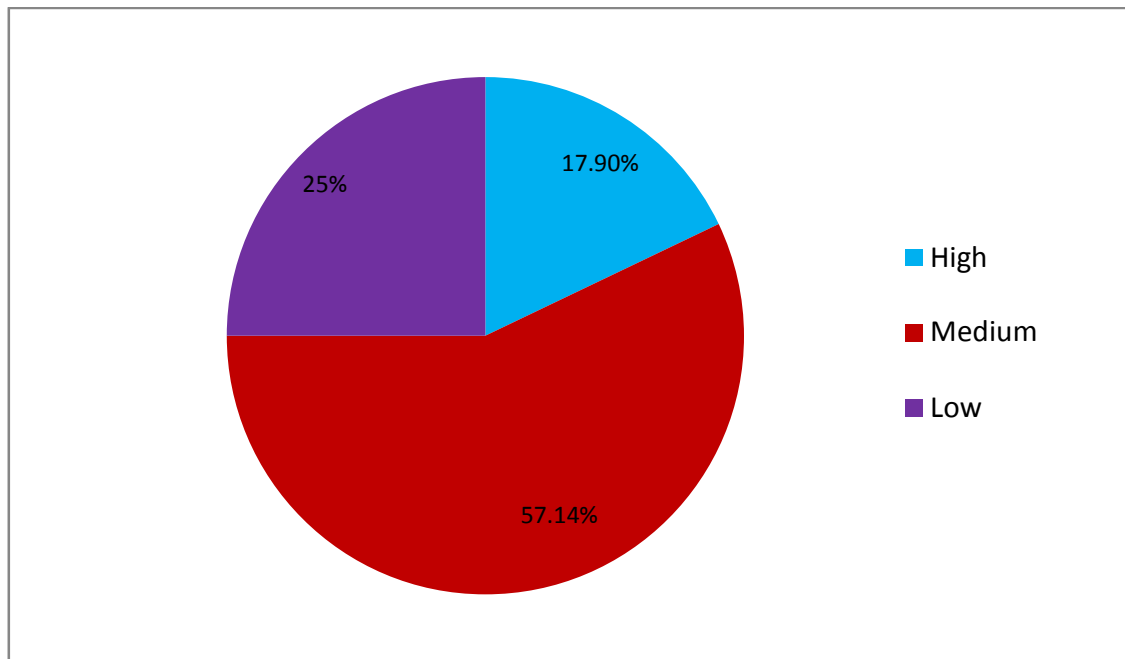


Figure 5: The Pie Chart shows Employees' opinions on payments relative to payments made in similar businesses.

Source: Primary data

Respondents were asked to forward their opinion toward the payment they get compared to other organizations. Accordingly, 17.9% of the respondents said their salary level is higher as compared to other company workers who are employed with similar job. 57.14% of them said their salary is medium and that 25% said their salary paid to them is lower than others.

As indicate that in figure 10, majority of respondents think the payment made to them is lower or otherwise medium; in this case, there could be a risk of high turnover due to dissatisfactions in the payment schisms. Therefore that management has to respond before the risk of turnover prevails and loose experienced and skilled professionals to competitors.

Extent of employees' motivation to improve performance.

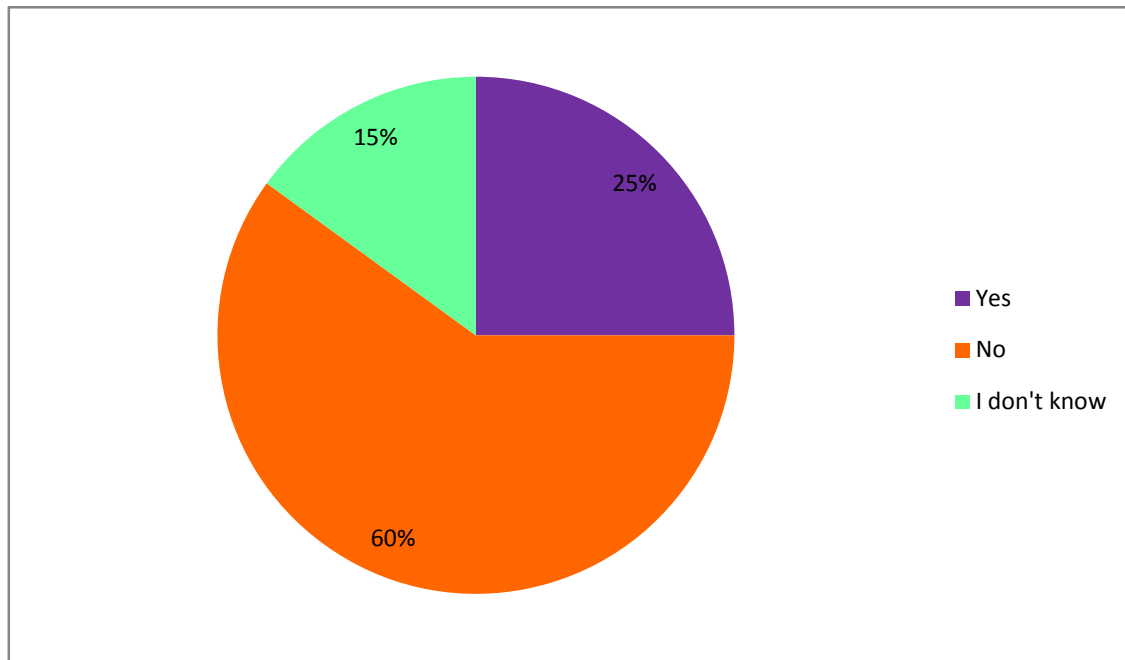


Figure 6: The Pie Chart shows extent of employees' motivation to improve performance.

Source: Primary data

Respondent were asked whether the payment made to them motivates them to improve performance, 25% of the respondents said yes, 60% of them said No, and the rest 15% of the respondents said I don't know.

From this fact the student researcher would understand that more than half of the employees are not motivated by the payment they get to improve performance. We can realize that the employees are not motivated in their job. This problem has to be given special attention by the management; otherwise it will have adverse effect on the performance of the company.

Table 8: Payment of the Respondents

	Description	Response	
		Frequency	Percentage
	a. I am over paid	4	14.3%
	b. I am under paid	15	53.6%
	c. I am satisfactory paid	9	32.1%

Source Primary data

As it can be observed from table 8, 14.3% of the respondents think they are overpaid, 53.6% of the respondents think they are underpaid and , the rest 32.1 % of the respondents think they are satisfactory paid.

From this fact the researcher would understand that most of the employees think they are under paid, so the company has to immediately take action to revise their compensation system or discuss the issue to come up with mutual understanding between the workers and the management.

Table 9: Respondents' Ranking of Paid Time-off Benefits

paid time off benefits		First	Second	Third	Forth	Total
On the Job brakes	No.	12	5	7	4	28
	%	42.85%	17.85%	25%	14.28	100%
Paid sick leaves	No.	9	11	5	3	28
	%	17.85%	39.28%	32.14%.	10.71%	100%
Holiday and vacations	No.	10	9	7	2	28
	%	35.71%	32.14%	25%	7.14%	100%
Leave or Absence	No.	2	6	9	11	28
	%	7.14%	21.42%	32.14	39.28%	100%

Let us see the above paid time off benefits one by one:

1. On the Job Breaks:

The proportion of employees who ranked it first is 42.85%. Among the remaining 17.85%, 25%, 14.28% ranked its second, third and fourth respectively. From this fact half of employees (42.85%) ranked its first shows that on the job breaks are highest importance from the paid time off benefits. So, the management of compensation in INCOM Trading should be aware of the importance to provide these benefits properly.

2. Paid sick Leaves:

The proportion of the employees who ranked it first is 17.85%, 39.28 % of employees ranked it second and also 32.14% ranked third, 10.71% are fourth. The number of employees who ranked it third is somewhat relatively greater.

3. Holiday and Vacation

The proportion of the employees who ranked it first and second is 35.71% and 32.14 %. The proportion of the employees who ranked it third and fourth are 25% 7.14 respectively. The fact that 7.14% of employees ranked if the first and second when we combined is 60.71% shows that they important next to on the job breaks.

4. Leaves or Absences:

Only 7.14% of the employees ranked its first. This number is very small. The number of employees who ranked its second and third 21.42% and 32.14 most of employees (39.28%) ranked its fourth. This shows that they are the list important of employees.

Generally, from the four types of paid time-off benefits on the Job breaks are very much important and leave are less importance to the employees in INCOM Trading to perform their tasks effectively. So, the compensation system of INCOM Trading should provide all the benefits but give high priority for the job breaks and should worry about leave or absences.

Most of the respondent against the compensation system in INCOM Trading is very poor because there is no standardization /scale/ in the company on the payment of compensation.

In Addition the researcher also conducts managements and the employees to observe their perspective on the research questions and the result of interview.

Looking at the practice of management and employees on compensation, human resource suggested there is compensation even though it is not the same level they expected to be. In other side the employees believe INCOM Trading doesn't consider their enquiry on the compensation level. But they did not hide the management consider there is some issues raised on the compensation practice and make average effort to resolve it; all in all more attention is giving towards usage or purchase technology, producing new programs and client related issue than giving attention to the employee who are next to them to achieve the objective of the companies big goal.

Secondly, their attitude towards the compensation, the management has a positive view about the compensation practice doesn't much description on it, while the employee suggested a feeling of negative perspective towards compensation attitude, it is affects the relationship between them to accomplish the achievement of the company.

On the contrary the challenge /conflict/ arises between employees and management in INCOM Trading the cause of the conflict is on management view the employees not taking their duty and responsibility seriously, showing and laziness on deadlines and not having good time management during working hours in the office on the other hand, the employees, believe on the cause of conflict is, mostly on compensation.

Finally, both employees and management asked about the cause of compensation, and both agrees on its positive side, these are; make the management or the employees more experienced on solution finding, both will have a clear goal, it leads to a growth, if positive outcomes arises from both side on compensation practice, otherwise, if it is not handled well the dissatisfaction may lead to a big disaster on the working environment which makes the company not to reach to its mission and vision.

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION

The focus of this research paper was assessment of Compensation in the case of INCOM Trading particularly, the company and assessing the way both the management and employees to solve the problem to make the organization successful towards its goal.

To answer the research question data was collected using questionnaires distributed selected employees of INCOM Trading.

4.1. Summary of Findings

- The primary data gather participants of 64% which is 18 respondents are female.
- Regarding age nearly 90% of the workers are at the point of age striving for greater success, development and achievement. This gives them energy enthusiasm toward the work.
- From the respondent 46.4% and 31.1% are degree and diploma holders most of the respondents are degree and diploma holder which makes the company more reliable in performance as professional are available abundantly.
- The study indicates that more than 80% of the workers are paid above Birr 2000.00 monthly salary and their response toward the salary paid and other compensation schemes in the organization.
- Considering service year are on the 42.86% workers 2 years - 3 years in the company.
- The study show that employees' want to efficiently work schedule benefit has conferrable in the organization.
- Regarding motivation representing any inquires come from the employees afterward when the student researcher talk about compensation for sure they are talking about the employees' idea toward their problem through compensation system.

- Regarding salary 71% of the respondents are dissatisfied with the salary level paid to them.
- More than 75% of the employees are dissatisfied by the bonus paid to them.
- The study shows that INCOM Trading hasn't yet been provided insurance coverage to the employees or we can say the company has not approached insurance companies to cover the cost such services.
- 53.6% of the respondents are not comfortable in the organization compensation system.
- Majority of the respondents (about 82.14%) think that the payment made to them is lower or otherwise medium as compared to other companies engaged in similar businesses.
- More than 75% of the employees are not motivated by the payment they get to improve performance.

4.2. Conclusion

- ❖ Incom Trading has young, educated and experienced employees. As the employees are young educated and experienced, there is a risk of high turnover. Since the sector in which Incom Trading is emerging market, the company is located amidst a context with labor shortage and should therefore strive towards good knowledge of the labor market and their industry. This knowledge can help them to offer competitive benefits as well as competitive salaries. The Company should at least offer enough that is perceived as fair in relation to the work performed and can stand up against other companies.
- ❖ Most of the employees in Incom Trading think they are under paid. However, it seems clear that management members are late to take any action in response to the employees' dissatisfaction and revise the compensation system or discuss the issue to come up with mutual understanding between the workers and the management.

- ❖ Managers in Incom Trading don't keep good relation with the employees to deal with any employee enquiries which may lead employees to feel low belongingness in the organization. The key to the success of any organization largely depends on its employees. In order to achieve the organizational goal employees have great contribution so, that management should satisfy their interest as much as possible: Motivate them get all issues out openly and discuss and work jointly with them.

4.3. Recommendation

These days, most Organizations, private or government worldwide relay on their employees in order to compete favorably and gain competitive advantage. Accordingly, there is growing need in Ethiopia to improve on performance and service delivery. To be able to do this effectively, managers in organizations like Incom Trading should device a practical means of retaining key employees whose knowledge and experience could be critical to company's success. One of achieving this is to motivate these employees through comprehensive compensation and reward programs.

The following recommendations are suggested in view of the findings of present study:

- ❖ Management should workout with different financial compensation schemes and systems which may motivate employees for better performance. In this case, there is no doubt that companies can benefit more than employees do.
- ❖ Since qualification and experience are considered in promoting employees, the organization should continue and improve this good practice.
- ❖ Management should motivate employees to stay in the organization and convince employees to get in the future better benefits than the current benefit.
- ❖ Besides to the financial compensations to employees, management should give power and allow them to participate in decision making to make them feel sense of belongingness to their organization.
- ❖ Management should work towards creating smooth and conducive interpersonal relationship between employees since informal group contributes to effectiveness of work carried out by employees of the organization.

- ❖ Arrange young professions to have their own innovative thinking and give them freedom and support with materials if possible.
- ❖ The researcher would like to suggest that performance appraisal system should have employee access to result, job relatedness, effective grievance procedure, reliability and validity. If these problems of the system are addressed, the internal equity can be developed efficiently like that of the external equity.
- ❖ The compensation Practice of INCOM Trading should maintain a balance between the different type of benefits provided and their demand by employees.
- ❖ Concerning the challenges to compensation practice, the management should formulate different strategies to turn the problems in to benefits. This can be achieved by increasing profitability to increase the ability of INCOM to pay, by increasing awareness of employees by using written materials to avoid grievances and by complying with legal requirement and government regulation.

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Appendixes

Appendix I

Questionnaire

St Mary's University

Faculty of Business

Department of Management

These questions are prepared to collect information from selected respondents in INCOM Trading for the accomplishment of senior essay prepared titled "Compensation practice in the case of INCOM Trading".

Dear Participant! This questionnaire is used for academic purpose only, so feel Free to respond what you feel about the company. To make this study successful your kind and honest cooperation in preceding accurate value information is significant.

Instruction Mark 'X' in the boxes, of your choice and write appropriate answer is dashed.

Thank you in Advance for your cooperation.

1. Personal (Demographic data) information:

Sex

Male Female

Marital Status

Single Married Divorce Widowed

Age

20-30 31-40 41-50 50 and Above

2. Educational Background

BA degree Diploma 12Graduated

3. Year of service in INCOM Trading

Below 1 Years 2-3 Years 3-4 years 4 and above

4. Monthly Salary (in Birr)

1000-2000 2000-3000 3000-4000
Above 4000

5. What is your awareness about the compensation system in INCOM Trading?

High Medium Low

6. How do you get information about the compensation system in Incom Trading?

Written Materials Training Employee Labor Union

7. Which one of the following types of benefit bases on their importance to perform you task efficiently

Insurance Benefits Work scheduling benefits Employees services
Paid time of Benefits other if any specify -----

8. Which one of the following shows the time you felt satisfied with the payment you had form the company?

Never occasionally above half of the time Most of the time
All of the time

9. What is the satisfaction level regarding?

Salary

Very satisfied Satisfied Neutrals
Dissatisfied V. Dissatisfied

Bonus

Very satisfied Satisfied Neutrals
Dissatisfied V. Dissatisfied

Insurance

Very satisfied Satisfied Neutrals
Dissatisfied
Very satisfied Satisfied

10. What do you think about compensation system in INCOM Trading? It is

Good Excellent Poor

11. Are you satisfied with the overall compensation system?

Yes No

12. How do you relate the pay you get when compared to the pay in other organizations for the same work?

High Medium Low

13. Does the pay you get motivate you to improve your performance?

Yes No I don't know

14. Please choose one of the following?

I am over paid I am under paid I am satisfactorily paid

15. Rank the following paid time off benefits according to their importance to perform your task efficiently.

On the Job breaks Paid sick leaves Holiday leaves

Holiday and Vacations Leaves or absences

16. Please, explain the reason for your answer for the above question (In Amharic or in English).

17. Write other comments for or against the compensation management system in INCOM Trading.

Thank you for your cooperation!

Beza Abrham

St Mary's University
Faculty of Business
Department of Management

Interview questions prepared for management.

1. What is the compensation practice at INCOM Trading?
2. What is the attitude of employee towards Compensation system in INCOM Trading?
3. What is the challenge compensation system in INCOM Trading?
4. What do you think the cause of compensation on the organization of the company?

Declaration

Advisee's Declaration

I, the undersigned, declared that this senior essay is my original work, prepared under the guidance of Biruk Gebere Mikael. All resources of material used from the manuscript have been duly acknowledged.

Name: _____

Signature: _____

Place of submission: St. Mary's University Faculty of Business Department of Management.

Date of Submission: _____

Advisor's Declaration

The paper has been submitted for examination with my approval as the University Advisor.

Name: _____

Signature: _____

Date: _____